INDIVIDUALS – NON-BUSINESS TAX MEASURES

Personal rates – no more changes

Just to remind you, the new income rates that apply from 1 July 2024 to resident taxpayers are set out in the table below.

Taxable income	Tax payable
$0 – $18,200	Nil
$18,201 – $45,000	Nil + 16% of excess over $18,200
$45,001 – $135,000	$4,288 + 30% of excess over $45,000
$135,001 – $190,000	$31,288 + 37% of excess over $135,000
$190,001+	$51,638 + 45% of excess over $190,00

Foreign residents

For 2024–25 and later income years, the tax rates for foreign residents are:

- $0 – $135,000: 30%;
- $135,001 – $190,000: 37%;
- $190,001+: 45%.

Working holidaymakers

For 2024-25 and later income years, the rates of tax for working holiday makers are:

- $0 – $45,000: 15%;
- $45,001 – $135,000: 30%;
- $135,001 – $190,000: 37%;
- $190,001+: 45%.

(It would be surprising if a working holiday maker's marginal rate was 37% let alone 45%.)

Low income offset

The low income offset (LITO) is unchanged. The maximum amount of the LITO remains $700.

The LITO reduces at a rate of 5 cents per dollar between taxable incomes of $37,500 and $45,000 and then at a rate of 1.5 cents per dollar between taxable incomes of $45,000 and $66,667. The LITO is not payable where a person's taxable income exceeds $66,667.

Medicare levy low thresholds

The Medicare levy low-income thresholds for 2023–24 were announced in February in conjunction with the revised Stage 3 tax cuts, instead of in the Budget (the usual practice), and have already been legislated.

HELP debts

Shortly before the Budget, the Government announced a change to the way that Higher Education Loan Program (**HELP**) debts are indexed.

HELP debts older than 11 months are indexed each year on 1 June. The Consumer Price Index (**CPI**) indexation rate is currently used to index student debts. In April, however, the Government announced that the indexation factor will be the lower of the CPI or the Wage Price Index (**WPI**). The quarterly WPI measures the change in the price of wages and salaries in the Australian labour market over time. In a similar way to the CPI, it follows changes in the hourly rate paid to a fixed group of jobs (see the ABS website for more information).

The change will be backdated to 1 June 2023. Accordingly, the new indexation formula will apply to all HELP, VET Student Loans and other student support loan accounts that existed on 1 June 2023. This means that the indexation rate of 7.1% applied on 1 June 2023 would be reduced to 3.2% and the indexation rate to be applied on 1 June 2024 of 4.7% would be reduced to 4%.

New deductible gift recipients

The Government will amend the tax law to specifically list the following organisations as deductible gift recipients (**DGRs**):

- The Hillview Foundation Australia Limited for gifts received from 1 July 2024 to 30 June 2029;
- Skip Foundation Ltd for gifts received from 1 July 2025 to 30 June 2030;
- Combatting Antisemitism Fund Limited for gifts received from 1 July 2025 to 30 June 2030.

The Government has also approved DGR status for the Australian Muslim Advocacy Network's AMAN Foundation Ltd.

The listing of Combatting Antisemitism Fund Limited and Skip Foundation Ltd is subject to charity registration with the Australian Charities and Not-for-profits Commission.

In addition, the listing of Skip Foundation Ltd is subject to the condition that DGR funds can be used only for purposes consistent with existing DGR categories in the tax law, and it will maintain minimum annual distributions consistent with the current requirements for ancillary funds.

Charity reporting

The Government will remake the *Australian Charities and Not-for-profits Commission (Consequential and Transitional) Regulation 2016* with an extension of the current charity transitional reporting arrangement for five years.

ABN compliance

The Government will no longer proceed with the Federal Budget 2019–20 measure announced by the former Government — *Black Economy – Strengthening the Australian Business Number system*, as integrity issues are being addressed through enhanced administrative processes implemented by the ATO. The original measure in the Federal Budget 2019–20 proposed imposing new compliance obligations for ABN holders to retain their ABN. Currently, ABN holders can retain their ABN regardless of whether they are meeting their income tax return lodgment obligations or the obligation to update their ABN details.

