

2017 Federal Budget

2017 Budget and Year End changes coming into effect

For *small business* the \$20,000 instant asset write-off continues until 30 June 2018.

For *individuals* the maximum super contribution is reduced to \$25,000 from 1 July 2017.

There is the removal of 10% rule for personal concessional contributions – now wage earners can contribute a lump sum to super and claim a tax deduction rather than salary sacrifice – **from 1 July 2017**.

Negative gearing an asset, from 1 July 2017, the government will disallow deductions for travel expenses.

For *rental properties* bought from **10 May 2017**, the Government will limit plant and equipment depreciation deductions to only those incurred directly by investors ie new assets bought after purchase of an existing property or a new house.

First-home buyers will be allowed to salary-sacrifice contributions for a home deposit from pre-tax pay into the First Home Super Savers Scheme, using their existing superannuation account and attracting the same tax advantages of superannuation. Contributions will be limited to \$30,000 per person in total and \$15,000 per year.

The extra tax on super contributions for higher income earners will kick in earlier as the Reduction of Division 293 income threshold has been reduced to \$250,000 from \$300,000 from **1 July 2017**.

Further down the track

From **1 July 2018** – taxpayers who are over 65 years old can downsize their principal place of residence and contribute up to \$300,000 per person to superannuation. The taxpayers do not need to meet any contribution tests but must have owned the house for 10 years.

HELP debt repayment threshold will come down to adjusted taxable income of \$42,000 from \$55,000 starting **1 July 2018**

1 July 2019 Medicare levy will be 2.5% up from 2%.

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