

# 2020 Federal Budget

## SUMMARY FOR DENTISTS



# TOP 15 BUDGET MEASURES FOR DENTISTS

## 1 IMMEDIATE WRITE-OFF OF ELIGIBLE ASSETS TO 30 JUNE 2022

The Government is increasing the instant asset write-off concession for new assets to equal the full cost of the asset and expanding access to more businesses with an annual turnover of less than \$5b.

These changes will apply from 7:30pm (AEDT) on 6 October 2020 to 30 June 2022.

Small and medium sized businesses (those with an aggregated annual turnover of less than \$50m) can fully deduct second-hand assets purchased and installed during the eligible period. Small businesses using simplified depreciation pools can deduct the entire balance of the pool at the end of the income year during this period.

*Luxury car depreciation limits will still apply (2020/21 \$59,136 limit).*

## 2 TEMPORARY LOSS CARRY-BACK FOR COMPANIES

These entities are currently required to carry losses forward to offset taxable profits in future years. Eligible companies with turnover up to \$5 billion will be able to offset tax losses against prior year taxed profits to generate a refund.

Losses incurred in the 2019/20, 2020/21 or 2021/22 income years may be carried back and offset against profits made in or after the 2018/19 income year.

The tax refund will be issued on lodgement of the 2020/21 and 2021/22 tax returns. The tax loss carried back cannot exceed the prior year taxed profits or generate a franking account deficit.

Companies that do not elect to carry back losses will continue to carry losses forward as normal.

## 3 PREVIOUSLY LEGISLATED PERSONAL STAGE 2 TAX CUTS BROUGHT FORWARD

From 1 July 2020, the top threshold of the 19% personal tax bracket will increase to \$45,000 (up from \$37,000) and 32.5% bracket from \$120,000 (up from \$90,000).

The above will apply until 30 June 2024. The legislated changes as part of stage 3 of the personal income tax plan are unchanged and will commence on 1 July 2024.

## 4 INCREASE IN ANNUAL TURNOVER THRESHOLD FOR SMALL BUSINESS CONCESSIONS

Businesses with an aggregated annual turnover between \$10 million and \$50 million will have a phased in access to small business tax concessions including:

- From 1 July 2020 – Deduct certain start-up expenses and prepayments
- From 1 April 2021 – FBT exemptions for carparking and multiple portable electronic devices
- From 1 July 2021 – Simplified ATO reporting options and trading stock rules as well as a shortened review period

## 6 FBT EXEMPTION AND DEDUCTIONS FOR RETRAINING

Employer-provided retraining and reskilling for redundant, or soon to be redundant employees will be exempt from fringe benefits tax.

Currently, employers providing training that is not sufficiently connected to an employee's current employment may be subject to fringe benefits tax. The exemption will apply for retraining towards a position within or outside of the employer's business.

When enacted, the exemption will apply from 2 October 2020.

## 5 JOBMAKER HIRING CREDIT

Eligible employers can claim a JobMaker Hiring Credit for each additional new job they create for an eligible employee from 7 October 2020 to 6 October 2021.

JobMaker Hiring Credit will be available from the date of employment for up to 12 months; capped at \$10,400 for each additional new position created. Eligible employers will receive \$200 per week if they hire an eligible employee aged 16 to 29 years, or \$100 per week if they hire an eligible employee aged 30 to 35 years.

There are specific "additionality criteria" to be met to be an eligible employer.

The employee must have worked at least 20 hours per week, averaged over a quarter and received the JobSeeker Payment, Youth Allowance (Other) or Parenting Payment for at least one month out of the three months before they were hired.

The credit will be available for each additional new job created for an eligible employee from 7 October 2020 until 6 October 2021. It will be claimed quarterly in arrears from the ATO starting from 1 February 2021.

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## 7 AGEING AND AGED CARE

The Government will provide \$2b over four years from 2020/21 to further support older Australians accessing aged care by providing additional home care packages as well as continuing to improve transparency and regulatory standards.

Funding includes \$1.6b over four years from 2020/21 for the release of an additional 23,000 home care packages across all package levels.

## 8 COVID-19 RESPONSE PACKAGE - EMERGENCY RESPONSE

The Government will provide \$42.5m in 2020/21 to continue support for Australia's emergency response to the COVID-19 pandemic, with:

- \$15.4m for the National Incident Room to continue to manage the COVID-19 response
- \$6.8m to continue to support the central patient triage hotline
- \$20.3m to extend COVID-19-related national communications activities

This measure builds on the July 2020 Economic and Fiscal Update titled COVID-19 Response Package — emergency response.

