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KEY MEASURES TAKE EFFECT TO LOWER TAXES AND CREATE JOBS

The Morrison Government is continuing to secure Australia's recovery from COVID-19 with key measures taking effect on 1 July 2021 to create more jobs, rebuild our economy and set Australia up for the future.

These measures will provide tax relief to millions of hard-working Australians, incentivise businesses to invest and ensure our superannuation system works harder for you.

Retaining the low-and middle-income tax offset

The Government is delivering further personal income tax cuts to support more than 10 million low-and middle-income earners. These tax cuts are worth up to \$1,080 for individuals or up to \$2,160 for couples. This is more money to spend in local businesses, giving them the confidence to take on an extra worker, offer an extra shift or buy a new piece of equipment.

Providing tax incentives for businesses

The Government is further supporting businesses by extending its temporary full expensing and temporary loss carry-back measures beyond this financial year.

This will allow more than 99 per cent of businesses employing 11.5 million Australians to deduct the full cost of eligible depreciable assets of any value in the year they are installed until 30 June 2023.

These measures are estimated to boost GDP by around \$7.5 billion in 2021-22 alone and create around 60,000 jobs by the end of 2022-23.

Cutting taxes for small and medium businesses

The tax rate for small and medium companies with turnover below \$50 million will decrease from 26 per cent to 25 per cent. For unincorporated small business such as sole traders, the tax discount rate will increase from 13 per cent to 16 per cent (up to the existing cap of \$1,000). Access to a range of small business tax concessions will also be expanded with the turnover threshold rising from \$10 million to \$50 million, providing tax relief and reducing red tape for eligible businesses.

Supporting business research and development

Reforms to the Research and Development Tax Incentive take effect from 1 July. This includes generous tax offset rates above the company tax rate and includes an intensity test to reward companies that commit a greater proportion of their expenditure to R&D. In addition, the cap on eligible R&D expenditure will rise from \$100 million to \$150 million per annum.

Providing tax relief for small brewers and distillers

As announced in the 2021-22 Budget, the *Excise remission scheme for alcohol manufacturers* will provide brewers and distillers a full remission of any excise they pay, up to an annual cap of \$350,000.

This builds on the Government's 2020-21 MYEFO announcement to allow eligible alcohol manufacturers to receive their excise duty remission automatically, which reduces administrative overheads and provides additional assistance by addressing cash flow concerns. These changes also commence from 1 July.

Exempting granny flat arrangements from capital gains tax (CGT)

The Government is supporting older and disabled Australians and their families by providing a targeted CGT exemption for granny flat arrangements. From 1 July, CGT will not apply to the creation, variation or termination of formal written granny flat arrangements providing accommodation for older Australians or people with disabilities.

This change removes the CGT impediments to families entering into legally enforceable granny flat arrangements, reducing the risk of financial abuse to vulnerable Australians.

Supporting first home buyers and single parent families

From 1 July, the Government will release an additional 30,000 places to eligible applicants under the First Home Loan Deposit Scheme, the New Home Guarantee program, and the Family Home Guarantee.

As announced in the 2021-22 Budget, the Government will establish the Family Home Guarantee to support single parents with dependants. From 1 July, 10,000 guarantees will be made available to eligible single parent families to build a new home or purchase an existing home with a deposit of as little as 2 per cent.

The Government will also extend the New Home Guarantee for a second year, providing an additional 10,000 places in 2021-22 for first homebuyers seeking to build a new home or purchase a newly built home with a deposit of 5 per cent.

Making superannuation work harder for Australians

As part of the most significant changes to superannuation in nearly 30 years, the Government is holding underperforming funds to account and strengthening protections for the retirement savings of millions of Australians.

The Government will require superannuation products to meet an annual objective performance test. Funds with products that fail the test will be required to inform members, while persistently underperforming products will be prevented from taking on new members. Members will be notified by 1 October 2021 if their product fails this test.

Australians will also have access to a single, trusted and independent source of information to compare superannuation products through a new interactive online YourSuper comparison tool from 1 July. In addition, trustees will be required to demonstrate how their actions are in the best financial interest of members.

The Your Future, Your Super reforms are estimated to save Australian workers \$17.9 billion over 10 years.

Increasing flexibility for self-managed superannuation funds

The Government is providing Australians with more flexibility and control in managing their retirement savings. From 1 July, the maximum number of allowable members in self-managed superannuation funds and small APRA funds will increase from four to six.

Extending the temporary reduction in superannuation minimum drawdown rates

As part of the Government's COVID-19 response, the superannuation minimum drawdown rates were reduced by 50 per cent for the 2019-20 and 2020-21 income years. To further support retirees and provide extra flexibility, the Government has recently extended the temporary reduction to the 2021-22 income year.

Implementing Financial Services Royal Commission recommendations

Consumers will continue benefitting from the Government's strong record on implementing recommendations of the Hayne Royal Commission, with several reforms taking effect from 1 July.

A new independent body, the Financial Regulator Assessment Authority, will be established to review and report on the effectiveness and capability of the Australian Securities and Investments Commission and the Australian Prudential Regulation Authority.

To address the Royal Commission's concerns about fees for no service, the enhanced framework around providing financial advice to clients under ongoing fee arrangements starts. To assist with this transition, the Government has recently made a regulation to lower compliance costs for generating fee disclosure statements. There is also a new disclosure obligation to ensure financial advisers who are not 'independent' provide clients with a clear and concise written disclaimer.

In the area of superannuation, there are new measures to prohibit the deduction of ongoing advice fees from MySuper products and to increase the transparency of fees to members. To address concerns about conflict, there is a new measure prohibiting superannuation trustees from having a duty to act in the interests of another except those arising from its role as trustee. The Royal Commission recommendation that individuals be 'stapled' to a single super account has passed the parliament and will commence on 1 November 2021.

Cutting Cross-Border Red Tape for Tradies and Skilled Workers

Automatic mutual recognition (AMR) of occupational licences comes into effect across New South Wales, Victoria, the Australian Capital Territory and the Northern Territory. This will enable licensed workers including plumbers, builders and architects to operate across jurisdictions, without having to apply, pay for and wait for a further licence to perform the same type of work in another state or territory. These measures, which will be implemented progressively, will provide a \$2.4 billion boost to the economy and directly benefit over 168,000 workers each year. Other states are expected to join the scheme subject to the passage of legislation.

Extending the Junior Minerals Exploration Incentive (JMEI)

The Government is extending the JMEI by four years to incentivise new investment in small minerals exploration companies undertaking greenfields minerals exploration in Australia.

Balancing the rights of franchisors and franchisees

Significant changes to the Franchising Code of Conduct start today. This includes reforms to better balance the rights of franchisors and franchisees and improve access to justice through additional, more efficient dispute resolution processes.

Improving payment times for suppliers in government contract supply chains

From 1 July 2021, large businesses awarded government contracts valued above \$4 million will be required to pay their suppliers with subcontracts of up to \$1 million within 20 calendar days, or pay interest.

Rolling out the Consumer Data Right

Starting from 1 July 2021 — exactly 12 months after the big four banks — the rollout of Open Banking by the remaining banks is set to occur. This means that even more Australians will now be able to securely access and share their banking data to access better value products and services.

Introducing licencing obligations for debt management services

From 1 July, providers of debt management services will be required to hold an Australian credit licence and meet ongoing obligations imposed on licensees. These regulations form part of the Government's consumer credit reforms.

Together, these comprehensive measures help secure Australia's recovery from COVID-19 by putting more money in the pockets of hard-working Australians and supporting job creation.

Ends