PITCHER PARTNERS

Budget briefing *event*

Wednesday 15 May

Speakers for today

With your host Stuart Dall

Catherine Birch
Senior Economist

ANZ

Daniel Burt
Partner – Tax Advisory

PITCHER PARTNERS

Irina Tan
Partner – Tax Advisory

PITCHER PARTNERS

Slido event code **#PPBudgets**

© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

May 2024

Finding neutral

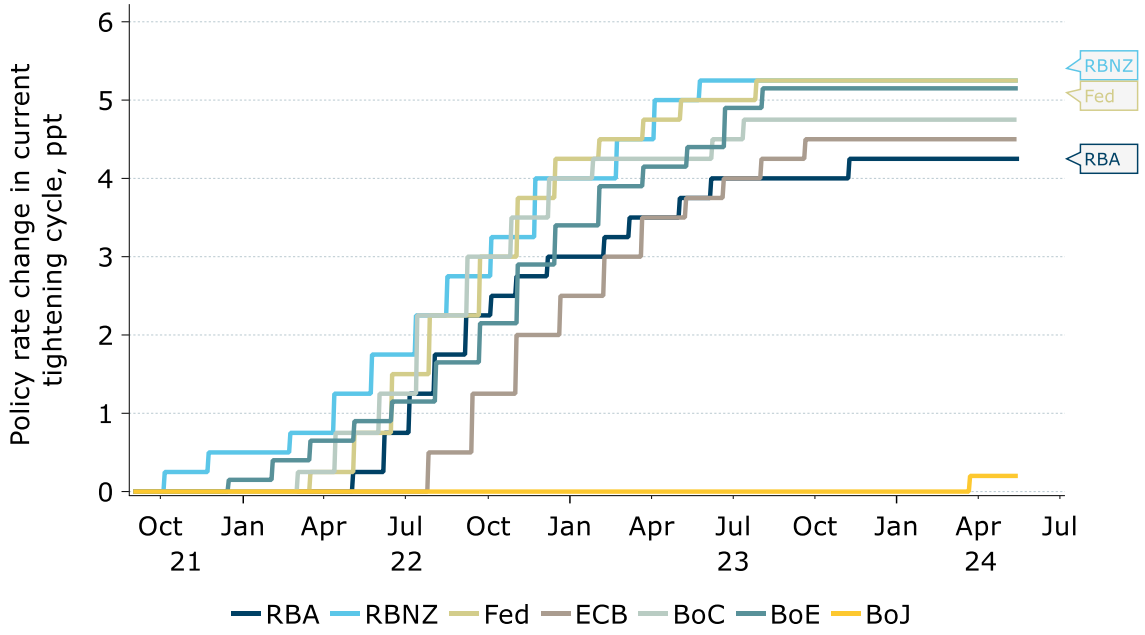
Catherine Birch
Senior Economist
Catherine.Birch@anz.com

Follow us on X (Twitter)
@ANZ_Research

This is not personal advice. It does not consider your financial situation or goals.
Please refer to the Important Notice.

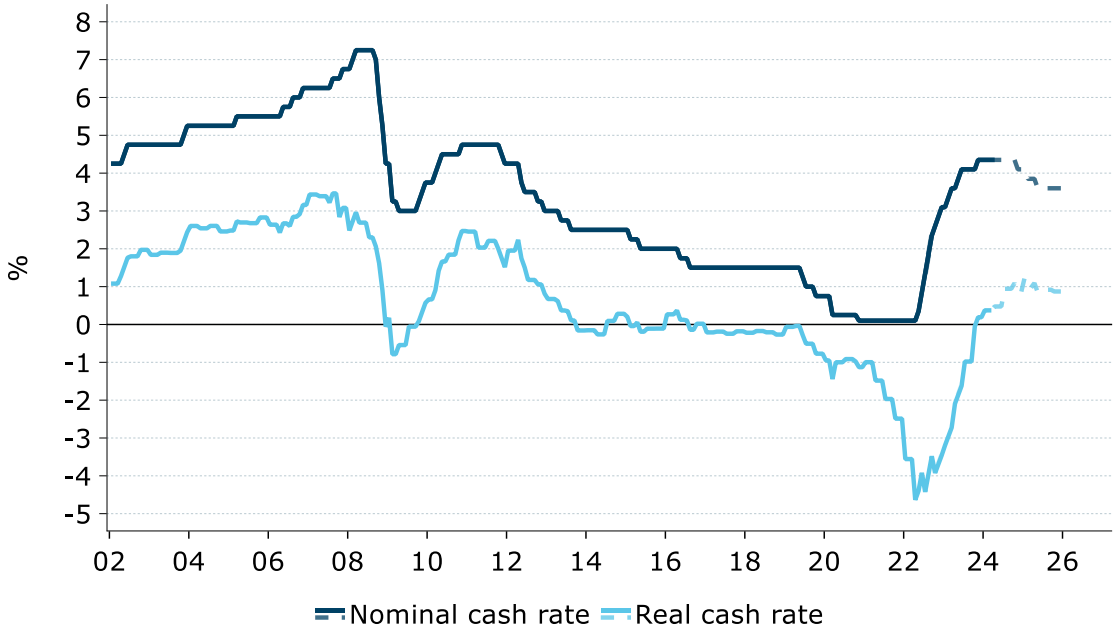
We expect a shallow rate cut cycle from November, but the risks have tilted to a later start to cuts

Policy rate changes in current tightening cycle



Source: RBA, RBNZ, Fed, ECB, BoC, BoE, BoJ, Macrobond, ANZ Research

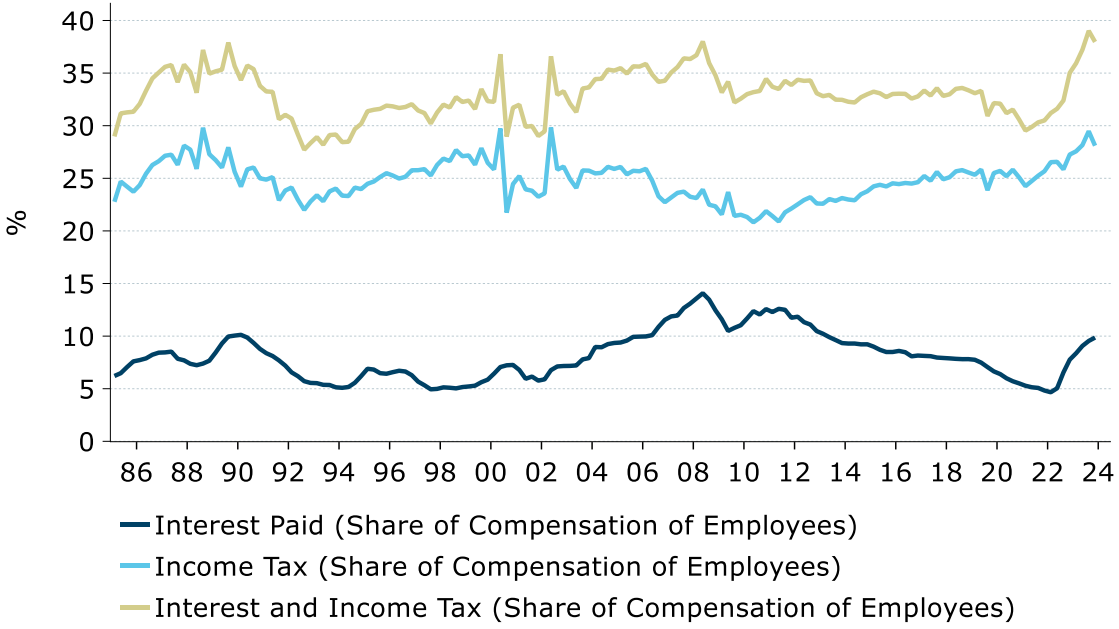
Real and nominal cash rate with forecasts



Source: RBA, ABS, Macrobond, ANZ

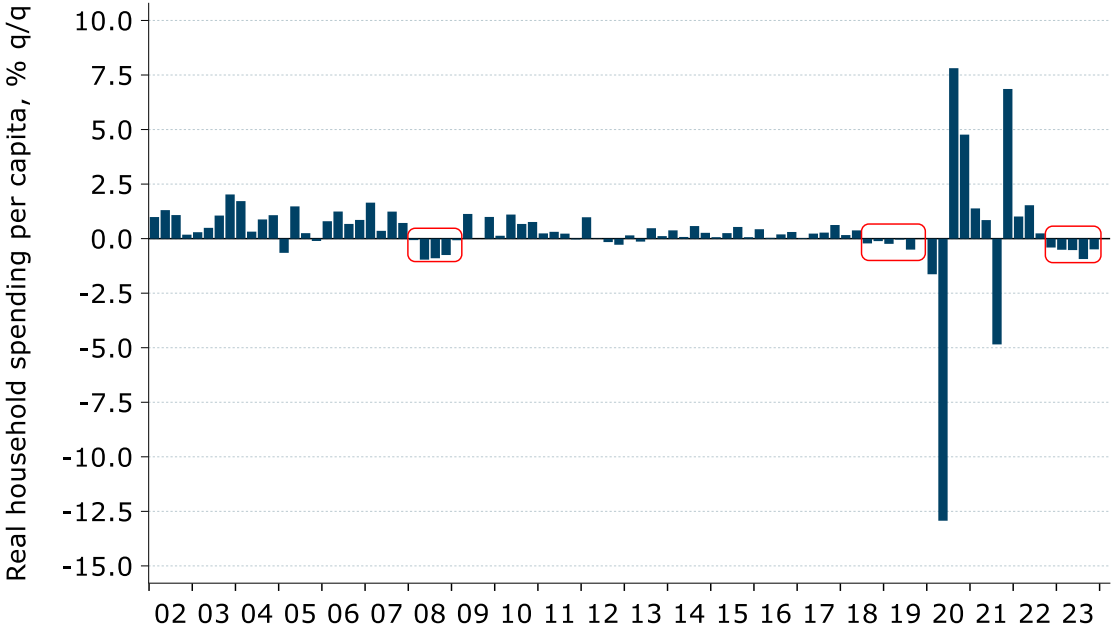
Monetary policy is having the intended effect on households

