

more
than
money



FEDERAL *Budget* 2017

What the Federal Budget
means for individuals.

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2017 FEDERAL BUDGET SUMMARY

First home savers, downsizers and small business are winners in Treasurer Scott Morrison's second Budget – while taxpayers face an increase in the Medicare levy.

Note: These changes are proposals only and may or may not be made law.

The headlines

- **Increase to Medicare levy:** From 1 July 2019, the Medicare Levy will increase from 2.0% to 2.5%, to fund the National Disability Insurance Scheme.
- **Help for first home owners:** From 1 July 2017, first home owners can make voluntary super contributions up to \$15,000 a year and \$30,000 in total, to use towards a home deposit.
- **Extra contributions for downsizers:** From 1 July 2018, people aged 65 or over may contribute up to \$300,000 into their super from the proceeds of selling their home.
- **SMSF Borrowings:** When a new Limited Recourse Borrowing Arrangement is established, the loan balance will be included in the individual's total super balance.
- **Support for small business:** The immediate write off of up to \$20,000 per eligible asset has been extended for another year.
- **Relief for pensioners:** Pensioners who lost their Pension Concession Card under the recent Assets Test change will have this benefit restored. Age Pensioners will also get a one-off energy payment of \$75 for singles and \$125 for couples (paid on 20 June 2017).
- **Affordable housing Capital Gains Tax (CGT) discount:** From 1 January 2018, eligible affordable housing will receive a further 10% CGT discount.
- **CGT on foreign owned property:** Effective immediately, foreign property owners will no longer receive the CGT exemption on their principal place of residence. A new CGT rate of 12.5% will apply.
- **Empty foreign-owned property:** Foreign owners who leave their property empty for more than six months in a year will pay an annual vacancy charge of at least \$5,000.
- **Levy on big banks:** Australia's five biggest banks will pay a new 0.06% levy on their liabilities, raising \$6.2 billion over four years to assist with Budget repair.
- **New external dispute resolution scheme:** From 1 July 2018, the Australian Financial Complaints Authority will be established to replace the existing schemes.
- **Credit card reform:** The Government will introduce a range of credit card reforms based on Department of Treasury recommendations.

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