

Federal Budget October 2022

Key measures and what this could mean for you

25 October 2022



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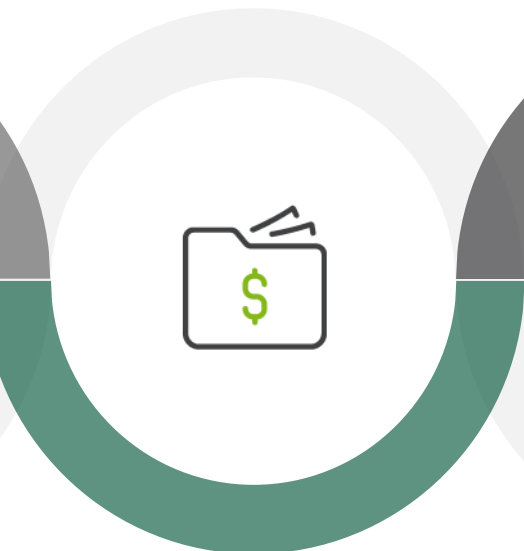
Key announcements

Federal Budget Oct 2022

SUPERANNUATION



**ADDITIONAL
SUPPORT FOR
FAMILIES**



**SUPPORT FOR SOCIAL
SECURITY RECIPIENTS**

**HOUSING AFFORDABILITY
MEASURES**



Downsizer super contributions

Minimum age to reduce to 55



Date of effect: At the earliest 1/1/2023

- The minimum age to make a downsizer super contribution will be reduced from age 60 to 55
- Up to \$300,000 from the sale proceeds of the family home may be contributed into super
- Contribution does not count towards your non-concessional contribution cap
- No upper age limit
- No work test requirement

Downsizer super contributions

Minimum age to reduce to 55

Downsizer super contribution tips

- Downsizer super contributions must be made within 90 days of settlement.
- If legislated you will need to be age 55 or over at the time of making the contribution.
- If you are currently between ages 55-59 you must wait until the commencement date before making the contribution
- Keep in mind you may not be able to access your downsizer contribution until you reach your preservation age and retire

SMSFs and SAFs

Relaxed residency requirements

Date of effect: 1 July after the proposal becomes law

Self Managed Super Fund and Small APRA Funds' residency requirements will be relaxed as previously announced. These included:

- extending the central management and control test safe harbour from two years to five years, and
- removing the active member test, which may currently limit the ability of certain members to contribute while overseas.



Commonwealth Seniors Health Card

Increase in the income threshold

Date of effect: Commences 7 days after legislation becomes law and is currently before Parliament

The Commonwealth Seniors Health Card income threshold will be increased as follows

Family situation	Current threshold	New threshold
Single	\$61,284	\$90,000
Couple (combined)	\$98,054	\$144,000



Commonwealth Seniors Health Card

Increase in the income threshold

CSHC reminders and tips

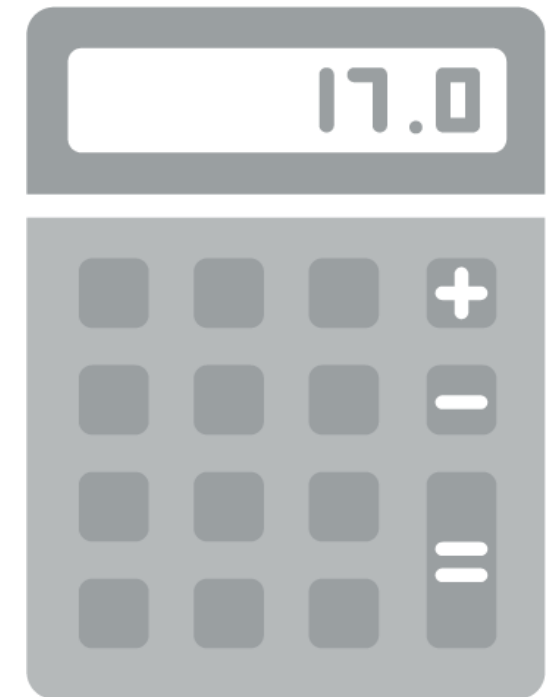
- The income test for the CSHC card is based on adjusted taxable income and deemed income on account-based pensions (excluding grandfathered account-based pensions).
- CSHC income thresholds are indexed annually
- The CSHC provides many benefits including
 - cheaper medicine under the Pharmaceutical Benefits Scheme,
 - a refund for medical costs when you reach the Medicare Safety Net
 - various state and territory discounts on utilities, public transport and health care

Additional Work Bonus Credit

Once off temporary credit of \$4,000

Date of effect: At the earliest on 1/12/2022

- The \$4,000 Work Bonus top up will increase the amount age pensioners can earn before their pension is reduced under the income test
- In the 2022-23 financial year age pensioners can earn up to \$11,800 (currently \$7,800) before their pension is reduced under the income test
- The \$4,000 bonus will be available until 30 June 2023



Additional Work Bonus Credit

Once off temporary credit of \$4,000

Work Bonus tips

- The Work Bonus may only be applied against employment or self-employment income
- It can not be applied against other income such as deemed income from investments
- The Work Bonus is only available to people who have attained age pension age

Social Security home sale proceeds asset test exemption

Extended to 24 months

Date of effect: At the earliest on 1/1/2023

The **asset test** exemption on home sale proceeds will be increased from 12 to 24 months

