New super rules, and an extension of unlimited asset write-off for business

Parliament recently passed legislation that gave effect to a number of measures announced in the Federal Budget back in May 2021. These changes include more generous measures for superannuation members, and an extension of the unlimited instant asset write-off provisions for businesses with annual turnover of less than $5 billion.

The wordily titled *Treasury Laws Amendment (Enhancing Superannuation Outcomes For Australians and Helping Australian Businesses Invest) Bill 2021* made it through Parliament last month. The measures it contained, however, will not take effect until 1st July 2022.

- **Removal of the $450 a month threshold for employee compulsory super**
  Since the time compulsory employer superannuation and the Superannuation Guarantee Charge were first introduced back in the early 90s, employees who earned less than $450 per month were exempt from compulsory employer superannuation payments. $450 per month was worth a lot more back then, but the threshold has never been increased over the entire time since. This threshold will now be removed altogether. All employee ordinary time earnings will now be subject to compulsory superannuation, although this may also create an administrative burden in situations where employees earn very small amounts and/or are only employed for a brief period of time.

- **Increase in the total amount that can be released under the First Home Super Saver Scheme**
  The First Home Super Saver Scheme allows those saving for their first home to temporarily move money into the more tax effective environment of superannuation, with limits on how much can be contributed. This can then be released at a later date when a property that will be occupied by the member(s) is being purchased. The maximum total amount that can be withdrawn had been $30,000 but will be increased to $50,000.

- **Downsizer eligibility threshold reduced from 65 to 60 years of age**
  'Downsizer' contributions allow those who are aged 65 years or more to put money into super from the proceeds of selling their principal place of residence. These amounts can be made in addition to any other contribution limits, subject to certain conditions. Up to $300,000 can be contributed per member. This age threshold for eligibility will be reduced to 60 years or older from 1st July 2022.

- **'Work test' to be removed for certain contributions made by those aged between 67 and 74**
  Removing the work test for those aged between 67 and 74 will allow them to make personal after-tax contributions to superannuation, as well as salary-sacrificed amounts, without having to show that they were employed for at least 40 hours in a consecutive 30 day period during the relevant financial year. In essence it means that many older Australians who have already ceased work will still be able to put money in superannuation. The work test will still apply, however, in order for members to claim a deduction in their income tax return for voluntary contributions.

- **Trustees able to use preferred method of calculating exempt current pension income**
  Where a super fund has members who are in both accumulation and retirement phases for part of a year, it's been quite an administrative headache having to segregate assets and use different methods for calculating exempt current pension income (ECPI). This bill will allow trustees to choose not to treat assets as being segregated and instead simply use the 'proportionate' method entirely. It may seem complicated, but suffice it to say, it's a welcome reduction in red tape.

- **Extension of the unlimited instant asset write-off threshold to the 2022-23 financial year**
  As a part of the Federal Government's early tranche of pandemic relief, businesses with aggregated annual turnover of less than $5 billion have been able to deduct the full cost of depreciable assets, in the first year they were installed. This measure was due to expire after the current financial year, but has been extended to include the 2022-23 financial year.

There's quite a bit here to digest but most of it is designed to put more money into the pockets of Australians through superannuation and business stimulus. A reminder again too that these measures take effect from 1st July 2022.

If you have any questions or would like some help with these new measures, please contact us.

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