

The Major Parties' Superannuation and Tax Policies

Liberal-National Coalition

Superannuation

- Australians aged 65 and 66 will be able to make voluntary superannuation contributions without needing to work a minimum amount. Previously, this was only available to individuals below 65.
- Extending access to the bring-forward arrangements (the ability to make three years of post-tax contributions in a single year) to individuals aged 65 and 66.
- Increasing the age limit for individuals to receive spouse contributions from 69 to 74.
- Reducing red-tape for how SMSFs claim tax deductions for earnings on assets supporting superannuation pensions.
- Delaying the implementation of SuperStream (electronic rollovers for SMSFs and superannuation funds) until March 2021 to allow for greater usability.

Taxation

- From 2018-19 taxpayers earning between \$48,000 and \$90,000 will receive \$1,080 as a low and middle income tax offset. Individuals earning below \$37,000 will receive a base amount of \$255 with the offset increasing at a rate of 7.5 cents per dollar for those earning \$37,000-\$48,000 to a maximum offset of \$1,080.
- Stage 1 tax cuts: From July 1 2018, increasing the top threshold of the 32.5 per cent tax bracket from \$87,000 to \$90,000.
- Stage 2 tax cuts: From 1 July 2022, increasing the top threshold of the 19 per cent personal income tax bracket from \$41,000, to \$45,000.
- Stage 3 tax cuts: From 1 July 2024, reducing the 32.5 per cent marginal tax rate to 30 per cent which applies from \$120,000 to \$200,000. The 37 per cent tax bracket will be abolished.

Australian Labor Party

Superannuation

- Disallowing refunds of excess franking credits from 1 July 2019 – this would mean SMSF members in pension phase no longer receive refunds for the franking credits they receive for their Australian share investments.
- Banning new limited recourse borrowing arrangements.
- Reducing the post-tax contributions cap to \$75,000 per year down from \$100,000.
- Ending the ability to make catch-up concessional contributions for unused cap amounts in the previous five years.
- Ending the ability for individuals to make personal superannuation tax deductible contributions unless less than 10 per cent of their income is from salaries.
- Lowering the higher income 30 percent super contribution tax threshold from \$250,000 to \$200,000.

Taxation

- Labor supports the stage 1 tax cuts and will match the \$1,080 low and middle income tax offset. From 1 July 2018, individuals earning below \$37,000, will get a \$350 a year tax offset, with this amount increasing for those earning between \$37,000- \$48,000 to the maximum \$1,080 offset.
- Introduce a 30 percent tax rate for discretionary trust distributions to people over the age of 18.
- Will limit negative gearing to newly built housing from January 1 2020 (existing investments are grandfathered under the current law).
- Reduce the capital gains tax discount for assets that are held longer than 12 months from the current 50 percent to 25 percent (existing investments are grandfathered under the current law).
- Limit the deductions for the cost of managing tax affairs to \$3,000.

How can we help?

If you have any questions or would like further clarification in regards to how the above policies may affect you and your fund, please call Garry Johnston our SMSF Manager on 07 3245 9909.