Old tax debts

The tax law will be amended to give the ATO a discretion to not use a taxpayer's refund to offset old tax debts, where the that old tax debt had been put on hold before 1 January 2017. This discretion will apply to individuals, small businesses and not-for-profits, and will maintain the ATO's current administrative approach.

The Government will also make minor amendments to Treasury portfolio legislation that clarify the law to ensure it operates in accordance with the policy intent and make minor policy changes to improve administrative outcomes. Further information can be found on the Treasury website under the consultation page *Miscellaneous Amendments to Treasury Portfolio Laws 2024*.

SUPERANNUATION

Paying super on paid parental leave

On 8 March 2024, the Government announced that superannuation would be paid on government-funded paid parental leave (**PPL**) for births and adoptions on or after 1 July 2025 (by then the Superannuation Guarantee rate will be 12%).

This measure is part of the Government's plan to modernise PPL. The first step is providing additional PPL (already legislated):

- an additional two weeks from 1 July 2024 (making 22 weeks in total);
- a further two weeks from 1 July 2025 (making 24 weeks in total); and
- a further two weeks from 1 July 2026 (making 26 weeks in total).

In the Budget, the Government said it will provide $1.1 billion over five years from 2023–24 (and $0.6 billion per year ongoing) to strengthen the PPL scheme and improve women's retirement outcomes. Funding includes:

- $1.1 billion over four years from 2024–25 (and $0.6 billion per year ongoing) to pay superannuation on Commonwealth government-funded PPL for births and adoptions on or after 1 July 2025. Eligible parents will receive an additional payment based on the Superannuation Guarantee (12% of their PPL payments), as a contribution to their superannuation fund;

- $10.0 million over two years from 2024–25 to provide additional support for small business employers in administering PPL; and

- $1.4 million over two years from 2023–24 to update communication products and documents for potential PPL recipients.

TAX COMPLIANCE

Personal income tax compliance

The Government will extend the ATO Personal Income Tax Compliance Program for one year from 1 July 2027. This extension will enable the ATO to continue to deliver a combination of proactive, preventative and corrective activities in key areas of non-compliance, including overclaiming of deductions, incorrect reporting of income and inappropriate tax agent influence. This will enable the ATO to continue its focus on emerging risks to the tax system, such as deductions relating to short-term rental properties.

ATO counter fraud strategy

The Government will provide $187.0 million over four years from 1 July 2024 to the ATO to strengthen its ability to detect, prevent and mitigate fraud against the tax and superannuation systems. Funding includes:

- $78.7 million for upgrades to information and communications technologies to enable the ATO to identify and block suspicious activity in real time;

- $83.5 million for a new compliance taskforce to recover lost revenue and intervene when attempts to obtain fraudulent refunds are made;
- $24.8 million to improve the ATO's management and governance of its counter-fraud activities, including improving how the ATO assists individuals harmed by fraud.

The Government will also provide $0.4 million over four years from 1 July 2024 to the Department of Finance to undertake a Gateway Review process over the life of the proposal to ensure independent assurance, oversight and delivery of the measure.

Further, the Government will strengthen the ATO's ability to combat fraud by extending the time the ATO has to notify a taxpayer if it intends to retain a business activity statement (**BAS**) refund for further investigation. The ATO's mandatory notification period for BAS refund retention will be increased from 14 days to 30 days to align with time limits for non-BAS refunds.

The extended period will strengthen the ATO's ability to combat fraud during peak fraud events like the one that triggered Operation Protego. Legitimate refunds will be largely unaffected. Any legitimate refunds retained for over 14 days would result in the ATO paying interest to the taxpayer (as is currently the case). The ATO will publish BAS processing times online.