Interest paid and tax as a share of compensation of employees



Source: ABS, Macrobond, ANZ Research

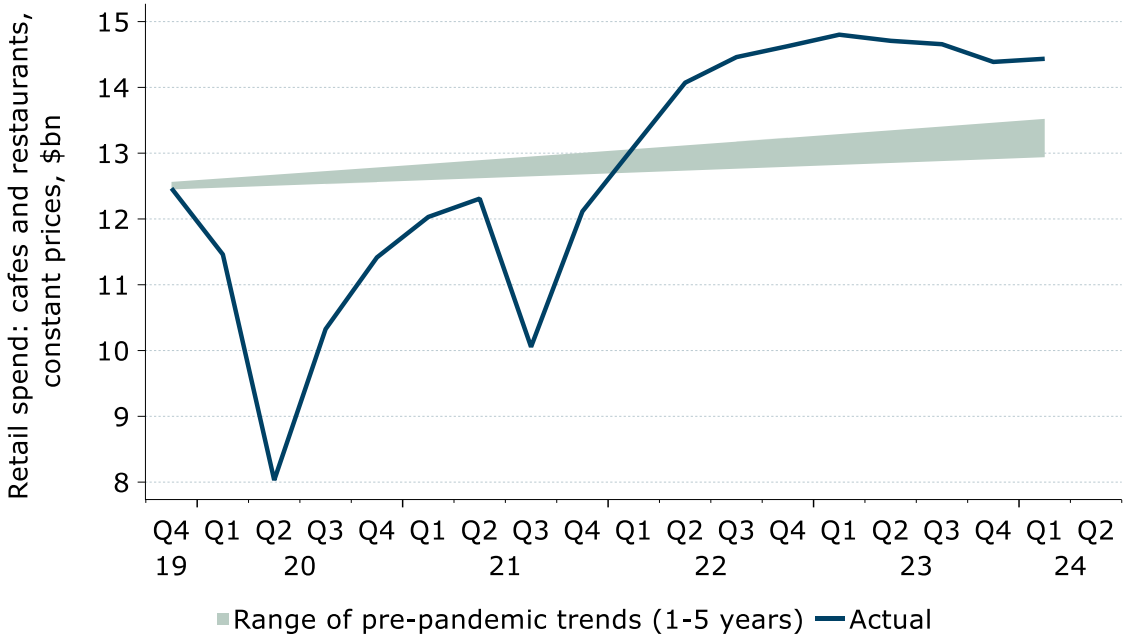
Real household spending per capita



Source: ABS, Macrobond, ANZ Research

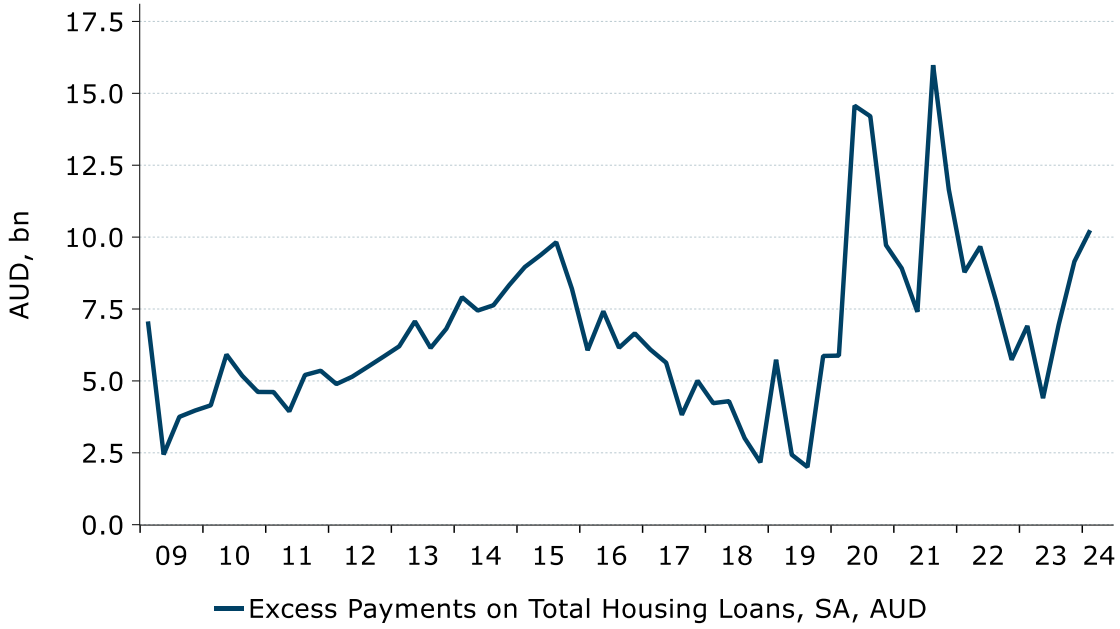
We're more selective on what we spend on

Real dining/takeaway retail spending



Source: ABS, Macrobond, ANZ Research

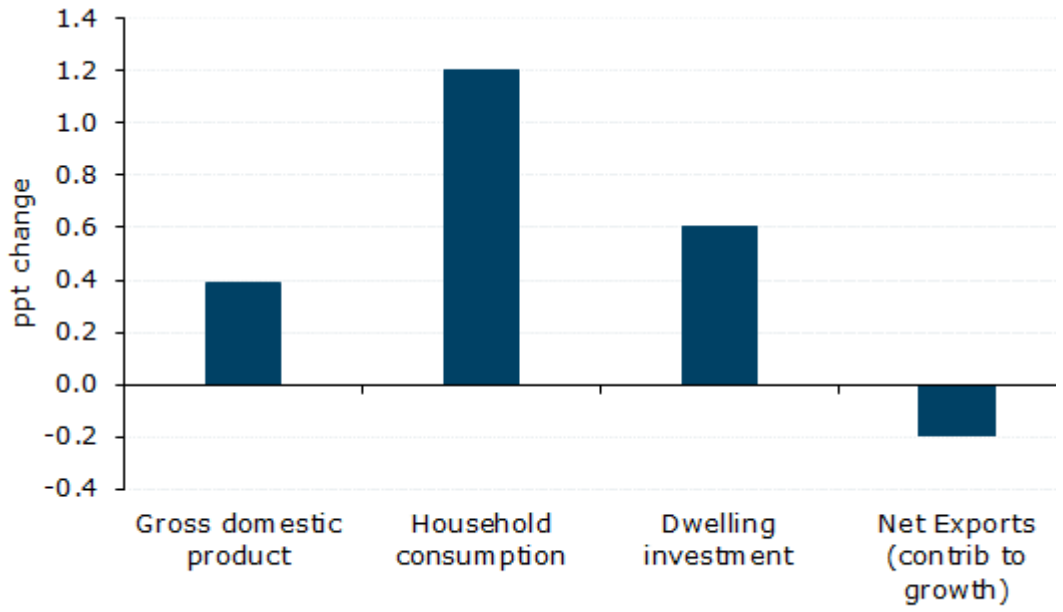
Excess payments on mortgages



Source: RBA, Macrobond, ANZ Research

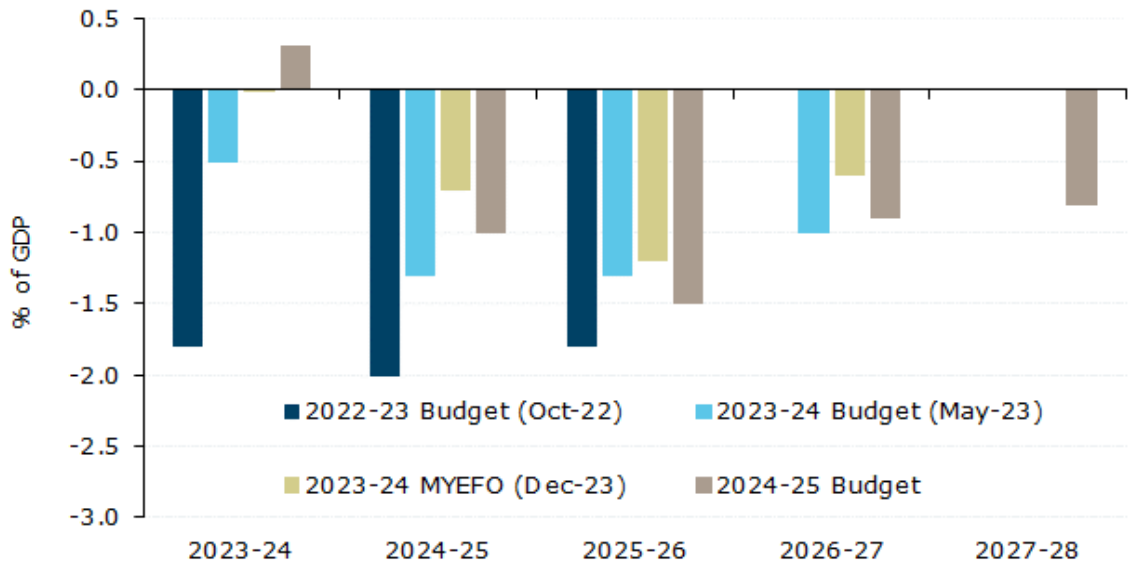
Fiscal easing first

Stage 3 tax cuts: impact on real GDP growth (and components) over the year to June 2025



