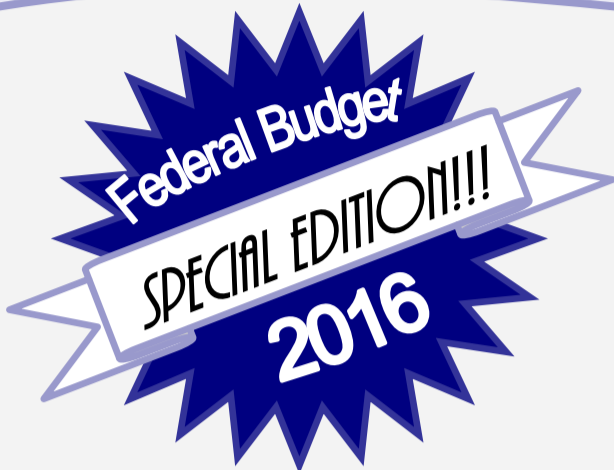


LEGAL MATTERS

Cassab & Associates Solicitors E-Newsletter

Issue #5 - May '16



The Coalition delivered its Federal Budget this month ahead of the pending election on July 2, 2016. This month our newsletter will look at the proposed budget changes and how they might affect the property market!

Main Highlights

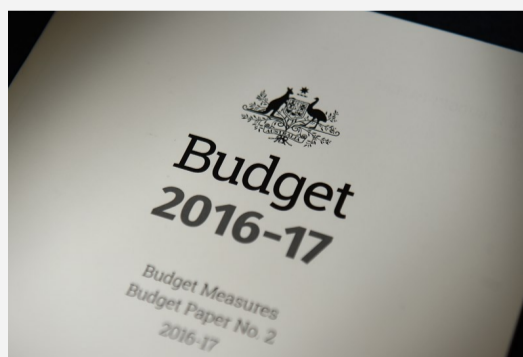
Superannuation

- Post tax superannuation contributions for people under 65—as of 3 May, 2016, the previous limit of \$180,000 per year has now become a **\$500,000 lifetime maximum**.
- Pre tax superannuation contributions previously of up to \$30,000 (under 50) or \$35,000 (50+) replaced with **one limit of \$25,000** for all individuals, irrespective of age, as of 1 July 2017.
- **NEW: limit of \$1.6 million** that individuals can transfer into pension accounts tax free—effective as of 1 July 2017.
- The point at which high income earners will pay additional contributions tax — will be lowered from current \$300,000 to **\$250,000** as of 1 July 2017.
- **NEW:** all individuals under the age of 75 will be able to claim an income tax deduction for personal superannuation contributions from 1 July 2017.

Other notable tax changes

- Company tax rate—reducing to 25% over the next 10 years.
- Small business turnover threshold—increasing from \$2 million to \$10 million as of 1 July 2016.
- Middle income earners—32.5% tax threshold to rise from \$80,000 to \$87,000.

Winners from this Budget are likely to be businesses and wage earners earning more than \$80,000 who gain a modest tax cut. People earning below \$80,000 do not get a tax cut.



No change in gear for negative gearing

In March's newsletter we looked at Labor's plans for negative gearing and the potential impact they would have on the economy.

In the 2016 Budget the Coalition has confirmed, that there would be no changes made to negative gearing policies.

The combination of:

- the changes made to Superannuation in the Budget ; and
- The fact that the government has left the negative gearing regime untouched; and
- The recent cut in the benchmark interest rate by the RBA to 1.75%

has many commentators speculating that these factors will be further incentives for investors, both new and existing, to invest more money in the property market.

If you are thinking of buying or selling property, please feel free to contact our office!

Our door is always open to talk about these issues!

Come and visit, give us a call or send us an email!

We love hearing from you!

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Reserve Bank Benchmark Interest Rate Change:

**2% → 1.75%
(3 May 2016)**

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