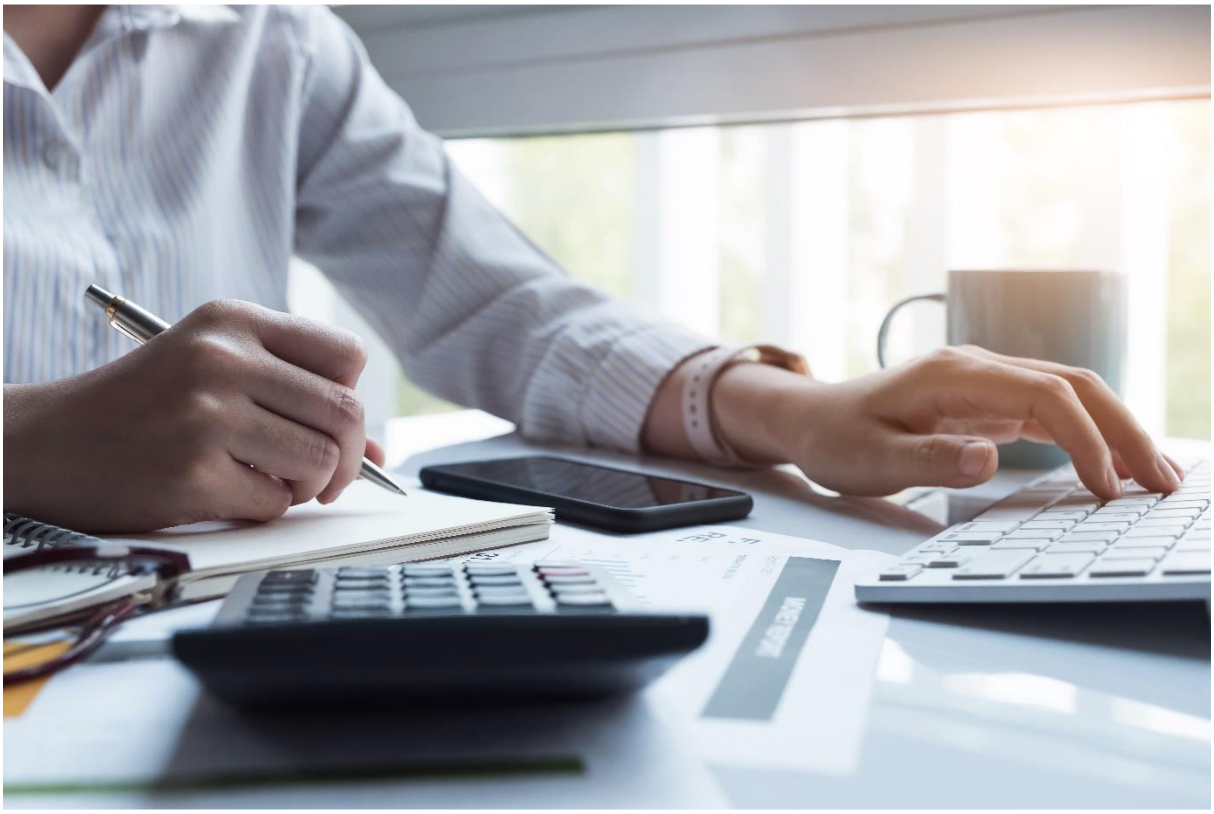
This will have effect from the start of the first financial year after the enabling legislation receives Royal Assent.

Shadow Economy Compliance Program

The Government will extend the ATO Shadow Economy Compliance Program for two years from 1 July 2026. This extension of the Shadow Economy Compliance Program will enable the ATO to continue to reduce shadow economy activity, thereby protecting revenue and preventing non-compliant businesses from undercutting competition.

Tax Avoidance Taskforce

The Government will extend the ATO Tax Avoidance Taskforce for two years from 1 July 2026. Extending the Taskforce ensures the ATO continues to be well resourced to pursue key tax avoidance risks, with a focus on multinationals, large public and private businesses, and high wealth individuals.



MISCELLANEOUS MEASURES

New Administrative Review Tribunal

In December 2023, legislation to replace the Administrative Appeals Tribunal (**AAT**) with a new Administrative Review Tribunal (**ART**) was introduced into Parliament. It is presently being considered by the Senate.