Source: ANZ Research

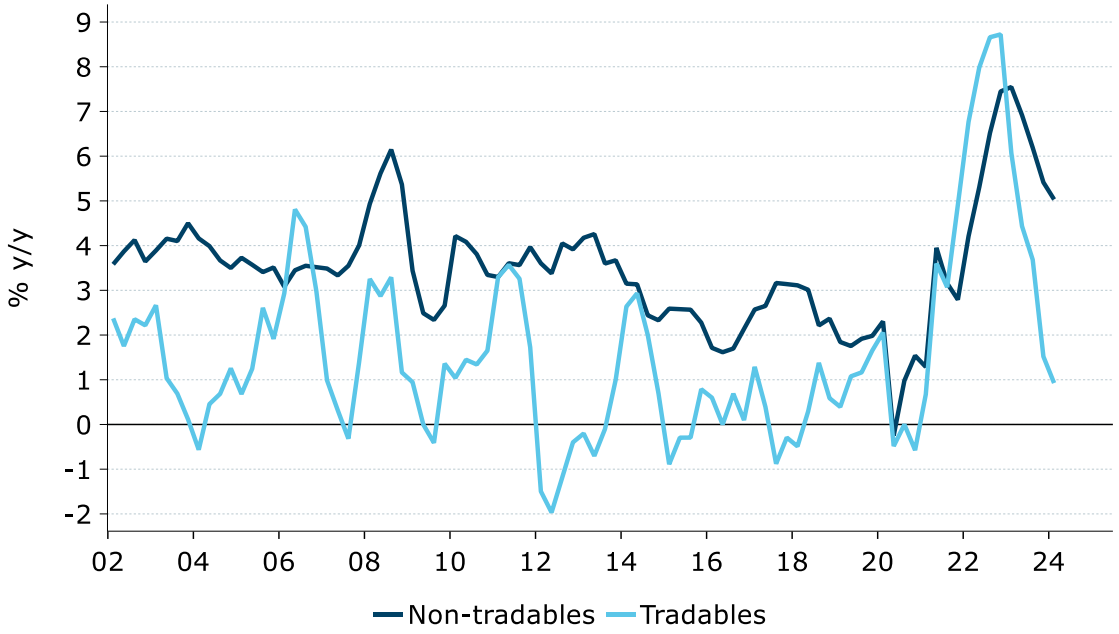
Evolution of federal budget position



Source: Treasury, ANZ Research

There are two sides to the inflation story

Tradables and non-tradables inflation



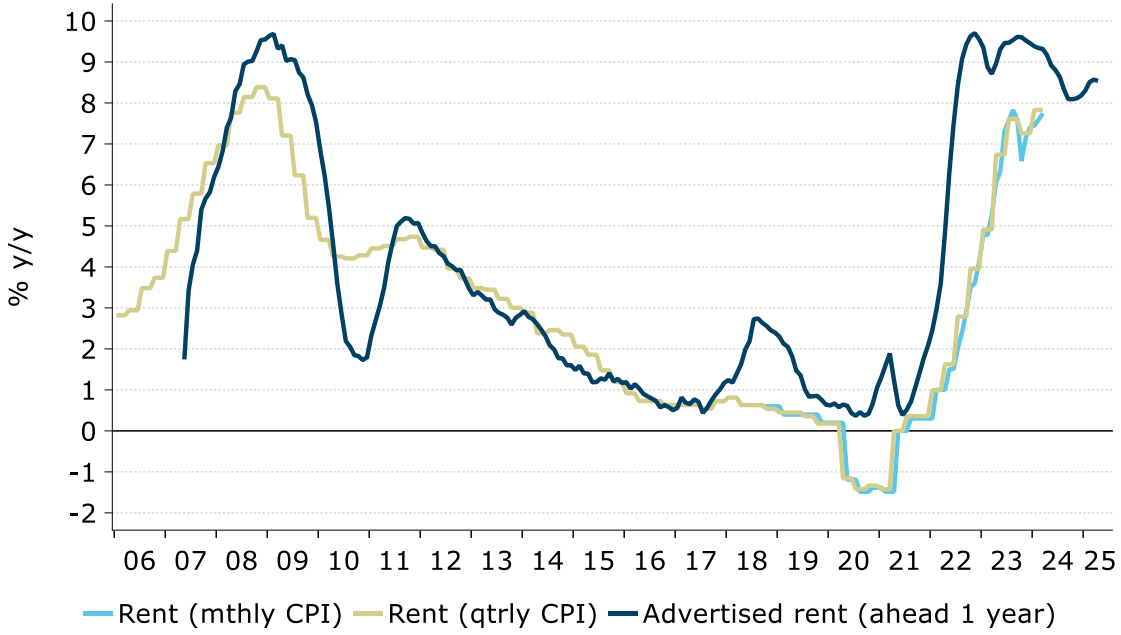
Source: ABS, Macrobond, ANZ Research

Goods and services inflation

Source: ABS, Macrobond, ANZ Research

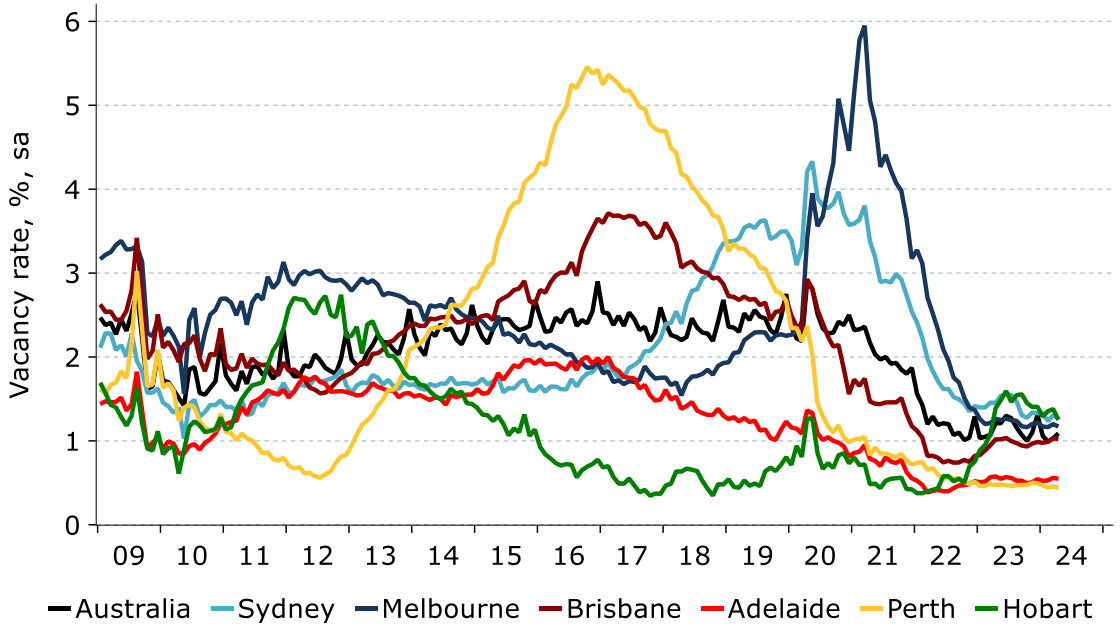
Housing market tightness is contributing to inflation…

Advertised rent vs CPI rent



Source: ABS, CoreLogic, Macrobond, ANZ Research

Rental vacancy rates



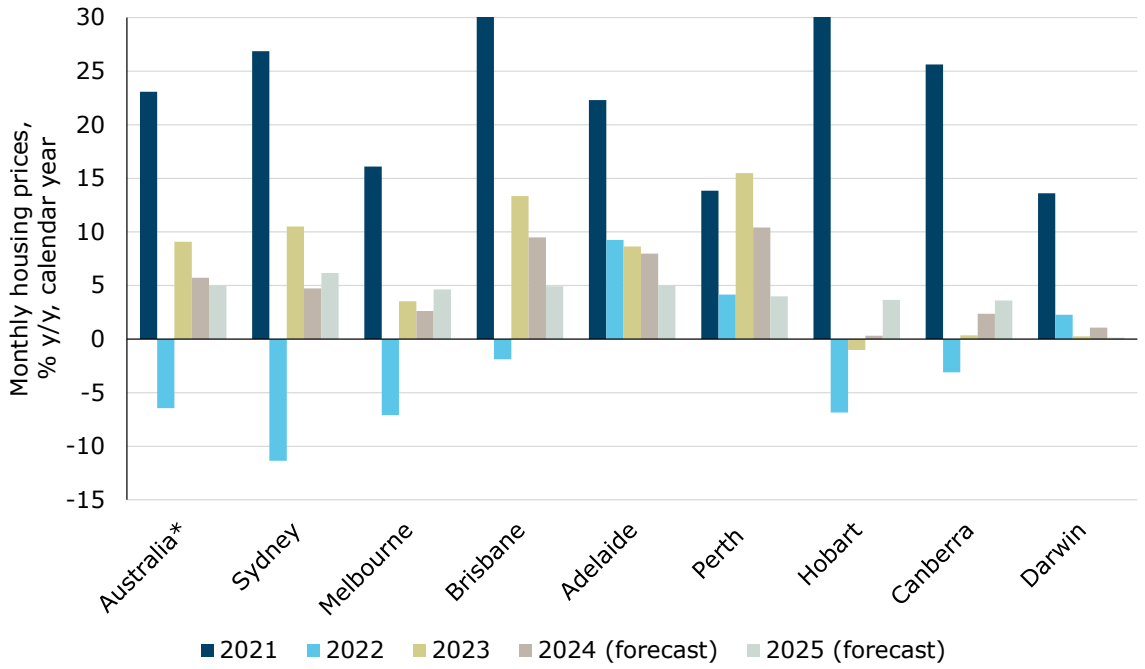
Source: SQM, Macrobond, ANZ Research

The impacts of cash rate increases on housing prices have been outweighed by other factors

Population growth vs dwelling completions

Source: ABS, Macrobond, ANZ Research

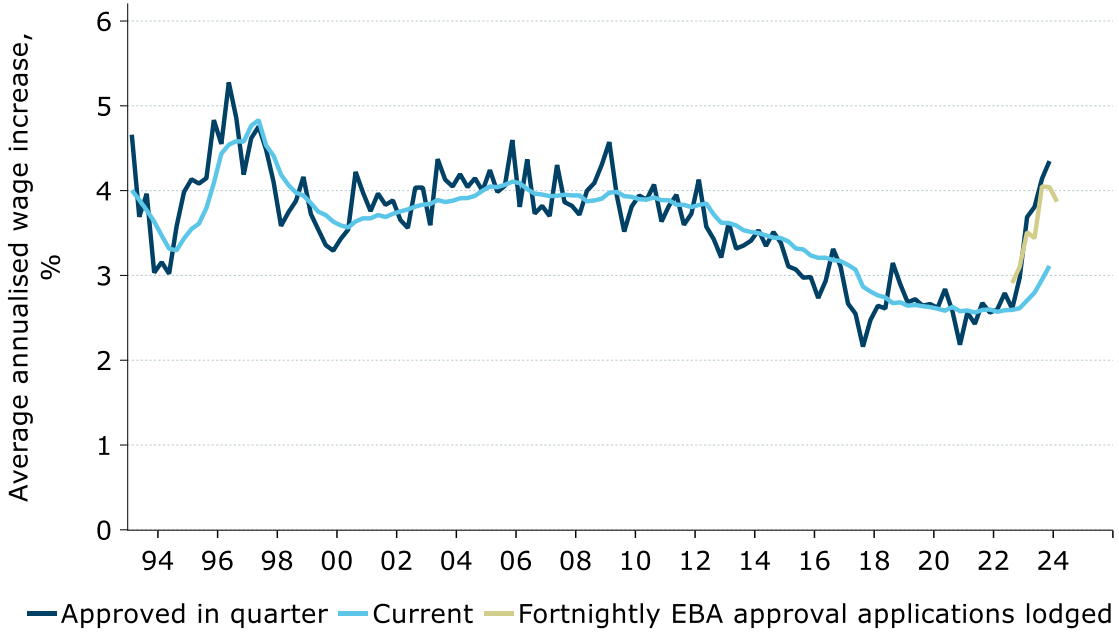
ANZ Research housing price forecasts



Source: CoreLogic, ANZ Research

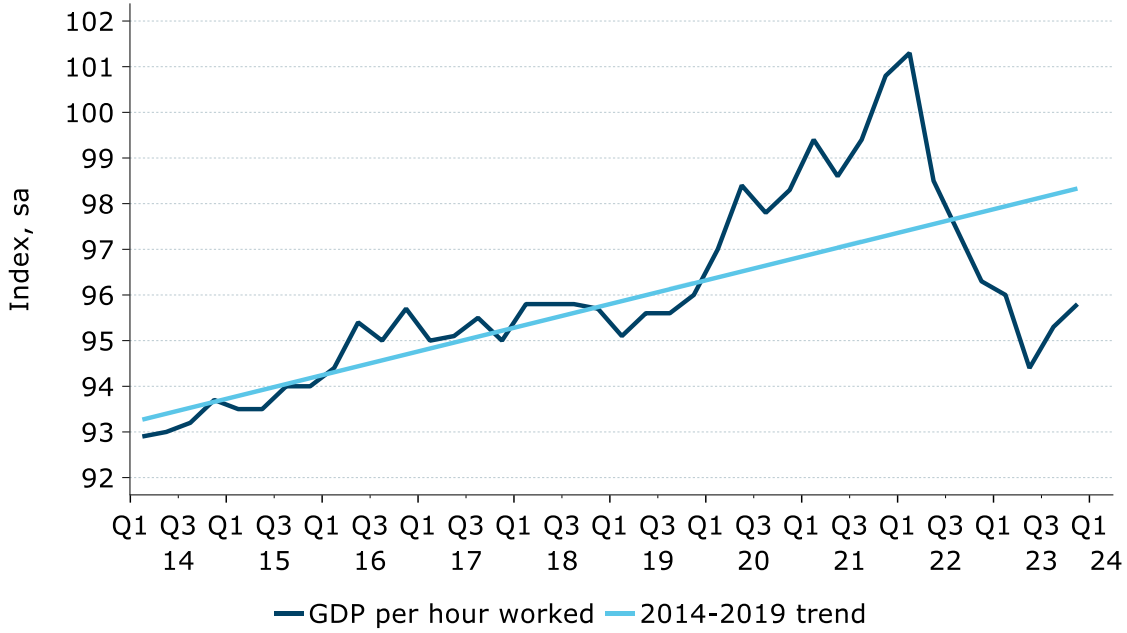
… as is labour market tightness

Enterprise bargaining agreements (EBAs)



