KNOWLEDGE SHOP

For the greater good?

2013 Federal Budget
update

For the greater good?

Federal Budget 2012/2013

We almost labeled this budget the 'Global Parcel Services Budget' for Wayne Swan's new mantra 'we deliver, on time.' To make good on this promise however, the Government needs to turn a $44bn deficit in 2012 into a $1.5bn surplus in 2013.

This is where business comes in. For business, the 2013 Federal Budget was an itemisation of what you're not getting; $4.8bn in company tax savings apparently. But the changes in company tax rates – due to commence on 1 July for small business, never saw the light of day. So, it's hard to feel the effects of something you never experienced.

The upside is not what was announced but what wasn't. Many of the previously announced small business initiatives and the more generous of the existing concessions – such as the small business CGT concessions – have been preserved.

So, the Budget offers nothing that will significantly change the shape of business in Australia.

What will be felt on the ground however is the drive to collect every tax dollar owing. In the Budget speech, Treasurer Wayne Swan pointed out that tax receipts are down $150bn since the GFC. What this is likely to mean, emphasized by the $378m in direct ATO compliance activity funding, is a more aggressive compliance focus.

Budget highlights

- Scrapping of planned company tax rate reduction
- Introduction of a loss carry-back for companies
- Further restrictions on LAFHAs
- Tightening of employment termination payment tax offset
- Deferral of higher concessional contribution caps for super
- Doubling of tax on super contributions for very high income earners
- Non-residents locked out of CGT discount
- Tripling of the tax free threshold
- Scrapping of planned 50% discount on interest
- First stage of a national disability insurance scheme
- Increase to the rate of Family Tax Benefit A (but changes to age of eligibility)
- Scrapping of standard deduction for work related expenses
- Tightening of Net Medical Expenses Tax Offset

Contents

Please direct any questions regarding Knowledge Shop's Budget summary to:
Knowledge Shop Pty Ltd, Level 2, 115 Pitt St, Sydney 2000

Business

Company tax rate reduction scrapped

The Government has scrapped the promised reduction in the company tax rate. The reduction to 29% was to apply to small business from 1 July 2012 and all other businesses from 1 July 2013.

The following small business measures remain in place:

- Instant tax write off for the first $5,000 of any motor vehicle purchased from 2012/2013 (replaces the entrepreneurs' tax offset)
- An immediate write off of all assets valued at under $6,500 (up from $1,000)
- A write-off of all other assets (except buildings) in a single depreciation pool at a rate of 30%
- Reduction for one year in PAYG instalments using GDP adjustment method

Company loss carry back

As previously announced on 6 May, the Government will enable companies to carry-back tax losses so they receive a refund against tax previously paid.

A one year loss carry-back will apply in 2012/2013, where tax losses incurred in that year can be carried back and offset against tax paid in 2011/2012. For 2013/2014 and later years, tax losses can be carried back and offset against tax paid up to two years earlier. Companies will be able to carry back up to $1 million of losses each year. This measure can provide a cash benefit of up to $300,000 a year.

The measure will be available to companies and entities that are taxed like companies. It will apply to their revenue losses only and will be subject to integrity rules, and will be limited to a company's franking account balance.

So what does this all mean in practice? Let's look at an example:

ABC Pty Ltd has been operating for a number of years and paid tax of $75,000 in the 2012 income year (i.e., taxable income of $250,000). The company had no carried forward tax losses at the end of the 2012 year.

In the 2013 year the company makes a tax loss of $200,000 due to significant investment in new plant and equipment and weaker trading conditions. The company has a franking account balance of $400,000.

The company's refund under the loss carry back rules is limited to the lesser of the following amounts:

- *The tax value of the current year loss (i.e., 30% x $200,000 = $60,000)*
- *The tax value of the statutory cap (i.e., 30% x $1m =$300,000)*
- *The franking account balance (i.e., $400,000); and*
- *The tax paid in the carry back period (i.e., $75,000).*

In this case the company can carry back its full tax loss for the 2013 year against the tax paid in the prior year and will receive a cash refund of $60,000. This brings forward the cash flow benefit of the losses rather than having to wait until the company makes taxable profits in future years.