In the Budget, the Government said it will provide $1.0 billion over five years from 2023–24 (with $210.8 million per year ongoing from 2028–29 and an additional $194.2 million from 2028–29 to 2035–36) to establish and support the ART and to address court backlogs associated with high numbers of applications for judicial review of migration decisions.

Anti-money laundering and counter-terrorism

The Government will provide $168.0 million over four years from 2024–25 to implement reforms to strengthen Australia's Anti-Money Laundering and Counter-Terrorism Financing regime, to enhance Australia's ability to detect and disrupt illicit financing. Funding includes:

- $160.8 million over two years from 2024–25 for the Australian Transaction Reports and Analysis Centre (**AUSTRAC**) to expand its regulatory, intelligence and data capabilities and provide guidance to newly regulated entities; and

- $7.0 million over four years from 2024–25 for the Attorney General's Department to support the implementation of the legislative reforms through the provision of policy and legal advice and stakeholder consultation, and to deliver a program of antimoney laundering and counterterrorism financing capacity building in the Pacific.

The cost of this measure will be partially met from the Confiscated Assets Account under the *Proceeds of Crime Act 2002*.

Digital IDs and eInvoicing

The Government will provide $288.1 million over four years from 2024–25 to support the initial delivery of the Digital ID system and support more Australians to realise the economic and privacy benefits of Digital IDs.

Funding includes $155.6 million over two years from 2024–25 to the ATO to continue operating and improving the Government's Digital ID, myGovID, and the system which supports authorised access to a range of government business services.

The Government will also provide $23.3 million over four years from 2024–25 for the ATO to continue to oversee and operate the secure eInvoicing network.

the ATO's sights this tax time

The Australian Taxation Office (ATO) has today announced its 3 key focus areas for this Tax Time:

- rental property deductions
- work-related expenses
- capital gains tax.

ATO Assistant Commissioner Tim Loh said the ATO is continuing to prioritise areas where we often see mistakes being made.

‘Within these areas, we have identified common mistakes, and are particularly focused on addressing these and supporting taxpayers and registered tax agents to get their claims right this year.’

Rental property deductions: landlords – listen up!

The ATO’s review of income tax returns show 9 in 10 rental property owners are getting their return wrong, and often sees rental income being left out, or mistakes being made with property related deductions – like overclaiming expenses or claiming for improvements to private properties.

Around 87% of individual rental owners use a registered tax agent to prepare their income tax returns.

‘We encourage rental property owners and their registered tax agents to take extra care this tax time and review their records before lodging their return,’ Mr Loh said.

The ATO is particularly focused on interest expenses and ensuring rental property owners understand how to correctly apportion loan interest expenses where part of the loan was used for private purposes (or the loan was re-financed with some private purpose).

‘You can only claim interest on a loan used to purchase a rental property to earn rental income – don’t forget, if your loan also includes a private expense, such as for a new car or a trip to Bali, you can only claim an interest deduction for the portion relating to producing your rental income,’ Mr Loh said.

The ATO has sophisticated data matching capabilities which include rental property-related data and has recently implemented a new residential investment property loans data matching program.

‘This is just one example of the work we are doing to help you get your return right and make sure people are claiming expenses correctly,’ Mr Loh said.

For more information visit ato.gov.au/rental

Work-related expenses: avoid the ‘copy-paste’

‘We continue to see shifts in the way Aussies are working, and it’s important to consider whether your claims reflect your working arrangements this year.’

‘There have also been some changes in how you calculate things like working from home deductions, so don’t be tempted to just copy and paste your prior year’s claims. We know a lot of people are working back in the office more compared to last year,’ Mr Loh said.

This year, the ATO is particularly focused on ensuring taxpayers understand the changes to the working from home methods and are able to back up their claims.

To claim your working from home expenses as a deduction, you can use the actual cost, or the revised fixed rate method, so long as you meet the eligibility and record-keeping requirements.

‘Keeping good records will give you flexibility to choose the right method that suits your circumstances and gives you the best deduction this tax time,’ Mr Loh said.

For more information visit [ato.gov.au/home]

Capital gains tax: have you considered all assets?