Source: DEWR, Fair Work Commission, Macrobond, ANZ Research

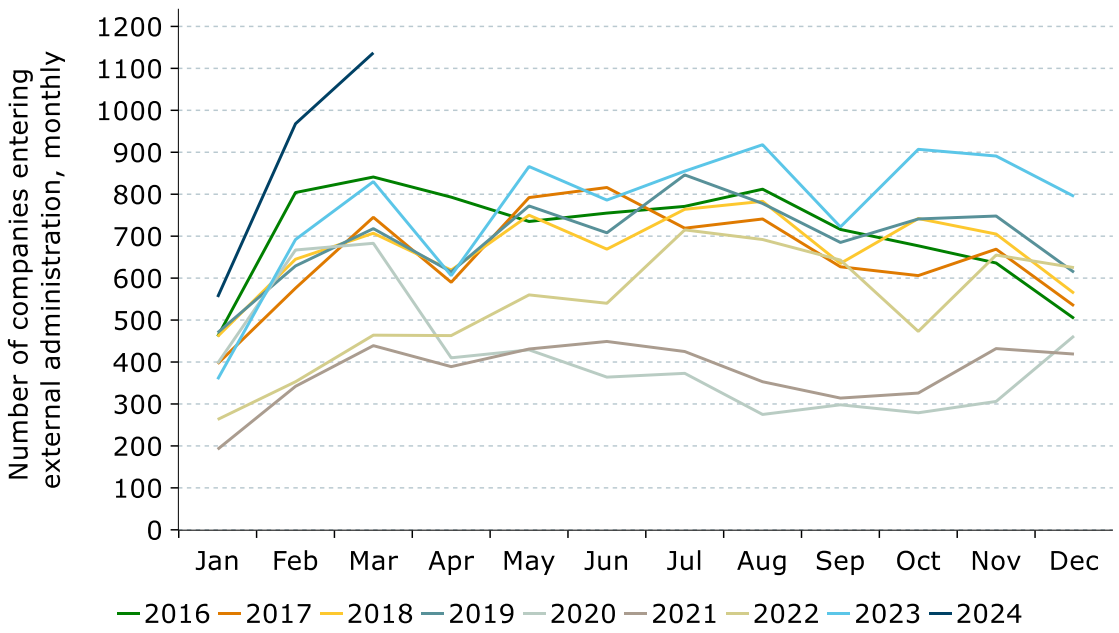
Labour productivity: GVA per hour worked



Source: ABS, Macrobond, ANZ Research

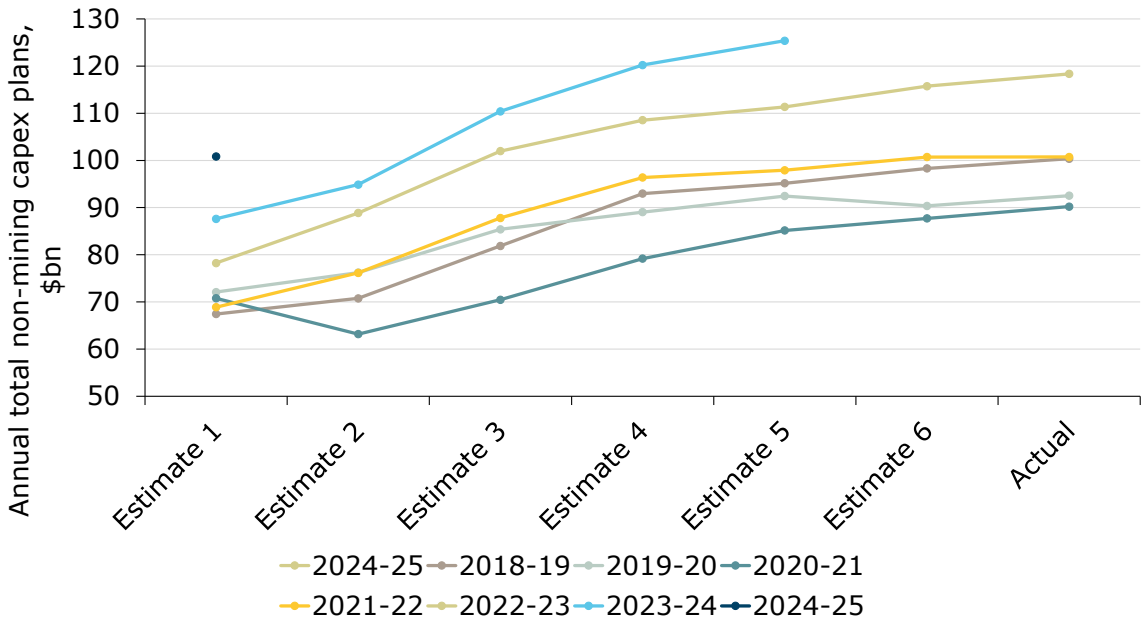
Elevated capacity utilisation is supporting business investment despite higher insolvencies

