

2016/2017 Federal Budget

TIMELINE OF BUDGET CHANGES

Date of effect: Immediate

- A lifetime cap on non-concessional (after-tax) superannuation contributions of \$500,000 will apply from 7.30 pm on 3 May 2016.

Date of effect: 1 July 2016

- The income tax threshold at which the 37% tax applies will increase to \$87,001 pa, from the current \$80,001 pa.
- The tax rate that applies to small business companies will reduce to 27.5% for businesses with a turnover up to \$10 million in 2016/17.
- Further tax concessions will apply in future financial years.

Date of effect: 1 July 2017

- The annual cap on concessional (pre-tax) super contributions will reduce to \$25,000, regardless of age.
- Concessional super contributions may exceed the annual cap if certain conditions are met.
- Those aged between 65 and 74 will be able to make super contributions regardless of whether they work or not.
- Tax deductions will be able to be claimed for personal contributions regardless of employment status.
- A lifetime limit of \$1.6m will be placed on the amount of superannuation that can be transferred to start pensions.
- Earnings on investments held in 'transition to retirement' pensions will be taxed at 15% (currently 0%).

Measures not announced or affected

- Negative gearing
- Age pension and other social security benefits



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