More information Tax relief for businesses in our patchwork economy

Date of effect	From 2012/2013

Wine equalisation tax tightened

The wine producer rebate will be amended to ensure that wine producers cannot claim multiple rebates for the same quantity of wine, beyond the total amount of wine equalisation tax payable. The measure addresses unintended policy outcomes arising where wine is subject to blending and/or further manufacture.

Date of effect	Assessable dealings from 1 July 2012

Individuals

Tax free threshold tripled

As previously announced and legislated, the tax free threshold for resident individual taxpayers has been tripled from 1 July 2012. All taxpayers with a taxable income of up to $80,000 will get a tax cut, with most getting more than $300. The Government estimates this will mean that one million people will no longer have to lodge a tax return and around 630,000 additional people will no longer have to pay any tax.

Date of effect	From 1 July 2012

Golden handshakes targeted

The availability of the employment termination payment (ETP) tax offset will be limited. From 1 July 2012, only that part of an affected ETP, such as a golden handshake, that takes a person's total annual taxable income (including the ETP) to no more than $180,000 will receive the ETP tax offset. Amounts above this whole-of-income cap will be taxed at marginal rates. The whole-of-income cap will complement the existing ETP cap ($175,000 in 2012-13, indexed) which ensures that the tax offset only applies to amounts up to the ETP cap. The ETP tax offset ensures that ETPs up to the ETP cap are taxed at a maximum tax rate of 15% for those over preservation age and 30% for those under preservation age.

Existing arrangements will be retained for certain ETPs relating to genuine redundancy (including to those aged 65 and over), invalidity, compensation due to an employment-related dispute and death.

Date of effect	1 July 2012

Non-residents taxed more

The personal income tax rates and thresholds that apply to non-residents' Australian income will be adjusted.

From 1 July 2012, the first two marginal tax rate thresholds will be merged into a single threshold. The marginal rate for this threshold will align with the second marginal tax rate for residents (32.5%) and apply to all taxable income below $80,000. From 1 July 2015, the same marginal rate will again rise from 32.5% to 33%.

Medical expenses offset means tested

The Net Medical Expenses Tax Offset will be means tested from 1 July 2012.

For people with adjusted taxable income above the Medicare levy surcharge thresholds ($84,000 for singles and $168,000 for couples or families in 2012/2013), the threshold above which a taxpayer can claim the medical expenses offset will be increased to $5,000 (indexed annually thereafter) and the rate of reimbursement will be reduced to 10% for eligible out of pocket expenses incurred.

Date of effect	1 July 2012

8 dependent offsets merged into 1

Eight dependency tax offsets will be merged into one non-refundable offset only available to taxpayers who maintain a dependant who is genuinely unable to work due to carer obligation or disability.

Consolidated offsets include; the invalid spouse, carer spouse, housekeeper, housekeeper (with child), child-housekeeper, child-housekeeper (with child), invalid relative and parent/parent-in-law tax offsets.

The new consolidated offset is based on the highest rate of the existing offsets it replaces.

Date of effect	1 July 2012

Mature age worker offset phased out

The mature age worker tax offset will be phased out for taxpayers born on or after 1 July 1957. Access to the offset will be maintained for taxpayers who are aged 55 years or older in 2011/2012.

Date of effect	1 July 2012

Medicare levy low income threshold increased

The Medicare levy low income threshold will increase to $19,404 for individuals and $32,743 for families for the 2011/2012 income year.

The Medicare levy threshold for single pensioners below Age Pension age will also increase to $30,451 for the 2011/2012 income year.

Date of effect	1 July 2011

Dumped initiatives

The 50% discount for interest income that was due to take effect from 1 July 2013 will not proceed. In addition, the standard deduction for work related expenses which was also due to commence on 1 July 2013 has been scrapped.

Seasonal labour mobility program

From 1 July 2012, non-resident individuals participating in the Seasonal Labour Mobility Program will be subject to a final withholding tax of 15%. Participants will not be required to lodge an Australian income tax return and will no longer be subject to the Medicare levy.