Insolvencies



Source: ASIC, Macrobond, ANZ Research

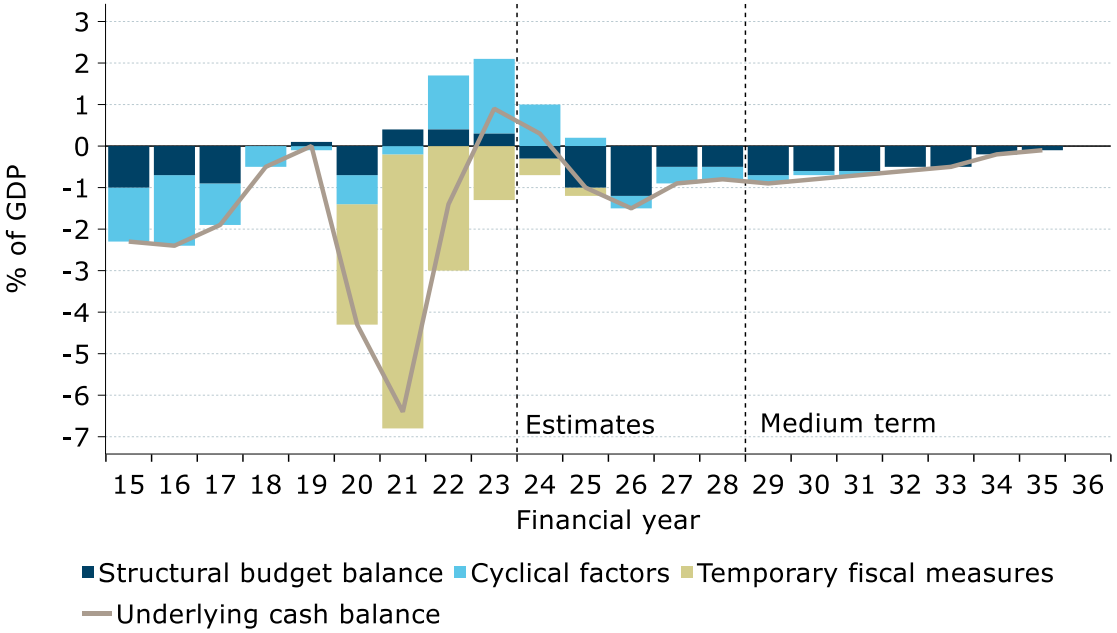
Non-mining capex plans



Source: ABS, ANZ Research

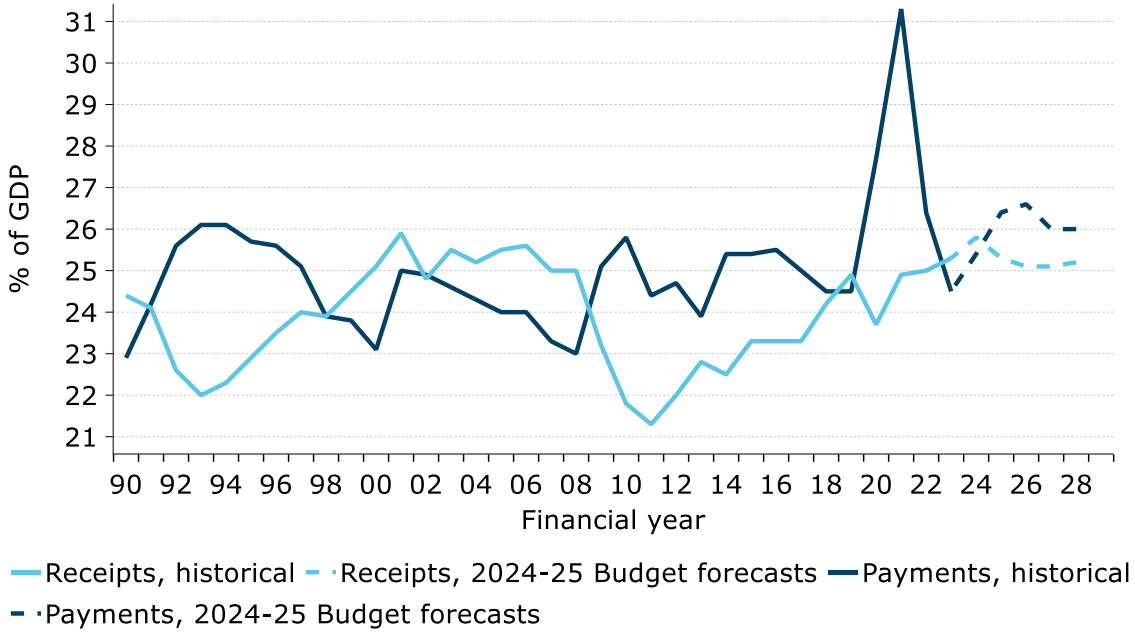
Budget: less revenue, more spending

Commonwealth structural budget balance



Source: Treasury, Macrobond, ANZ Research

Commonwealth payments and receipts

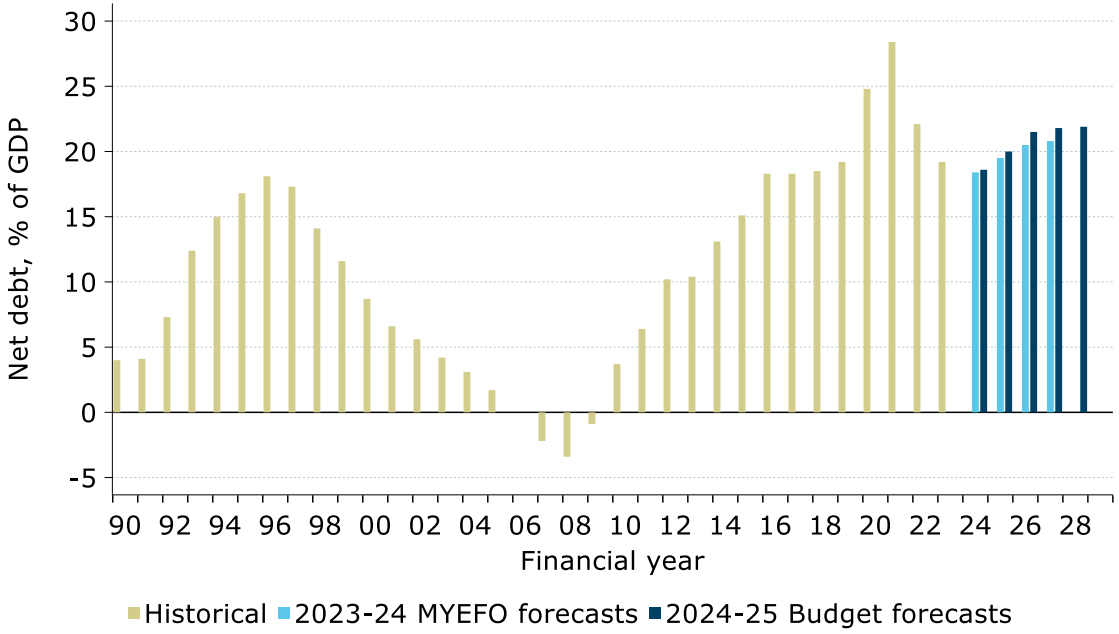


Source: Treasury, Macrobond, ANZ Research

Source: MYEFO, state mid-year budget updates, ABS, ANZ Research

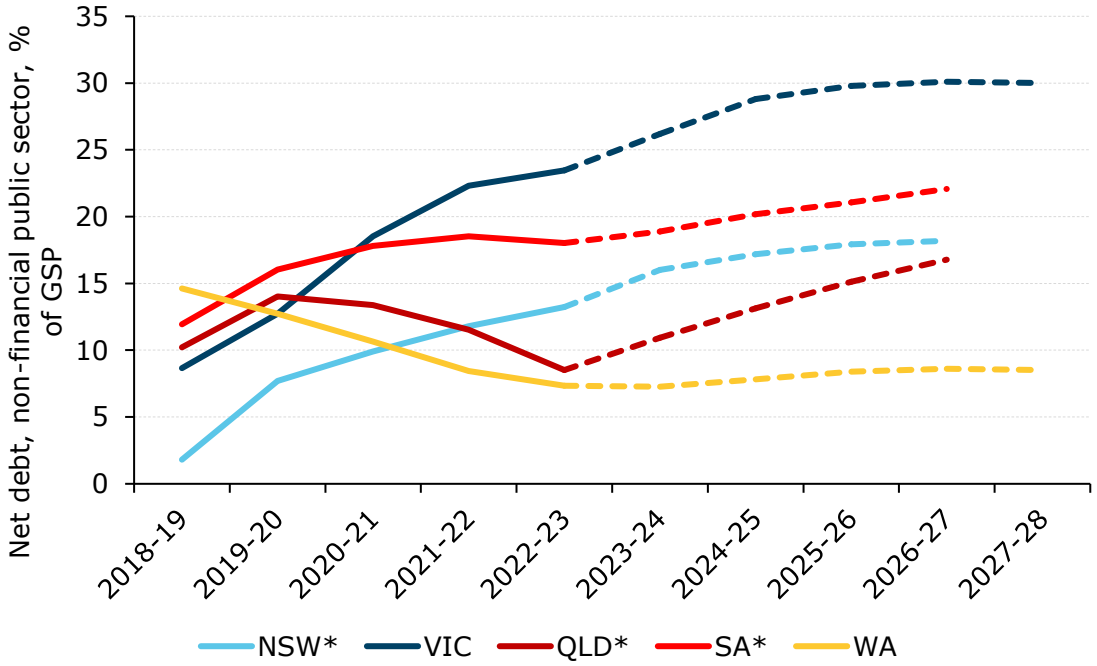
A fiscal shift

Commonwealth net debt



Source: Treasury, Macrobond, ANZ Research

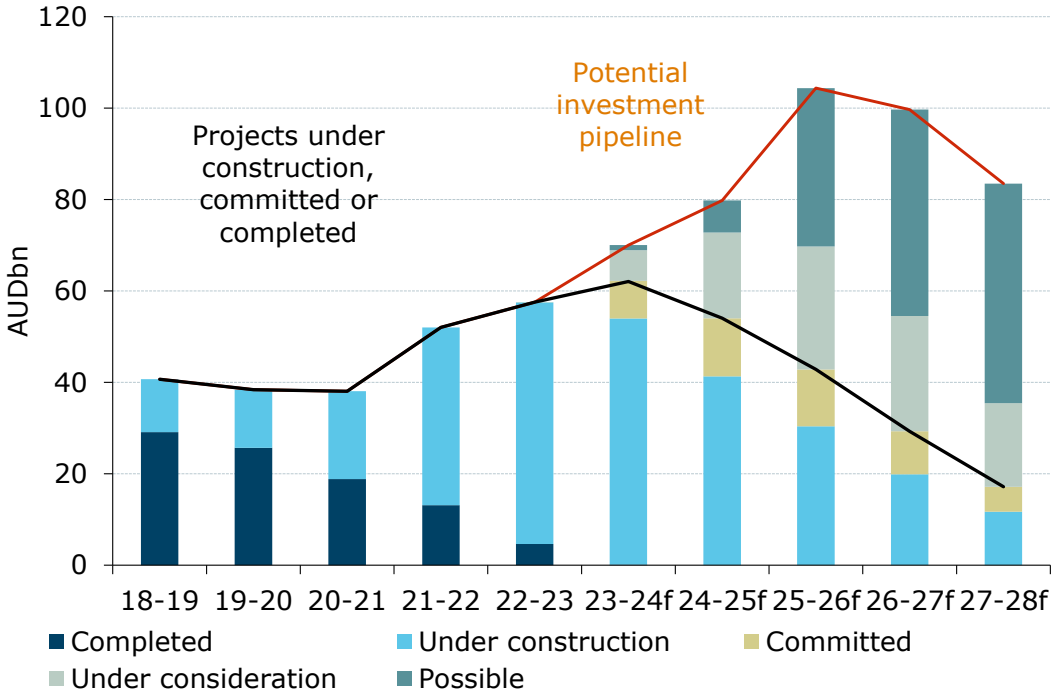
Net debt, non-financial public sector, by state*



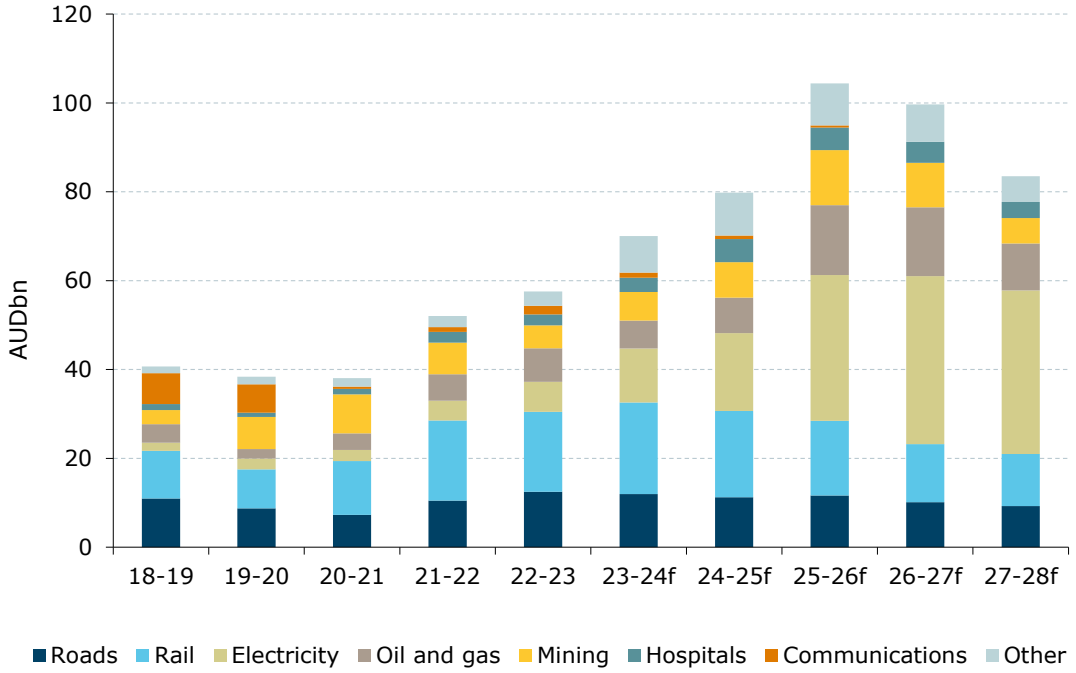
* Data from mid-year updates, 2024-25 budgets not yet released
Source: state budgets and mid-year budget updates, ABS, ANZ Research

How much of the major infrastructure pipeline will be realised?