Capital gains tax (CGT) comes into effect when you dispose of assets such as shares, crypto, managed investments or properties. To ensure you are meeting your obligations and paying the right amount of tax, you need to calculate a capital gain or capital loss for each asset you dispose of unless an exemption applies.

‘Generally, your main residence is exempt from CGT, however if you have used your home to produce income, such as renting out all or part of it through the sharing economy, for example Airbnb or Stayz, or running a business from home, then CGT may apply,’ Mr Loh said.

The ATO is reminding taxpayers of the importance of keeping records of the income-producing period and the portion of the property used to produce income to calculate your capital gain. If you used your property to earn income, and qualify for an exemption, make the election in your tax return.

‘Don’t fall into the trap of thinking we won’t notice if you sell an asset for a gain and don’t declare it,’ Mr Loh said.

For more information visit ato.gov.au/CGT

Data-matching protocols

Matching external data with our own helps us to ensure that people and businesses comply with their tax and super tax obligations. It also helps us to detect fraud against the Commonwealth.

We are required to comply with strict laws to protect your privacy when we collect data from other agencies and organisations for our data-matching programs. These laws include the *Privacy Act 1988*, the secrecy provisions of the *Income Tax Assessment Act 1936*, the *Taxation Administration Act 1953* and other tax laws.

We also adhere to the Privacy Commissioner's Guidelines on Data Matching in Australian Government AdministrationExternal Link by preparing and publishing a protocol for each of our data-matching programs. In broad terms, each protocol explains the purpose of the program, what data is collected, which agencies or organisations will be providing the data and how the data will be used.

Current data-matching protocols

- AUSTRAC transaction report information 17 June – 2021 to 30 June 2027 financial year
- Australian Electoral Commission
- COVID-19 economic response support 2019–20 to 2021–22 financial years
- Credit and debit cards 2015–16 and 2016–17 financial years
- Crypto assets 2014–15 to 2022–23 financial years
- Higher Education Loan Program, Vocational Education and Training Student Loan and Trade Support Loans 2019–20, 2020–21 and 2021–22 financial years
- Department of Home Affairs passenger movement records 2016–17 to 2022–23 financial years
- Department of Home Affairs visa October 2015 to 2022–23 financial years
- Government Payments Program – 2017–18 to 2022–23 financial years
- Lifestyle assets 2013–14 to 2022–23 financial years
- Military super 2010–11 to 2021–22 financial years
- Motor vehicle registries 2013–14 to 2021–22 financial years
- Novated leases 2018–19 to 2022–23 financial years
- Online selling 2014–15 to 2022–23 financial years
- Private health insurance statement – 2014-15 to 2027-28 financial years
- Property management – 2018–19 to 2022–23 financial years
- Real property transactions 20 September 1985 to 2016–17 financial years

- Rental bond – 20 September 1985 to 2022–23 financial years
- Residential investment property loan 2021–22 to 2025–26 data-matching program protocol
- Ride sourcing 2015–16 to 2022–23 financial years data-matching program protocol
- Services Australia specified benefits and entitlements – 2016-17 to 2022-23 financial years
- Share transactions 20 September 1985 to 2017–18 financial years
- Sharing economy accommodation 2016–17 to 2019–20 financial years
- Taxable government grants and payments 2010–11 to 2016–17 financial years

Data of residential investment property loans held by individuals will be collected from financial institutions. We negotiate with the selected data providers to obtain the data in their systems. The collected data may contain all or a selection of the fields listed below, depending on what fields the data provider holds.

Loan account holder details

- Unique client ID
- First name, middle and surname(s)
- Addresses (residential, postal)
- Australian business number (if applicable)
- Email address
- Contact phone numbers
- Date of birth

Loan account details

- Unique account ID
- Account number
- BSB
- Account name
- Loan type
- Loan commencement date
- Expected loan end date

- Term of the loan
- Opening balance (start of loan)
- Opening balance (start of financial year)
- Closing balance (end of financial year)
- Borrowing expenses

Property details

- Unique property ID
- Property address

Loan account transactions

- Unique account ID
- Transaction date
- Transaction type
- Transaction description
- Transaction amount
- Credit or debit