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Budget Highlights

What you can expect from
the 2020-21 budget

The Federal Treasurer. The Hon Josh Frydenberg MP, delivered the 2020 budget last night, (6th of October 2020).

As expected, given the extraordinary circumstances thrust upon us by the COVID-19 Pandemic, it was a big spending budget, designed to stimulate spending and kick start the economy. The highlights of the budget include personal and business tax cuts together with major spending in the area of infrastructure, manufacturing and health. Job creativity is another major theme of the budget.

Summarised below are the key announcements that will have flow on effects to the Australian property Sector.

Infrastructure

Government spending on infrastructure has been brought forward to ensure that there are enough bridges, roads and rail for the Morrison Government's 'Road to Recovery'.

Key announcements included:

Expansion of the 10-year infrastructure pipeline equating to \$14 billion for new and accelerated projects, including \$7.53 billion in national transport infrastructure to boost the economy, deliver safer roads and create jobs.

- In NSW, \$2.7 billion in road and rail projects where relevant.
- In VIC, \$1.1 billion in road and rail projects where relevant.
- In QLD \$1.3 billion in road and rail projects where relevant.
- In SA, there will be \$625.2 million in road and rail projects where relevant.
- The NT will get \$190 million in road and rail projects where relevant.
- In TAS there will be a \$359.6 million in road and rail projects where relevant.
- The ACT will get \$155.3 million in road and rail projects where relevant.
- WA will get \$1.1 billion in road and rail projects where relevant.

- \$355.9 million for additional aviation support.

- \$327.5 million for Perth City Deal.

- \$74.8 million for Darwin City Deal.

- \$2 billion over two years for minor scale road safety projects.

- \$1 billion over two years for the extension of the Local Roads and Community Infrastructure Program.

\$2 billion to assist farmers who have been affected by drought and bushfires.

\$233 million to upgrade to Tourism facilities in Uluru, Kakadu, Christmas Island and Booderee National Park.

\$567 million for the Wyangala and Dungowan dams with our investment totalling.

\$2 billion in new funding to build vital water infrastructure across the country as part of the national water grid including dams, weirs and pipelines.

Tax and Taxation Incentives

The Government will expand access to a range of small business tax concessions by increasing the turnover threshold for eligibility from \$10 million to \$50 million.

The turnover threshold is based on an entity's aggregated turnover. Broadly, annual turnover means ordinary business income. Aggregated turnover includes the annual turnovers of the "relevant entities", being the entity and its connected entities and affiliates. Aggregated turnover can include both Australian and foreign income, but excludes dealings between relevant entities.

From 1 July 2020, eligible businesses will be able to immediately deduct certain expenses when starting up a small business (such as professional, legal and accounting advice), as well as claim deductions upfront on prepayments of expenditure.

From 1 April 2021, eligible businesses will be exempt from FBT on car parking benefits. The exemption is not available to car parking at commercial parking stations, or to entities that are public companies or subsidiaries of public companies. Eligible business will also be able to provide multiple work-related portable electronic devices (such as phones, tablets or laptops) to employees without paying FBT.

Businesses will be able to write off the full value of any eligible asset they purchase for their business. This will be available for small, medium and larger businesses with a turnover of up to \$5 billion until June 2022.

Companies will be able to use their losses earlier. Losses incurred to June 2022 can be offset against prior profits made in or after the 2018-19 financial year.

Expanded First Home Buyer Scheme & Housing Assistance

An extra 10,000 first home buyers will be able to obtain a loan to build or buy a newly built home with a deposit of as little as 5 per cent.

The Government will also increase the caps on the price of such homes that can be purchased to as much as \$950,000 from \$750,000, to reflect the higher prices for new properties compared to existing.

An additional \$1 billion of low cost finance to support the construction of affordable housing.

This takes the total concessional finance that has been made available to community housing providers to \$3 billion.

This is in addition to the \$4.6 billion a year the Government provides in rental assistance.

The Government is also investing \$150 million in the Indigenous Home Ownership Program to construct new homes in regional areas, creating more jobs and helping hundreds of indigenous families buy their own home.