Date of effect	1 July 2012

Further exemptions from flood levy

Individuals who were eligible for an Australian Government Disaster Recovery Payment (AGDRP) in 2010/2011 will be exempt from the temporary flood and cyclone reconstruction levy even if they did not apply for and receive the payment, as required under the existing exemptions.

As announced by the Treasurer on 6 May 2012, the Government will also extend the exemptions from the flood levy to include those individuals who have been affected by a natural disaster in 2011/2012. The following people will be exempt from the levy:

- Those who are eligible for an AGDRP for a disaster event in 2011/2012;
- Those who are directly affected by a Natural Disaster Relief and Recovery Arrangements (NDRRA) declared disaster and would have met the AGDRP criteria in 2011/2012; or
- New Zealand non-protected special category visa holders who received an ex-gratia payment from the Australian Government in relation to a disaster that occurred in 2011/2012.

Flood relief payments for NZ citizens

The Government will ensure that ex-gratia payments made to New Zealand non-protected special category visa holders affected by flooding in Queensland and NSW in early 2012 will be exempt from income tax.

Tax measures

FBT: Executives targeted by further LAFHA changes

Further restrictions will be made to the rules regarding Living Away From Home Allowances and benefits. The reforms will prevent employers from giving the tax concession to employees who aren't maintaining a second home, or are maintaining two homes indefinitely by:

- Limiting access to the tax concession to employees who maintain a home for their own use in Australia, that they are living away from for work; and
- Providing the tax concession for a maximum period of 12 months for an individual employee for any particular work location.

The 12 month time limit will not apply to employees working under fly-in fly-out arrangements.

"These reforms will stop businesses from being able to give a very large taxpayer-funded tax break to employees who aren't maintaining a second home, or are maintaining two homes indefinitely." *Treasurer, Wayne Swan*

Date of effect	From 1 July 2012 for arrangements entered into after 7.30pm (AEST) 8 May 2012 and from 1 July 2012 for arrangements entered into prior to that time.

Airline transport fringe benefits

The Government will update the way the taxable value of airline transport fringe benefits is determined.

An airline transport fringe benefit may arise when an employee of an airline or travel agent is provided with free or discounted travel on a stand-by basis. The taxable value of airline transport fringe benefits is currently the stand-by value of the benefit less the employee's contribution. This method was developed when stand-by travel was a feature of commercial airline pricing and staff could be displaced from a flight up to the time of boarding. This measure addresses the concern that the concept of stand-by travel is no longer commercially relevant as airlines now use discounted pricing to optimise passenger levels.

Date of effect	7.30pm (AEST), 8 May 2012

Tax increase for Managed Investment Trusts

The withholding tax rate for Managed Investment Trusts will increase from 7.5% to 15%.

Date of effect	1 July 2012

Treatment of bad debts

Changes to the treatment of bad debts between related parties irrespective of whether they are members of a tax consolidated group.

The measure will deny a tax deduction for a bad debt written off, where the debtor is a related party not in the same tax consolidated group. The corresponding gain to the debtor will also not be taxed. The measure adds $80m to Government revenue over the forward estimates period.

No further detail is available at this stage.

Date of effect	7.30pm (AEST) 8 May 2012

CGT refinement & tightening

Several measures were announced or reinforced to amend how CGT applies in certain circumstances. These measures have a negligible revenue impact:

Non-residents locked out of 50% CGT discount

Non-residents will no longer be able to access the 50% general CGT discount. The discount will be available to gains accrued prior to the date of effect where non-residents choose to obtain a market valuation of assets at 8 May 2012.

Date of effect	7.30pm (AEST), 8 May 2012

Beneficial interests

Changes recommended providing greater consistency in the application of the scrip for scrip roll-over and small business concessions to trusts, superannuation funds and life insurance companies.

In particular, this measure seeks to ensure that the provisions concerning absolutely entitled beneficiaries, bankrupt individuals, security providers and companies in liquidation interact appropriately with the CGT provisions and with the connected entity test in the small business entity provisions.