## 9 COVID-19 RESPONSE PACKAGE - ACCESS TO VACCINES AND CONSUMABLES

The Government will commit to supply and production agreements for access to safe and effective COVID-19 vaccines once they are available, as part of Australia's COVID-19 Vaccine and Treatment Strategy. This includes \$1.7b over two years for agreements to access the University of Oxford/AstraZeneca vaccine and the University of Queensland/CSL Limited vaccine with local manufacturing provided by CSL Limited/Seqirus Australia. A further \$24.7m will be provided for the supply and storage of vital consumables, such as needles and syringes, to ensure vaccines can be administered once available.

## 10 COVID-19 RESPONSE PACKAGE - GUARANTEEING MEDICARE AND ACCESS TO MEDICINES

The Government will provide an additional \$1.1b in 2020-21 to support access to health care services and reduce the risk of community transmission of COVID-19, including:

- \$711.7m to extend temporary Medicare Benefits Schedule (MBS) pathology items for the detection of COVID-19, including testing for asymptomatic interstate freight workers and aged care workers
- \$170.8m to extend dedicated respiratory clinics to manage and diagnose COVID-19 cases to take pressure off hospitals
- \$111.6m for the extension of temporary COVID-19 telehealth services
- \$42.0m for rapid specimen collection and testing of COVID-19 in aged care facilities

## 11 COVID-19 RESPONSE PACKAGE - SUPPORTING MENTAL HEALTH

The Government will provide \$100.8m over two years from 2020/21 to provide up to 10 additional psychological therapy sessions each calendar year nationally under the Better Access to Psychiatrists, Psychologists and General Practitioners through the Medicare Benefits Schedule (Better Access) initiative. This will increase access to mental health care for all Australians who are experiencing more severe or enduring mental health impacts from the COVID-19 pandemic.

In addition, the Government will provide an additional \$62.1m over four years from 2020/21 (including \$0.6m per year ongoing) to improve access to mental health services.

## 12 COVID-19 RESPONSE PACKAGE - SUPPORTING HOSPITALS

The Government will provide a further \$1.1b in 2020/21 for the National Partnership Agreement on COVID-19 Response, to continue support for the states and territories in managing the public health response to COVID-19.

This measure will also continue the COVID-19 viability guarantee for eligible private hospitals to supplement public hospital capacity, including workforce, beds and equipment.

This builds on the July 2020 Economic and Fiscal Update measure titled COVID-19 Response Package — supporting our hospitals.



# TOP 15 BUDGET MEASURES FOR DENTISTS

## 13 EXTENSION AND RE-ALIGNMENT OF PERSONAL TAX OFFSETS

With the earlier commencement of phase 2 of the personal income tax plan changes to Low Income Tax Offset (LITO) will also be brought forward two years to 1 July 2020.

From 1 July 2020, the LITO will increase to \$700 (up from \$445). The increased LITO will be withdrawn at a rate of 5 cents per dollar between taxable incomes of \$37,500 and \$45,000, with an additional withdrawal of 1.5 cents per dollar between taxable incomes of \$45,000 and \$66,667. The LITO offset will not be available where income exceeds \$66,667.

The new effective tax-free threshold for individual Australian tax residents is \$23,226 for the 2020/21 income year.

The Low and Middle Income Tax Offset (LMITO) will remain in place for the 2020/21 income year. The offset will provide a base rate of \$255 with a maximum entitlement of \$1,080. The LMITO offset will not be available where income exceeds \$126,000.

## 14 WAGE SUBSIDY FOR NEW APPRENTICES AND TRAINEES EXPANDED

The apprenticeship wage subsidy program announced in the July 2020 Economic and Fiscal Update, will be expanded to allow businesses of any size to claim the subsidy.

Eligible businesses that employ apprentices or trainees will be eligible to receive up to a 50% wage subsidy, up to \$7,000 per quarter, capped at 100,000 places. This new measure will run from 5 October 2020 to 30 September 2021.

## 15 DIGITAL BUSINESS PLAN

The Government is providing \$796.5 million over four years from 2020-21 through its Digital Business Plan to further drive progress towards Australia becoming a leading digital economy by 2030 and to improve productivity, income growth and jobs by supporting the adoption of digital technologies by Australian businesses. The measures cover the following pillars: modern digital infrastructure, reduced regulatory barriers, small and medium enterprise (SME) support and capability and a digital government that is easier to do business with.





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