Home sale proceeds asset test exemption reminders and tips

- Only proceeds intended to be used to purchase or build a new home are exempt
- Home sale proceeds ordinarily deemed under the income test

Social Security home sale proceeds

Reduced deeming rate

Under the **income test** deeming on the principal home sale proceeds will be limited to 0.25% for 24 months

Deeming rate tips

The current deeming rates and thresholds that ordinarily apply are shown in the table below

Deeming rate	Single	Couple (includes illness separated)	Non-pensioner couple (each)
0.25%	First \$56,400	First \$93,600	Up to \$46,800
2.25%	Above \$56,400	Above \$93,600	Above \$46,800

Parental leave

Providing flexibility for families with children

Date of effect: 1/7/2024

Current



- Birth parent – 18 weeks leave paid
- Partner can take 2 weeks (Dad and Partner Pay)
- Income limit – primary carer \$156,647

} 20 weeks



Proposed

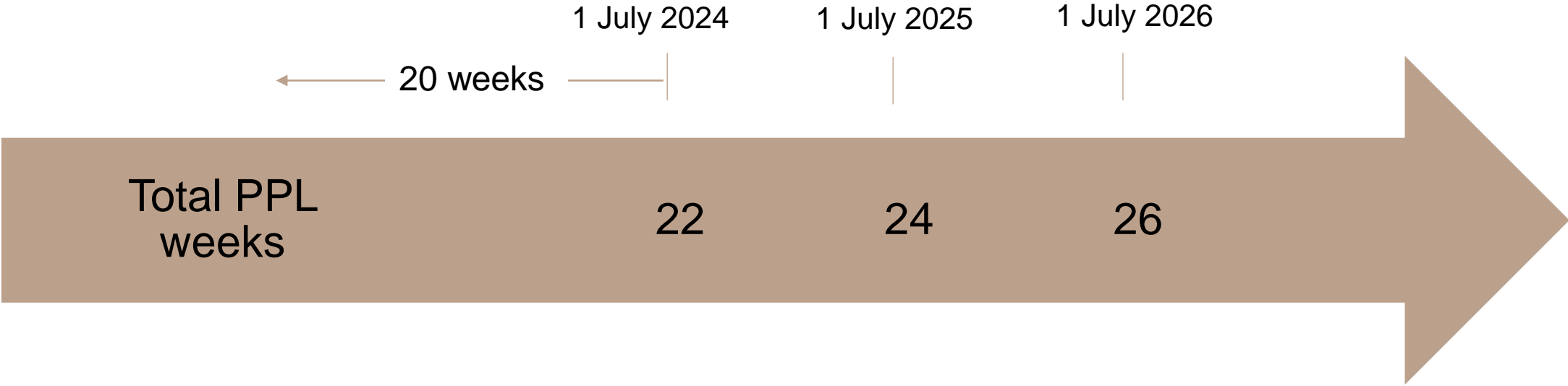
- 26 weeks – includes Dad and Partner Pay
- Family income limit – household income up to \$350,000
- May still be assessed under individual income limit

Parental leave

Providing flexibility for families with children

Increase in the amount of paid parental leave will increase to 26 weeks from 1 July 2026

From 1 July 2024 the maximum amount of PPL will increase by 2 weeks each year until reaching 26 weeks on 1 July 2026.



Parental leave

Providing flexibility for families with children

Paid parental leave tips

To be eligible for PPL you must have worked

- 10 of the 13 months before the birth or adoption of your child
- a minimum of 330 hours, around one day a week, in that 10 month period

Cheaper Child Care

Increase in Child Care subsidy

Date of effect: 1/7/2023

- From 1 July 2023 the maximum Child Care Subsidy rate will increase to 90% from 85% for families earning less than \$80,000 (currently 85% where family income is \$72,466 or less)
- The CCS subsidy rates will taper down 1% point for each additional \$5,000 over \$80,000
- The CCS subsidy for families earning \$530,000 or above will be nil (current family income cut-out is \$356,756)



Cheaper Child Care



Child Care Subsidy tips

The CCS will depend on

- family income (determines a family's CCS percentage)
- an hourly cap rate based on the type of approved child care used and the child's age
- the hours of activity the parents do, and
- the number of children in the family's care

Regional First Home Buyers Guarantee

Effective date: 1 October 2022 – 30 June 2023

- Minimum 5% deposit for first home without paying Lenders Mortgage Insurance
- Available to permanent residents who have lived in a regional location for more than 12 months
- 10,000 places per year to 30 June 2026

- **Regional First Home Buyers Guarantee tips**
- To be eligible individuals may have taxable income up to \$125,000 and couples up to \$200,000 combined
- Only first home buyers who have not previously owned or had an interest in a property are eligible

Help to Buy Scheme

Effective date: 1 October 2022 – 30 June 2023

- Shared equity scheme
- Homebuyers must have at least a 2% deposit (no Lenders Mortgage Insurance)
- Must earn less than the annual income cap (\$90,000 for a single person and \$120,000 for couples)
- Limited to 10,000 places per year

Help to Buy Scheme tip

- Where a homebuyer's income exceeds the annual income cap for two consecutive years, this will trigger a requirement to either fully or partially repay the Government's contribution.

Where to now

More information



Process

Some changes need to be passed through Parliament before they are formally law



Advice

Speak to your financial adviser and registered tax agent



More information

treasury.gov.au
ato.com.au
nhfic.gov.au