Date of effect	At the option of taxpayers from 2008/09 income year and automatically from the date of Royal Assent

Broadening of revenue asset and trading stock roll-overs

Broadening of the revenue asset and trading stock roll-overs that apply when interests in a company or unit trust are exchanged for shares in another company.

The change seeks to ensure that revenue asset and trading stock roll-overs will be available for all interests that qualify for the general conditions of each of the CGT roll-overs, rather than only shares in consolidated groups. The measure will also require that replacement shares in the interposed company must maintain the character of the original revenue asset or trading stock asset that was exchanged.

Date of effect	7.30pm (AEST), 8 May 2012

Broadening relief for natural disaster victims

Technical amendments to resolve issues with the previously announced CGT relief measure for taxpayers affected by natural disasters.

Under this announced change, taxpayers that are eligible for an automatic CGT exemption (such as the CGT main residence exemption) are not prevented from choosing the same CGT treatment available to other taxpayers under the announced relief measure. It will also allow taxpayers that participate in an eligible land swap program for natural disasters in relation to their main residence to treat the replacement land they receive under the program as their main residence.

Date of effect	1 July 2011

Broadening of exemption for compensation payouts and insurance policies

This measure will disregard CGT consequences where a taxpayer receives compensation, damages or certain insurance proceeds indirectly through a trust. This will ensure that the taxpayer has the same CGT outcome as a taxpayer who receives these proceeds directly. It will also ensure that insurance policies owned by superannuation funds that were treated as being CGT exempt prior to the 2011/2012 Budget changes to compensation payments and insurance policies continue to be CGT exempt.

Date of effect	2005/2006 income year

Income tax & deceased estates

Amends the 2011/2012 Budget measure to legislate the ATO practice of allowing a testamentary trust to distribute an asset of a deceased person without a CGT taxing point occurring. The changes:

- Seek to reduce compliance costs by ensuring that the deceased's tax return does not need to be amended as the taxing point will be recognised by the entity transferring the asset;
- Modify the application dates for two of the minor changes announced in the 2011/12 Budget so as not to disadvantage taxpayers; and
- Broaden the scope of the integrity provisions to also apply to assets passing via survivorship.

Date of effect	Royal Assent of amending legislation

Tightening of scrip for scrip rollover provisions

The scrip for scrip roll-over provides CGT relief for shareholders when they exchange their shares in a company takeover and a capital gain would otherwise arise. It also provides relief for unitholders of trusts involved in takeovers.

The measure seeks to ensure that taxpayers cannot get around the scrip for scrip roll-over's integrity provisions by holding interests to acquire ownership rights, such as convertible preference shares, rather than the underlying shares; and defer indefinitely the CGT liability that would have otherwise arisen under the integrity provisions for the on-sale of the target entity by the acquiring entity.

The measure will also seeks to strengthen the integrity provisions by: broadening the scope of the rules that apply to intra-group debt to cover debts owed to group entities other than the head entity; removing the CGT exemption for the repayment of such debts as it undermines the effectiveness of the integrity provisions; and ensuring that the integrity provisions apply appropriately to trusts.

Date of effect	7.30pm (AEST), 8 May 2012

Loss relief for super reforms

Technical changes to ensure income tax considerations don't prevent mergers of super funds or transfers of existing default members' balances and relevant assets in the transition to *Stronger Super* and *MySuper*.

- From 1 June 2012 to 1 July 2017, optional loss relief will be available for mergers of complying superannuation funds on the same terms and conditions as the former temporary loss relief that applied from 24 December 2008 to 30 September 2011, with some exceptions, including an optional roll-over for capital gains and appropriate integrity provisions.
- From 1 July 2013 to 1 July 2017, an optional roll-over and loss relief will be made available for capital gains and capital losses on mandatory transfers of default members' balances and relevant assets to a *MySuper* product in another complying superannuation fund.

