

Your guide to the Federal Budget



Health, home and housing

This year's Federal Budget is focused on health, home and housing. Keeping healthcare available to all Australians in the long term and living the dream of owning one's home will be central issues for many Australians.

Keeping our future healthy

To ensure all Australians can continue to access timely and affordable healthcare, the Government announced that it will set up the Medicare Guarantee Fund to pay for all expenses on the Medicare Benefits Schedule and the Pharmaceutical Benefits Scheme (PBS). The revenue raised from the Medicare Levy will be credited to this fund (excluding amounts to fund the National Disability Insurance Scheme (NDIS)).

To fully fund the NDIS, the Medicare levy will be increased by 0.5% to 2.5% from 1 July 2019.

There's no place like home

"If a family or an individual has a roof over their head that they can rely on, then all of life's other challenges become more manageable," Treasurer Morrison said.

To help first home buyers get 'into the game', they will be able to save for a deposit by making additional voluntary contributions into their superannuation account from 1 July 2017. The First Home Super Savers Scheme will enable access to the tax advantages of superannuation with pre-tax contributions and earnings taxed at 15%, rather than marginal rates, and on withdrawal taxed at the relevant marginal rate, less 30% offset. These voluntary contributions plus their deemed earnings can be accessed from 1 July 2018.

Savers will not have to set up a new account, they can just use their existing super account while contributions will be limited to \$30,000 per person in total and \$15,000 a year. The contributions made will be counted under the relevant contributions caps.

One buyer's home is another's downsized property

To increase housing stock, the Government is encouraging older Australians, aged 65 or more, to downsize their properties by allowing them to make a non-concessional contribution of up to \$300,000 into their superannuation fund from the proceeds of the sale of their principal home.

Importantly, the normal super contribution rules such as 'work test' requirements that currently apply to those aged 65 or older will not apply to these contributions, and they can also be made by those with more than \$1.6 million of total superannuation.

Keeping local property for locals

Tougher rules will apply on foreign investment in residential real estate by removing the main residence capital gains tax exemption and applying a vacancy charge of at least \$5,000 on all future foreign investors who fail to either occupy or lease their property for at least 6 months a year.

Developers will also be prevented from selling more than 50% of new developments to foreign investors.

In other news

For small business, a reprieve on the \$20,000 write off on capital expenditure that was due to end on June 30, 2017. Small business will be able to take advantage of this write off for another year.

And for those older Australians who lost their pensioner concession card by the pension assets test change introduced on 1 Jan 2017 – they will be getting them back.

Infrastructure, investment in regional Australia and affordable energy were also given a mention in the budget speech – “the right choices to secure better days ahead” – the Treasurer said.

Education and childcare also rated mentions; university fees will rise by 7.5% by 2021 and childcare rebates will be means tested.

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