



MACBITES

FEDERAL BUDGET 2017 – KEY TAX & BUSINESS ISSUES

1. IMMEDIATE WRITE OFF OF DEPRECIABLE ASSETS - \$20,000

The current instant asset write-off threshold (\$20,000) for small business entities (SBEs) will be extended until 30 June 2018. SBEs must have a turnover of less than \$10m (laws to increase the threshold of SBEs from \$2m to \$10m should come into effect shortly).

2. DEPRECIATION RESTRICTIONS FOR INVESTMENT PROPERTIES

From 9 May 2017, depreciation deductions on “depreciable assets” owned by residential property investors will be limited to costs actually incurred by the investor. Investors who purchase depreciable assets for the residential property after 9 May 2017 will be able to claim a deduction over the effective life of the asset. However, subsequent owners of a property will be unable to claim deductions for items purchased by a previous owner of that property.

These changes will apply on a prospective basis and will not impact existing investments. It also should be noted that there is no change to the laws regarding Capital Works deductions (building construction costs).

3. NO DEDUCTIONS FOR TRAVELLING EXPENSES RE RENTAL PROPERTIES

Travel expenses related to inspecting, maintaining, or collecting rent for a residential rental property will be disallowed from 1 July 2017.

4. GST CHANGE RE NEW RESIDENTIAL PROPERTY

From 1 July 2018 purchasers of new residential property or new subdivisions are to remit the GST liability on such sales directly to the Taxation Office, rather than the current requirement that the developer remits this GST.

5. STUDENT LOAN REPAYMENTS

The income threshold for determining student loan repayments (HELP and HECS) will be reduced from \$55,874 to \$42,000 as from 1 July 2018.

6. CGT DISCOUNT ON AFFORDABLE HOUSING

From 1 January 2018, the CGT Discount will be increased to 60% for capital gains relating to investments in qualifying affordable housing.

Please feel free to call us to discuss any of the above.

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