GST amendments

Cross border transactions delay and extention

The date of effect of the GST cross border package announced in the 2010/2011 Budget will be pushed back from 1 July 2012. The original package sought to significantly reduce the number of non-residents drawn into Australia's GST system by limiting the 'connected with Australia' provisions; expanding the reverse charge provisions; extending the GST free rules for cross border supplies; and removing the need for some non-residents to register.

In addition, the Government will seek to extend the measures. This includes changes to the proposed reforms for the supply of goods by non-residents and not proceeding with changes relating to the non-resident agency provisions.

As an integrity measure, the Government will also clarify and narrow the definition of permanent establishment for GST purposes.

Date of effect	First quarterly tax period after Royal Assent of enabling legislation

GST and sale of a corporation's property by a mortgagee: change in date

A change to the date of the 2011/2012 Budget measure that amends the GST law to allow mortgagees in possession or control of a corporation's property to continue to report and account for their GST obligations under a single registration. The measure was to take effect from 1 July 2012.

The change will also apply to all circumstances where a representative of an incapacitated entity is a creditor of that incapacitated entity, and the representative makes a supply of the incapacitated entity's property in satisfaction of a debt that the incapacitated entity owes to the representative.

Date of effect	First quarterly tax period after Royal Assent of enabling legislation

Part IVA changes confirmed

As announced in a media release on 1 March 2012, the Government has provisioned for changes to Part IVA.

The changes to the general anti-avoidance rules in Part IVA of the ITAA 1936 will apply to arrangements that are entered into or executed after 1 March 2012.

Currently, Part IVA can only apply if a taxpayer receives a tax benefit in connection with a scheme. In recent years, some taxpayers have successfully argued that no 'tax benefit' has arisen because, had they chosen not to enter into a particular scheme, there would have been no imposition of tax. In other words, had the taxpayer done nothing or entered into a different arrangement, there would have been no tax liability. Accordingly, entering into the scheme has not resulted in a tax benefit.

Even though no consultation paper or draft legislation has been released, the intended outcome is that the application of Part IVA is widened. Any proposed rules are intended to apply from 2 March 2012 which means that there will be some uncertainty on how the rules will apply until legislation is finally introduced.

Further information Maintaining the effectiveness of the general anti avoidance rules

Date of effect	2 March 2012

Limited recourse debt definition amendment

The Government will clarify that 'limited recourse debt' includes arrangements where the creditor's right to recover the debt is effectively limited to the financed asset or security provided.

The measure will ensure that tax deductions are not available for capital expenditure on assets that have been financed by limited recourse debt, to the extent that the taxpayer is not effectively at risk for the expenditure and does not make an economic loss.

Date of effect	7.30pm (AEST), 8 May 2012

Superannuation

Increased tax on super contributions of the wealthy

As widely reported prior to the Budget, from 1 July 2012 individuals with income greater than $300,000 will have the tax concession on their contributions reduced from 30% to 15% (excluding the Medicare levy).

The definition of 'income' for the purpose of this measure includes concessional superannuation contributions. If an individual's income excluding their concessional contributions is less than the $300,000 threshold, but the inclusion of their concessional contributions pushes them over the threshold, the reduced tax concession will only apply to the part of the contributions that is in excess of the threshold. 'Concessional contributions' for the purpose of the measure includes notional employer contributions for members of defined benefit funds.

The reduced tax concession will not apply to concessional contributions which exceed the concessional contributions cap and are therefore subject to 'excess contributions tax'. These contributions are effectively taxed at the top marginal tax rate and therefore do not receive a tax concession.

The effect of this change will be an increase in tax of up to $3,750 ($25,000 x 15%) for very high income earners.

Date of effect	From 1 July 2012

2 year deferral for higher concessional contributions cap

The proposed increase to the concessional contribution caps for individuals over 50 with low superannuation balances will be deferred by two years to 1 July 2014.

The higher concessional contributions cap measure would have seen individuals aged 50 and over with superannuation balances below $500,000 able to make up to $25,000 more in concessional contributions than allowed under the general concessional contributions cap.