Australian major* project pipeline by stage



Australian major* project pipeline by sector

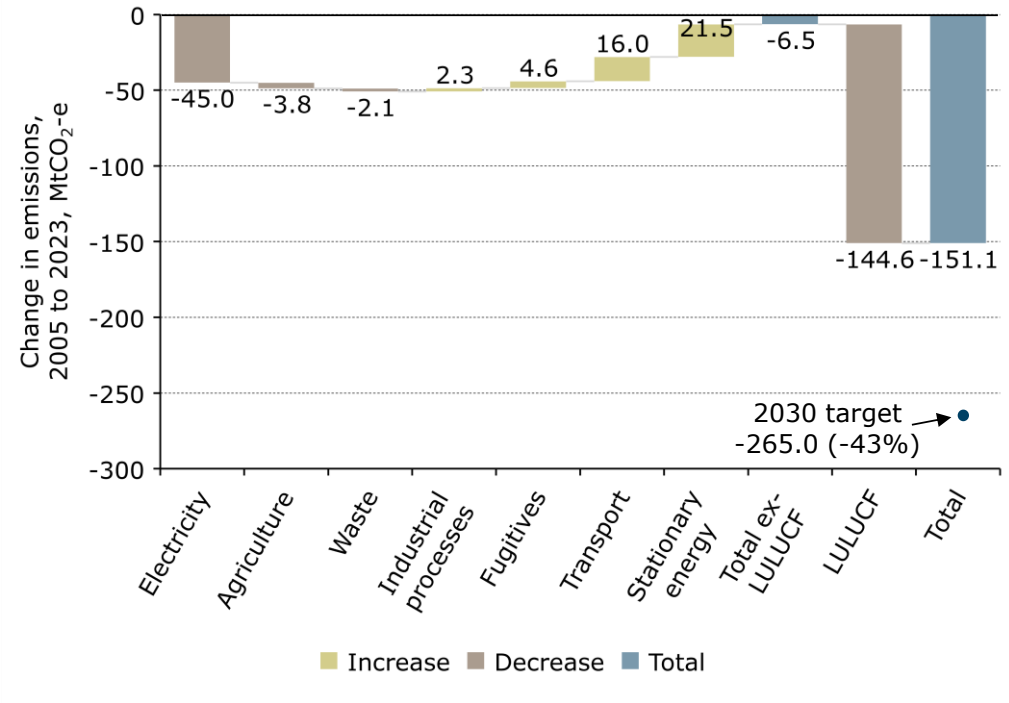


* AUD500m+

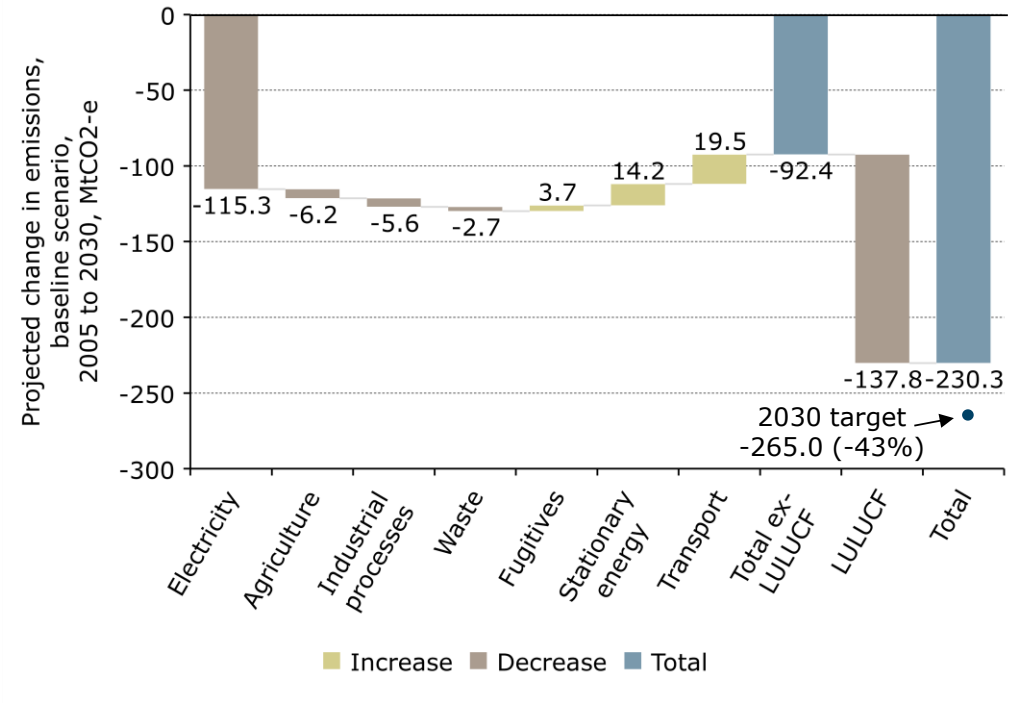
Source: Federal, state and territory budgets; Department of Industry, Science, Energy and Resources; Bloomberg New Energy Finance; Deloitte Access Economics; ANZ Research

Energy transition investment needs to expand rapidly if Australia is to meet its emissions reduction targets

Change in GHG emissions, 2005-2023*



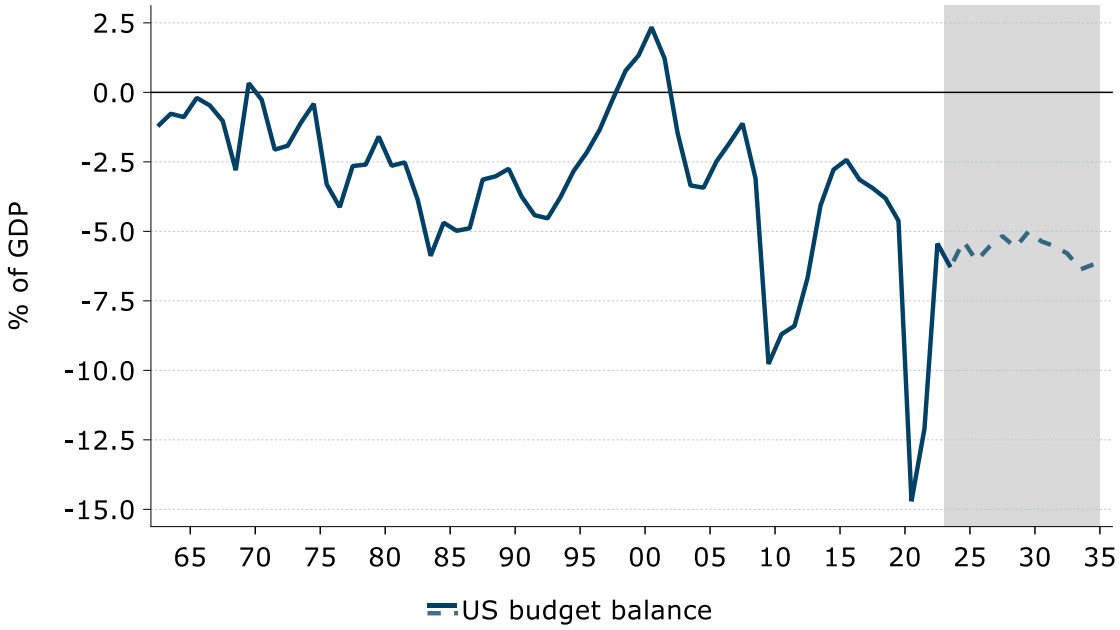
Projected change in GHG emissions, baseline scenario, 2005–2030*



* Financial years
Source: Department of Climate Change, Energy, the Environment and Water, ANZ Research

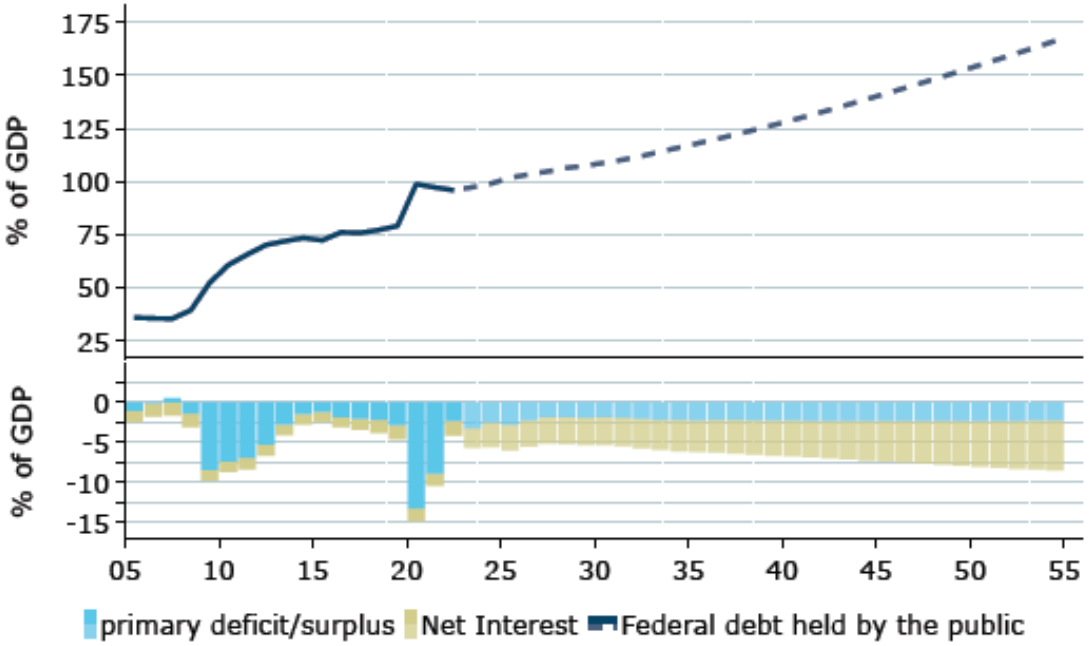
US: fiscal tailwind

US budget balance



Source: CBO, Macrobond, ANZ Research

US fiscal debt outlook



Source: CBO, Macrobond, ANZ Research

Thank you

Subscribe to
ANZ Research publications
Please use your work email address

www.research.anz.com

Listen to 5 in 5 with ANZ
5 in 5 with ANZ is available wherever you listen to podcasts, search '5 in 5 with ANZ' to listen and follow.

https://www.anz.com/institutional/five-in-five-podcast

Important notice

Last updated: 19 February 2024

This document (in the form of text, image, video or audio) is intended for ANZ Group's Institutional, Markets, Private Bank and Premier Banking clients. It should not be forwarded, copied or distributed. The opinions and research contained in it are (a) not personal financial advice; (b) provided for information only; and (c) general in nature and do not take into account your financial situation or goals.

This document may be restricted by law in certain jurisdictions. Recipients must observe all relevant restrictions.

Disclaimer for all jurisdictions: This document is prepared and distributed in your country/region by Australia and New Zealand Banking Group Limited (ABN11 005 357 522) (**ANZ**), a company incorporated in Australia or (if otherwise stated), by its subsidiary or branch (herein collectively referred to as **ANZ Group**). The views expressed in it are those of ANZ Research, an independent research team of Australia and New Zealand Banking Group Limited.

This document is distributed on the basis that it is only for the information of the specified recipient or permitted user of the relevant website (**recipients**).

This document is solely for informational purposes and nothing in it is intended to be an invitation, solicitation or offer by ANZ Group to sell, or buy, receive or provide any product or service, or to participate in a particular trading strategy.

