



# **How the 2024-25 Federal Budget Impacts Personal Taxation**

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# Summary

Changes in personal tax rates will take effect on July 1, 2024, as previously announced and enacted.

Several cost-of-living assistance programs, such as lower energy bills, lower rental costs, and lower student loan debt, have been announced.

The Global Talent visa will be replaced by the new National Innovation visa in late 2024, and the work experience criteria for the Temporary Skill Shortage (subclass 482) visa 02 has been modified.

## Personal Income Tax rates applicable from 1 July 2024

The official budget confirms the Government’s announcement of revising the stage 3 personal income tax cuts. The table below exhibits individual income tax rates for the financial year 2024-25.

2024 Income Year		From the 2025 Income Year	
Tax Rate	Thresholds	Tax Rate	Thresholds
0%	\$0 – \$18,200	0%	\$0 – \$18,200
19%	\$18,201 – \$45,000	16%	\$18,201 – \$45,000
32.5%	\$45,001 – \$120,000	30%	\$45,000 – \$135,000
37%	\$120,001 – \$180,000	37%	\$135,001 – \$190,000
45%	\$180,001+	45%	\$190,000+

## Increase to Contributions Caps

Commencing 1st July 2024, the general concessional contributions cap will increase from \$27,500 to \$30,000 for all individuals regardless of age. Meanwhile the \$110,000 non-concessional contributions cap will see an increase to \$120,000 as of 1st July 2024. The ‘bring-forward cap’ may be available to eligible individuals of a limit up to \$360,000.

## Continuous Increase of Superannuation Guarantee

The Superannuation Guarantee rate is set to continue its increase closer to the 12% mark. From 1st July 2024, the Superannuation Guarantee rate will increase from 11% to 11.5%. A final increase is scheduled to push the rate up to 12% on 1st July 2025.

## Energy Bill Decrease

Australian households will be given a relief on their energy bill of \$300. Individuals will see this amount added to their energy bills in quarterly instalments. Meanwhile, approximately 1 million eligible small businesses across Australia will receive a rebate of \$325.

## ATO Compliance Programs Extended

Reflecting the theme from recent years, the Government has continued to include additional funding for the Australian Taxation Office (ATO) in extending compliance programs. The Personal Income Tax Compliance Program will be extended by 1 year from 1st July 2027, meanwhile the Shadow Economy Compliance program will see a 2-year extension from 1st July 2026.

The extension of these programs may place greater scrutiny against individual taxpayers for overclaimed deductions and false income reporting. Due to issues of tax avoidance, high net wealth individuals and private businesses will be looked at closely by the ATO as they crack down on tax fraud.

## Commonwealth Rent Assistance to Increase

From 20th September 2024, the Commonwealth Rent Assistance (CRA) program will see an increase of 10% to its maximum rates. This is designed to assist individuals with rental affordability challenges and builds on the goals of the previous budget to increase the CRA maximum rates by 15%.

## HELP indexation change/ Capping the Indexation Rate of HELP Debts

The Federal Budget confirmed the previously announced measure to cap the Higher Education Loan Program (HELP) indexation rate to the lower of either the Consumer Price Index (CPI) or the Wage Price Index (WPI) with effect from 1 June 2023 (subject to the passage of legislation). The government will backdate this relief to all HELP, VET Student Loan, Australian Apprenticeship Support Loan and other student support loan accounts that existed on 1 June 2023.

The calculation of the HELP debt indexation will change as of 1 June 2023. This means that the indexation rates will decrease from 7.1% to 3.2% in 2023, and 4.7% to approximately 4% in 2024. Once the legislation is officially binding, individuals with HELP debts around \$26,000 will experience a decrease in their outstanding HELP loan of at least \$1,000.

## Cost of living support for teachers, nursing and social work students

As announced on 6 May 2024, the Federal Government will provide \$1.1 billion over five years from 2023-24 (and an additional \$2.7 billion) from 2028-29 to 2034-35) for a new Commonwealth Practical Payment of \$319.50 per week to support students undertaking supervised mandatory placements as part of their teaching, nursing, midwifery or social work studies. The payment will be means-tested and available from 1 July 2025 and will be in addition to any income support a student may also receive.

## Targeted support for Jobseeker Payment recipients with a partial capacity to work

The Government is providing \$41.2 million over five years to extend eligibility for the existing higher rate of the Jobseeker Payment. This will provide a boost of at least \$54.90 per fortnight to eligible recipients with a partial capacity to work of zero to 14 hours per week.

## Superannuation on Paid Parental Leave

As announced on 7 March 2024, the Federal Government will pay superannuation on the government-funded Paid Parental Leave (PPL), which will be administered by the ATO from 1 July 2025.

Approximately 180,000 families will soon be able to acquire superannuation on top of paid parental leave. The Government will pay superannuation on paid parental leave as of July 1st, 2025.

Further details have been released in the Federal Budget including the expected cost which is estimated as an initial cost of \$1.1 billion for parents of babies born or adopted on or after 1 July 2025.

## Immigration

The 2024-25 permanent Migration Program planning level will be set at 185,000 places with 70% of these places allocated to the Skill stream.

The Federal Government will introduce changes to the migration program to address skill shortages and attract exceptional talent. These include:

- Introducing a new National Innovation visa to replace the Global Talent visa from late 2024 targeting exceptionally talented migrants who will drive growth in sectors of national importance.
- Reducing the work experience requirement for the Temporary Skill Shortage (subclass 482) visa from two years to one year for all applicants from 23 November 2024
- Introducing a new Mobility Arrangement for Talented Early-professionals Scheme (MATES) for 3,000 Indian graduates and early career professionals (aged 18 to 30 years)
- Ceasing the Business Innovation and Investment visa program.

To further reform Australia's migration system, the government will allocate \$1.9 million in 2024-25 to conduct a data-matching pilot between the Department of Home Affairs and the Australian Taxation Office of income and employment data.

## Freezing social security deeming rates

Social security deeming rates will be frozen at their current levels for another 12 months to 30 June 2025. This measure is to support Age Pensioners and other income support recipients who rely on income from deemed financial investments together with their payment to manage cost of living pressures.

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