Now, for 2012/2013 and 2013/2014 all individuals have a cap of $25,000. In 2014/2015, the general cap is likely to increase to $30,000 through indexation, and the higher cap would then commence at $55,000.

These changes may see an increase in inadvertent contribution cap breaches resulting in further excess contributions tax assessments for clients. The changes will also reduce the effectiveness of clients using transition to retirement strategies.

SMSF auditor levy and fee increase

ASIC has been provided with $10.7m in funding to develop and maintain an on-line registration system for auditors of self managed superannuation funds.

As part of the registration process, ASIC will develop a competency exam for SMSF auditors. ASIC will also be responsible for the deregistration of non-compliant auditors. Auditors may begin to register with ASIC from 31 January 2013.

The Government will also provide $10.6 million over five years (including $1.5 million in capital funding in 2011/2012) to the Australian Taxation Office to police registered auditors, check their compliance with competency standards set by ASIC and refer auditors to ASIC, for enforcement action.

The cost of this measure will be offset by increases in the SMSF levy and fees charged by ASIC for sitting the competency exam.

More information Resourcing ASIC to continue strong market supervision

Compliance

Black economy funding extended

A $195.3m top up in funding for the ATO to continue its GST compliance program with a focus on fraudulent GST refunds, systematic under-reporting of GST liabilities, failure to lodge GST returns and outstanding GST debts. The Government expects a $986.2m increase in tax revenue as a result of the funding.

Date of effect	Extends funding to 30 June 2016

Project Wikenby style interagency funding extended

As at 29 February 2012, Project Wickenby had collected more than $602m in revenue. The ATO and other Project Wikenby agencies have been provided with $76.8m over three years to continue their tax evasion, avoidance and crime crackdown.

Targeting tax debt

The ATO has been provided with an additional $106m over four years to improve the management of tax debt and superannuation guarantee charges. The measure is expected to increase cash receipts by $1,125m over the forward estimates period.

Data management of business register

The Government will spend $68.5 million over four years to increase revenue by $103.8m through improvements to the currency and useability of data delivered by the Australian Business Register. Measures include:

- Expanding the ABR data fields to include geocoded addresses, details of branches and comprehensive associates data;
- Enhancing the capacity to make determinations of who is entitled to be granted and hold an Australian Business Number; and
- Developing additional tools to support compliance activities, policy development, infrastructure and service delivery planning by the Commonwealth, State and local authorities.

Date of effect	From 1 July 2012

Not for profits

Start date for NFP tax concession changes pushed back

Previously announced on 30 March 2012, the tax concession changes have been pushed back 12 months to 1 July 2012.

The extended start date will only apply to new unrelated commercial activities that commenced after 7.30 pm (AEST) on 10 May 2011. Existing unrelated commercial activities that commenced prior to that date will continue to be covered by transitional arrangements as announced in the 2011/2012 Budget.

More information Extended start date for 2011/2012 Budget measure to better target NFP tax concessions

Families & community

Education tax refund replaced with Schoolkids bonus

$2.1 billion over five years has been allocated for a new Schoolkids Bonus to provide support for the cost of a child's education. The bonus will replace the Education Tax Refund (ETR), which is currently available as a refundable tax offset. The Schoolkids Bonus will be made in two equal instalments in January and July each year commencing January 2013. As a transitional arrangement, the ETR in 2011/2012 will be replaced by a one-off lump sum payment to eligible families in June 2012. Making these payments automatic will increase assistance to the many eligible families currently missing out on some or any ETR.

From January 2013, every eligible family with a child at school will be guaranteed $410 per annum for each primary school student and $820 per annum for each secondary school student. All eligible families will receive the full rate of payment and will no longer need to keep receipts as proof of expenses that have been incurred, or wait until their tax returns have been lodged.

Eligibility for the payment will be open to families with children enrolled and attending school who are in receipt of Family Tax Benefit Part A (FTB A) or other qualifying income support payments or allowances under a prescribed educational scheme that precludes the family from receiving FTB A.