Distribution of this document to you is only as may be permissible by the laws of your jurisdiction, and is not directed to or intended for distribution or use by recipients resident or located in jurisdictions where its use or distribution would be contrary to those laws or regulations, or in jurisdictions where ANZ Group would be subject to additional licensing or registration requirements. Further, any products and services mentioned in this document may not be available in all countries.

ANZ Group in no way provides any personal financial, legal, taxation or investment advice to you in connection with any product or service discussed in this document. Before making any investment decision, recipients should seek independent financial, legal, tax and other relevant advice having regard to their particular circumstances.

Whilst care has been taken in the preparation of this document and the information contained within is believed to be accurate and made on reasonable grounds on the date it was published, ANZ Group does not represent or warrant the accuracy or completeness of the information. Further, ANZ Group does not accept any responsibility to inform you of any matter that subsequently comes to its notice which may affect the accuracy of the information in this document.

This document may contain forward looking statements or opinions including statements regarding our intent, belief or current expectations regarding economic and market conditions, financial instruments and credit markets. Such statements are usually predictive in character, may not be accurate once the future becomes known and should not be relied upon when making investment decisions. Past performance is not a reliable indicator of future performance. ANZ does not accept any responsibility to inform you of any revisions to these forward-looking statements to reflect events or circumstances occurring after the date of this document.

Preparation of this document and the opinions expressed in it may involve material elements of subjective judgement and analysis. Unless specifically stated otherwise: they are current on the date of this document and are subject to change without notice; and, all price information is indicative only. Any opinions expressed in this document are subject to change at any time without notice.

ANZ Group does not guarantee the performance of any product mentioned in this document. All investments entail a risk and may result in both profits and losses. Any products and services described in this document may not be suitable for all investors, and transacting in these products or services may be considered risky.

ANZ Group expressly disclaims any responsibility and shall not be liable for any loss, damage, claim, liability, proceedings, cost or expense (**Liability**) arising directly or indirectly and whether in tort (including negligence), contract, equity or otherwise out of or in connection with this document to the extent permissible under relevant law. The contents of this document have not been reviewed by any regulatory body or authority in any jurisdiction.

ANZ Group may have an interest in the subject matter of this document. They may receive fees from customers for dealing in any products or services described in this document, and their staff and introducers of business may share in such fees or remuneration that may be influenced by total sales, at all times received and/or apportioned in accordance with local regulatory requirements. Further, they or their customers may have or have had interests or long or short positions in any products or services described in this document, and may at any time make purchases and/or sales in them as principal or agent, as well as act (or have acted) as a market maker in such products. This document is published in accordance with ANZ Group's policies on conflicts of interest and ANZ Group maintains appropriate information barriers to control the flow of information between businesses within the group.

Your ANZ Group point of contact can assist with any questions about this document including for further information on these disclosures of interest.

Australia. ANZ holds an Australian Financial Services licence no. 234527. For a copy of ANZ's Financial Services Guide please click here or request from your ANZ point of contact.

Brazil. This document is distributed on a cross border basis and only following request by the recipient. No securities are being offered or sold in Brazil under this document, and no securities have been and will not be registered with the Securities Commission - CVM.

Brunei, Japan, Kuwait, Malaysia, Switzerland, Taiwan. This document is distributed in each of these jurisdictions by ANZ on a cross-border basis.

Important notice

Cambodia. The information contained in this document is confidential and is provided solely for your use upon your request. This does not constitute or form part of an offer or solicitation of any offer to engage services, nor should it or any part of it form the basis of, or be relied in any connection with, any contract or commitment whatsoever. ANZ does not have a licence to undertake banking operations or securities business or similar business, in Cambodia. By requesting financial services from ANZ, you agree, represent and warrant that you are engaging our services wholly outside of Cambodia and subject to the laws of the contract governing the terms of our engagement.

Canada. This document is general information only, is intended for institutional use only – not retail, and is not meant to be tailored to the needs and circumstances of any recipient. In addition, this document is not intended to be an offer or solicitation to purchase or sell any security or other financial instrument or to employ a specific investment strategy.

Chile. You understand and agree that ANZ is not regulated by Chilean Authorities and that the provision of this document is not subject to any Chilean supervision and is not guaranteed by any regulatory or governmental agency in Chile.

Fiji. For Fiji regulatory purposes, this document and any views and recommendations are not to be deemed as investment advice. Fiji investors must seek licensed professional advice should they wish to make any investment in relation to this document.

Hong Kong. This document is issued or distributed in Hong Kong by the Hong Kong branch of ANZ, which is registered at the Hong Kong Monetary Authority to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities. The contents of this document have not been reviewed by any regulatory authority in Hong Kong. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

India. If this document is received in India, only you (the specified recipient) may print it provided that before doing so, you specify on it your name and place of printing.

Israel. ANZ is not a holder of a licence granted in Israel pursuant to the Regulation of Investment Advising, Investment Marketing and Portfolio Management Law, 1995 ("Investment Advice Law") and does not hold the insurance coverage required of a licensee pursuant to the Investment Advice Law. This publication has been prepared exclusively for Qualified Clients as such term is defined in the First Schedule to the Investment Advice Law. As a prerequisite to the receipt of a copy of this publication a recipient will be required to provide confirmation and evidence that it is a Qualified Client. Nothing in this publication should be considered Investment Advice or Investment Marketing as defined in the Investment Advice Law. Recipients are encouraged to seek competent investment advice from a locally licensed investment adviser prior to making any investment.

Macau. Click here to read the disclaimer for all jurisdictions in Mandarin. **澳门. 点**击此处阅读所有司法管辖区的免责声明的中文版。

Myanmar. This document is intended to be general and part of ANZ's customer service and marketing activities when implementing its functions as a licensed bank. This document is not Securities Investment Advice (as that term is defined in the Myanmar Securities Transaction Law 2013).

New Zealand. This document is provided by ANZ on the basis that you are a 'wholesale client' for the purpose of the Financial Markets Conduct Act 2013 (NZ). We recommend you seek advice about your financial situation and goals before acquiring or disposing of (or not acquiring or disposing of) a financial product.

Oman. ANZ neither has a registered business presence nor a representative office in Oman and does not undertake banking business or provide financial services in Oman. Consequently, ANZ is not regulated by either the Central Bank of Oman (**CBO**) or Oman's Capital Market Authority (**CMA**). The information contained in this document is for discussion purposes only and neither constitutes an offer of securities in Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Law of Oman (Royal Decree 80/98), nor does it constitute an offer to sell, or the solicitation of any offer to buy non-Omani securities in Oman as contemplated by Article 139 of the Executive Regulations to the Capital Market Law (issued vide CMA Decision 1/2009). ANZ does not solicit business in Oman and the only circumstances in which ANZ sends information or material describing financial products or financial services to recipients in Oman, is where such information or material has been requested from ANZ and the recipient understands, acknowledges and agrees that this document has not been approved by the CBO, the CMA or any other regulatory body or authority in Oman. ANZ does not market, offer, sell or distribute any financial or investment products or services in Oman and no subscription to any securities, products or financial services may or will be consummated within Oman. Nothing contained in this document is intended to constitute Omani investment, legal, tax, accounting or other professional advice.

People's Republic of China (PRC). This document may be distributed by either ANZ or Australia and New Zealand Bank (China) Company Limited (**ANZ China**). Recipients must comply with all applicable laws and regulations of PRC, including any prohibitions on speculative transactions and CNY/CNH arbitrage trading. If this document is distributed by ANZ or an Affiliate (other than ANZ China), the following statement and the text below is applicable: No action has been taken by ANZ or any affiliate which would permit a public offering of any products or services of such an entity or distribution or re-distribution of this document in the PRC. So, the products and services of such entities are not being offered or sold within the PRC by means of this document or any other document. This document may not be distributed, re-distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations. If and when the material accompanying this document relates to the products and/or services of ANZ China, the following statement and the text below is applicable: This document is distributed by ANZ China in the Mainland of the PRC.

Important notice

Peru. The information contained in this document has not been, and will not be, registered with or approved by the Peruvian Superintendency of the Securities Market (Superintendencia del Mercado de Valores, **SMV**) or the Lima Stock Exchange (Bolsa de Valores de Lima, **BVL**) or under the Peruvian Securities Market Law (Legislative Decree 6 861), and will not be subject to Peruvian laws applicable to public offerings in Peru. To the extent this information refers to any securities or interests, it should be noted the securities or interests may not be offered or sold in Peru, except if (i) such securities or interests were previously registered with the Peruvian Superintendency of the Securities Market, or (ii) such offering is considered a private offering in Peru under the securities laws and regulation of Peru.

Qatar. This document has not been, and will not be:

- lodged or registered with, or reviewed or approved by, the Qatar Central Bank (**QCB**), the Qatar Financial Centre (**QFC**) Authority, QFC Regulatory Authority or any other authority in the State of Qatar (**Qatar**); or
- authorised or licensed for distribution in Qatar, and the information contained in this document does not, and is not intended to, constitute a public offer or other invitation in respect of securities in Qatar or the QFC.

The financial products or services described in this document have not been, and will not be:

- registered with the QCB, QFC Authority, QFC Regulatory Authority or any other governmental authority in Qatar; or
- authorised or licensed for offering, marketing, issue or sale, directly or indirectly, in Qatar.

Accordingly, the financial products or services described in this document are not being, and will not be, offered, issued or sold in Qatar, and this document is not being, and will not be, distributed in Qatar. The offering, marketing, issue and sale of the financial products or services described in this document and distribution of this document is being made in, and is subject to the laws, regulations and rules of, jurisdictions outside of Qatar and the QFC. Recipients of this document must abide by this restriction and not distribute this document in breach of this restriction. This document is being sent/issued to a limited number of institutional and/or sophisticated investors (i) upon their request and confirmation that they understand the statements above; and (ii) on the condition that it will not be provided to any person other than the original recipient, and is not for general circulation and may not be reproduced or used for any other purpose.

Singapore. To the extent that this document contains any statements of opinion and/or recommendations related to an investment product or class of investment product (as defined in the Financial Advisers Act 2001), this document is distributed in Singapore by ANZ solely for the information of "accredited investors", "expert investors" or (as the case may be) "institutional investors" (each term as defined in the Securities and Futures Act 2001 of Singapore). ANZ is licensed in Singapore under the Banking Act 1970 of Singapore and is exempted from holding a financial adviser's licence under Section 23(1)(a) of the Financial Advisers Act 2001 of Singapore. In respect of any matters arising from, or in connection with, the distribution of this document in Singapore, please speak to your usual ANZ contact in Singapore.

United Arab Emirates (UAE). This document is distributed in the UAE or the Dubai International Financial Centre (**DIFC**) (as applicable) by ANZ. This document does not, and is not intended to constitute: (a) an offer of securities anywhere in the UAE; (b) the carrying on or engagement in banking, financial and/or investment consultation business in the UAE under the rules and regulations made by the Central Bank of the UAE, the Emirates Securities and Commodities Authority or the UAE Ministry of Economy; (c) an offer of securities within the meaning of the Dubai International Financial Centre Markets Law (**DIFCML**) No. 12 of 2004; and (d) a financial promotion, as defined under the DIFCML No. 1 of 200. ANZ DIFC Branch is regulated by the Dubai Financial Services Authority (**DFSA**). The financial products or services described in this document are only available to persons who qualify as "Professional Clients" or "Market Counterparty" in accordance with the provisions of the DFSA rules.

