

DLK ADVISORY

FEDERAL BUDGET 2022: WHAT IS IN IT FOR BUSINESSES



A Budget Overview

On Tuesday, 29 March 2022, Treasurer Josh Frydenberg handed down the 2022-23 Federal Budget, his 4th Budget. In an election Budget, the Treasurer announced a range of measures aimed at small businesses and individuals with particular emphasis on delivering on temporary relief measures to assist with the general cost of living, health, and major infrastructure spending between now and 2023-24.

Since the Mid-Year Economic and Fiscal Outlook (MYEFO) in December 2021, the government noted that the underlying cash balance has improved by \$103.6bn over the 5 years to 2025-26, which is largely due to a stronger employment workforce than previous forecasts.

Nevertheless, a record deficit of \$79.8bn for 2021-22 and \$78.0bn for 2022-23 is expected. Net debt of \$714.9bn for 2022-23 is forecast to rise to \$864.7bn in 2025-26.

*Partnering together
to achieve your objectives*

Measures Related to Small Businesses

Small business 20% deduction boost: skills training and digital adoption – while the government has not extended the Temporary Full Expensing tax breaks beyond 30 June 2023, it has targeted spending on businesses investing in new skills and digital adoption.

Businesses with turnover less than \$50m will receive a 20% uplift on deductions for eligible expenditure on external training courses and digital technology (e.g. subscriptions to cloud-based services, cyber security systems, portable payment devices). The 20% boost will apply to eligible expenditure incurred from 7:30pm on 29 March 2022 until 30 June 2024 (for skills training) and 30 June 2023 (for digital adoption).

The government is also investing \$2.8b in funding for an overhauled apprentice funding scheme, providing subsidies up to \$15,000 for employers who take up new apprentices.

Patent box income extended – the concessional tax treatment for eligible corporate income associated with new patents in the medical and biotechnology sectors will be extended to corporate taxpayers who commercialise their:

1. Eligible patents linked to agricultural and veterinary chemical products; and
2. Patented technologies which have the potential to lower emissions.

PAYG instalments option – from 1 January 2024, companies will be allowed to choose to have their PAYG instalments calculated based on current financial performance, extracted from business accounting software (with some tax adjustments).

PAYG and GST instalment uplift factor – the GDP uplift factor for PAYG and GST instalments will be set at 2% for the 2022-23 income year, which the government states is lower than the 10% that would have applied under the statutory formula.

Employee share schemes – for company law purposes, the investment thresholds for unlisted companies will be changed so that ESS participants can invest up to \$30,000 per participant per year (accruable for unexercised options for up to 5 years), plus 70% of dividends and cash bonuses. Participants will also be able to invest any amount if it would allow them to immediately take advantage of a planned sale or listing of the company.

More COVID-19 business grants designated NANE – certain NSW, SA and Qld COVID-19 business support programs will be made non-assessable non-exempt (NANE) for income tax purposes until 30 June 2022.

CONTACT

If you have any queries, please feel free to contact us.

Adam Mallabone
adam.mallabone@dlkadvisory.com.au

Ben Melin
ben.melin@dlkadvisory.com.au

David Lilja
david.lilja@dlkadvisory.com.au

DLK Advisory
Level 10, 99 Queen Street, Melbourne VIC 3000
T: +61 3 9923 1222
www.dlkadvisory.com.au