Date of effect	Transitional payments from June 2012

Increasing the rate of Family Tax Benefit Part A

Family Tax Benefit Part A will increase by $300 per annum for families with one child and $600 per annum for families with two or more children. For families receiving the base rate of FTB A, the increase will be $100 per annum for families with one child and $200 per annum for families with two or more children.

Date of effect	From 1 July 2013

Family Tax Benefit Part A eligibility changes

Eligibility for Family Tax Benefit Part A will be limited to young people under 18 years of age or, where a young person remains in secondary school, the end of the calendar year in which they turn 19. Individuals who no longer qualify for FTB A may be eligible to receive Youth Allowance subject to usual eligibility requirements. This change seeks to focus payments in the family assistance system on families with children who are at school, while Youth Allowance will become the primary form of assistance to eligible young adults aged 18 and over.

Date of effect	1 January 2013

New income support supplement

$1.1 billion over four years has been allocated for a new supplement for eligible income support recipients. The supplement will be an ongoing, non-taxable payment to recipients of Newstart Allowance, Sickness Allowance, Youth Allowance, Austudy, ABSTUDY, Special Benefit, Parenting Payment Single, Parenting Payment Partnered, Transitional Farm Family Payment and the Exceptional Circumstances Relief Payment. The new supplement will provide $210 per annum for eligible singles and $175 per annum for each member of an eligible couple.

The supplement will be paid in two instalments, in March and September each year, with the first payment commencing on 20 March 2013.

National disability insurance scheme

$1bn in funding over four years has been allocated for the first stage of a National Disability insurance scheme subject to agreement to shared costs with State and Territory Governments.

The scheme is intended to deliver personalised care and support for up to 10,000 people with significant and permanent disability from 2013/2014 and expand to support up to 20,000 people from 2014/2015. Eligible individuals will be entitled to reasonable and necessary care and support that reflects their individual circumstances.

Other changes

Agricultural production levies

Adjustments to the rate of agricultural production levies and export charges announced:

Rice levy	Maintained at $3 per tonne beyond 1 Jan 2012. Removed listing of specific varieties so applies to all
Pig slaughter levy	Increase from $1.35 to $2.25 per head from 1 July 2012
Dairy service levy	Increase from 2.6075 to 2.8683 cents per kg of protein from 1 July 2012
Wheat export charge	Decrease from 22 cents per tonne exported from Australia to zero from 18 May 2012 (previously announced)

Bringing in cigarettes duty free?

Restrictions will apply to the amount of cigarettes and tobacco you can bring into the country duty free. Currently, those over 18 can bring in up to 250 cigarettes or 250 grams of tobacco duty free. This will change to 50 cigarettes or 50 grams of tobacco. Unbelievably, this measure will save $600m over the forward estimates period.

Date of effect	1 September 2012

But we still like our boutique breweries

Extends the current microbreweries excise refund scheme by increasing the maximum refund amount from $10,000 to $30,000 and removing the current production eligibility threshold of 30,000 litres of beer. The amendments allow breweries to receive an excise refund of 60% of excise paid, up to a maximum amount of $30,000 per financial year.

Date of effect	1 July 2012

Key economic highlights

- Australian economy expected to grow 3 ¼ per cent in 2012/2013 and 3% in 2013/2014
- Budget in surplus by 2012/2013 of $1.5bn
- Unemployment to remain stable at 5 ½%
- Headline inflation 3 ¼ % through the year to June 2013

Links

Budget

- Budget website

Prime Minister

- Spreading the benefits of the boom

Treasurer

- A stronger economy for a fair Australia (budget overview)
- Resourcing ASIC to continue strong market supervision
- 2012-13 Budget builds on growing record of tax reform
- Keeping low-income earners exempt from Medicare Levy
- New flood victims exempt from flood levy
- Tax relief for businesses in our patchwork economy

Assistant Treasurer

- Maintaining the Cross-Agency Approach to Preventing Abuse of Secrecy Jurisdictions (Project Wickenby) and Other Tax Compliance Measures
- Resourcing ASIC to continue strong market supervision

Minister for Financial Services and superannuation

- 2012-13 Budget – superannuation reforms