SOFY NEWSLETTER

Sutherland Tse & Co Pty Ltd

INCOME TAX RATES

The 2024 Income tax rates have remained the same as the 2023 financial year.

The 2025 income tax rates have changed From 1 July 2024:

- the 19 per cent tax rate was reduced to 16 per cent
- the 32.5 per cent tax rate was reduced to 30 per cent
- the 37 per cent tax threshold was increased from $120,000 to $135,000
- the 45 per cent tax threshold was increased from $180,000 to $190,000.

Please note that the resident rates do not include the Medicare levy of 2%. Non-residents are not required to pay Medicare Levy.

RESIDENT RATES

Taxable income	Tax on this income
0 – $18,200	Nil
$18,201 – $45,000	16c for each $1 over $18,200
$45,001 – $135,000	$4,288 plus 30c for each $1 over $45,000
$135,001 – $190,000	$31,288 plus 37c for each $1 over $135,000
$190,001 and over	$51,638 plus 45c for each $1 over $190,000

NON-RESIDENT RATES

Taxable income	Tax on this income
0 – $135,000	30c for each $1
$135,001 – $190,000	$40,500 plus 37c for each $1 over $135,000
$190,001 and over	$60,850 plus 45c for each $1 over $190,000

FOREIGN RESIDENTS CGT REGIME

The government will enhance the Capital Gains Tax (CGT) rules for foreign residents to ensure they contribute their fair share of taxes in Australia and provide clearer guidelines for compliance. These changes will affect CGT events occurring from 1 July 2015 onwards, aiming to:

1. Specify and expand the categories of assets subject to CGT for foreign residents.

2. Replace the point-in-time principal asset test with a continuous 365-day testing period.

3. Mandate that foreign residents inform the ATO before executing transactions involving shares and other ownership interests valued above $20 million.

TERTIARY EDUCATION SYSTEM REFORMS

The government will allocate funds to initiate the initial phase of reforms to Australia's higher education system. This involves:

1. Limiting the indexation of HELP debt to the lower of either the Consumer Price Index or wage price index, effective from 1 June 2023 (pending legislative approval).

2. Introducing a new Commonwealth payment of $319.50 per week (aligned with the single Austudy rate) from 1 July 2025 for tertiary students completing compulsory placements as part of their studies in nursing (including midwifery), teaching, or social work.

SUPERANNUATION ON PAID PARENTAL LEAVE

The Government has confirmed that it will pay superannuation on the paid parental leave funded by the Commonwealth for births and adoptions on or after 1 July 2025. The superannuation rate will be 12% and contributed to the individuals superannuation fund.

SUPERANNUATION GUARANTEE

From 1st July 2024 the superannuation guarantee percentage has increased 11% to 11.5%. If you have employees, you will need to ensure your payroll and accounting systems are updated to incorporate the increase to the super rate.

The super rate is scheduled to progressively increase to 12% by July 2025. You can find the scheduled rate increases and dates on ATO website.

From 1 July 2022, eligible employees who earn less than $450 per month will be paid super guarantee by their employer if they satisfy the other eligibility requirements.

https://www.ato.gov.au/Rates/Key-superannuation-rates-and-thresholds/?=redirected_SuperRate&anchor=Superguaranteepercentage#Superguaranteepercentage

EXTENDING ATO COMPLIANCE

The government has announced the extension of several ATO compliance programs as follows:

a. Shadow Economy Compliance Program:

The government will extend the ATO's Shadow Economy Compliance Program for two years starting from 1 July 2026. This extension aims to enable the ATO to persist in reducing shadow economy activities, safeguarding revenue, and preventing non-compliant businesses from gaining an unfair competitive advantage.

b. Tax Avoidance Taskforce:

The government will also extend the ATO's Tax Avoidance Taskforce for an additional two years from 1 July 2026. This extension ensures that the ATO remains well-equipped to address significant tax avoidance risks, focusing on multinational corporations, large public and private enterprises, and high-net-worth individuals.

c. Personal Income Tax Compliance Program:

Furthermore, the government will extend the ATO's Personal Income Tax Compliance Program for one year starting from 1 July 2027. This extension will support the ATO in continuing to implement proactive, preventive, and corrective measures targeting key areas of non-compliance, including improper deductions, inaccurate income reporting, and undue influence by tax agents. It will also enable the ATO to address emerging risks such as deductions associated with short-term rental properties.

DISCRETION TO NOT OFFSET A REFUND AGAINST OLD DEBTS

The government has proposed to amend the tax laws to grant the Commissioner discretion in withholding a taxpayer's refund to offset past tax debts that were placed on hold before 1 January 2017.

This discretion will be applicable to individuals, small businesses, and nonprofit entities, aligning with the current administrative practices of the Commissioner.

CENTS PER KILOMETRE

If you are using the cents per kilometre method to claim work-related car expenses, note that the rate has risen to 85 cents per kilometre for the 2023-24 income year.

This rate includes all eligible car expenses such as registration, insurance, repairs, maintenance, fuel, and depreciation. You cannot separately claim deductions for these expenses in other parts of your tax return.

HOME OFFICE CLAIMS

The fixed rate method for calculating your deduction for working from home expenses has been will remain at the fixed rate method is $0.67 per work hour and available from 1 July 2022.

You can claim 67 c for each hour you work from home during the relevant income year.