United Kingdom. This document is distributed in the United Kingdom by Australia and New Zealand Banking Group Limited (**ANZ**) solely for the information of persons who would come within the Financial Conduct Authority (**FCA**) definition of "eligible counterparty" or "professional client". It is not intended for and must not be distributed to any person who would come within the FCA definition of "retail client". Nothing here excludes or restricts any duty or liability to a customer which ANZ may have under the UK Financial Services and Markets Act 2000 or under the regulatory system as defined in the Rules of the Prudential Regulation Authority (**PRA**) and the FCA. ANZ considers this document to constitute an Acceptable Minor Non-Monetary Benefits (**AMNMB**) under the relevant inducement rules of the FCA. ANZ is authorised in the United Kingdom by the PRA and is subject to regulation by the FCA and limited regulation by the PRA. Details about the extent of our regulation by the PRA are available from us on request.

United States. Except where this is a FX-related document, this document is distributed in the United States by ANZ Securities, Inc. (**ANZ SI**) which is a member of the Financial Regulatory Authority (**FINRA**) (www.finra.org) and registered with the SEC. ANZSI's address is 277 Park Avenue, 31st Floor, New York, NY 10172, USA (Tel: +1 212 801 9160 Fax: +1 212 801 9163). ANZSI accepts responsibility for its content. Information on any securities referred to in this document may be obtained from ANZSI upon request. This document or material is intended for institutional use only – not retail. If you are an institutional customer wishing to effect transactions in any securities referred to in this document you must contact ANZSI, not its affiliates. ANZSI is authorised as a broker-dealer only for institutional customers, not for US Persons (as "US person" is defined in Regulation S under the US Securities Act of 1933, as amended) who are individuals. If you have registered to use our website or have otherwise received this document and are a US Person who is an individual: to avoid loss, you should cease to use our website by unsubscribing or should notify the sender and you should not act on the contents of this document in any way. Non-U.S. analysts may not be associated persons of ANZSI and therefore may not be subject to FINRA Rule 2242 restrictions on communications with the subject company, public appearances and trading securities held by the analysts. Where this is a FX-related document, it is distributed in the United States by ANZ's New York Branch, which is also located at 277 Park Avenue, 31st Floor, New York, NY 10172, USA (Tel: +1 212 801 916 0 Fax: +1 212 801 9163).

Vietnam. This document is distributed in Vietnam by ANZ or ANZ Bank (Vietnam) Limited, a subsidiary of ANZ.

PITCHER PARTNERS

Federal *Budget* 2024-25

Daniel Burt
Partner Tax Advisory

Important information

Pitcher Partners Advisors Proprietary Limited

This presentation ('Presentation') has been produced by Pitcher Partners Advisors Proprietary Limited and has been prepared for informational and discussion purposes only. The information provided in this document is of a general nature and has been prepared without taking into account your objectives, circumstances, financial situation or particular needs. This Presentation does not constitute personal advice.

This Presentation has been prepared by us in the ordinary course of our profession. In providing this Presentation, we are not purporting to act as solicitors or provide legal advice. Appropriate advice should be sought prior to acting on anything contained in this Presentation or implementing any transaction or arrangement that may be referred to in this Presentation.

Information contained within this Presentation is based on the relevant law and its interpretations by relevant authorities as it stands at the time the information is provided. Any changes or modifications to the law and/or its interpretation after this time could affect the information we have provided.

This Presentation, or any part thereof, must not be distributed, copied, used, or relied on by any person, without our prior written consent.

To the maximum extent permitted by law, Pitcher Partners will not be liable for any loss, damage, liability or claim whatsoever suffered or incurred by any person arising directly or indirectly out of the use or reliance on the information contained within this Presentation.

Pitcher Partners is an independent member of Baker Tilly International. Baker Tilly International Limited is an English company. Baker Tilly International provides no professional services to clients. Each member firm is a separate and independent legal entity, and each describes itself as such. Pitcher Partners is not Baker Tilly International's agent and does not have the authority to bind Baker Tilly International or act on Baker Tilly's behalf. None of Baker Tilly International, Pitcher Partners, not any of the other member firms of Baker Tilly International have any liability for each other's acts or omissions. The name Baker Tilly and its associated logo is used under license from Baker Tilly International Limited.

Pitcher Partners is an association of independent firms.

Any trademarks, logos, and service marks contained herein may be the registered and unregistered trademarks of their respective owners. Nothing contained herein should be construed as granting by implication, or otherwise, any license or right to use any trademark displayed without the written permission of the owner.

Liability limited by a scheme approved under Professional Standards Legislation.

© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

What we are covering today

Overview

Individuals

Business

Other measures

© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

Overview

© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

It's a responsible Budget for the here-and-now and it’s a Budget for the decades to come.

It’s a responsible Budget that helps people under pressure today – and invests in the promise and potential of the more prosperous future we can make together.

2024-25 Federal Budget Speech // Treasurer // 14 May 2024

© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

Main priorities

Top 5 from Budget 2024-25

Helping with the cost of living

Building more homes for Australians

Investing in a Future Made in Australia

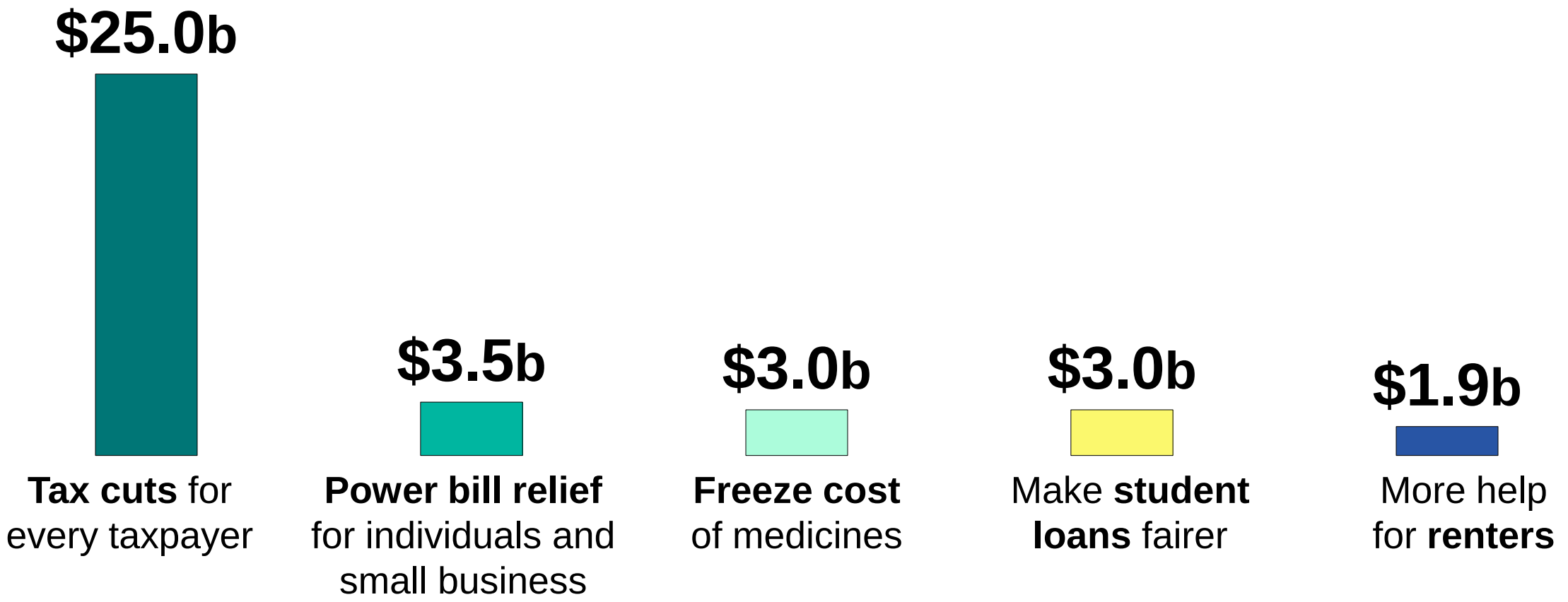
Strengthening Medicare and the care economy

Responsible economic management

© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

Cost of living measures

Key items to ease cost of living



© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

Individuals

© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

Individuals

Proposed rates and thresholds

Rate[1]	2022-23 / 2023-24	2024-25 Liberal	2024-25 ALP
0%	$0 – $18,200	$0 – $18,200	$0 – $18,200
16%	NA	NA	$18,201 – $45,000
19%	$18,201 – $45,000	$18,201 – $45,000	NA
30%	NA	$45,001 – $200,000	**$45,001 – $135,000**
32.5%	**$45,001 – $120,000**	**Removed**	NA
37%	**$120,001 – $180,000**	**Removed**	**$135,001 – $190,000**
45%	**$180,001 and over**	$200,001 and over	**$190,001 and over**
Low income tax offset	Up to $700	Up to $700	Up to $700

1. Note that these rates exclude the Medicare Levy

© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

HECS

Student loan scheme changes

- Recent spikes due to **high inflation**
- **Capping indexation of student loans** to the lower of Consumer Price Index or the Wage Price Index
- Importantly, **backdated to mid-2023** cutting indexation from last year in half

Will wipe over $3b in student debt for 3 million Australians

© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

Superannuation

Announcements

1. Super on Government paid parental leave
2. Payday Super
3. Super account balances above $3m

© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

Business

© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

Instant Asset Write Off (IAWO)

Extension and proposed amendments

Extension to IAWO for a **further 12 months to 30 Jun 2025**

- Applies to small businesses with aggregated **turnover of less than $10m**
- Applies to **eligible depreciating assets costing less than $20k**
- Assets greater than $20k can be put into a small business pool
- First used or installed ready for use for a taxable purpose

Proposed amendments for 2024 were to increase

Turnover threshold
from $10m to $50m

Asset cost threshold
from $20k to $30k

Watchout
TFE ceased on 30 June 2023 – last year's Budget announced the IAWO to 30 Jun 2024, **but this is not yet law**

© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

Intangible assets and SGE's

Proposed anti-avoidance rule to prevent Significant Global Entities from claiming tax deductions for payments relating to intangibles made to related parties in low tax or no tax jurisdictions, is to be discontinued

Measures instead will be covered by BEPS Pillar 2

i.e. Global Minimum Tax and Domestic Minimum Tax

New penalties for mischaracterised or undervalued royalty payments

To apply from 1 Jul 2026 in response to Pepsi Co case

© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

Other measures

© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

Foreign Resident CGT

Aligning Australia with OECD standards and international best practice

Current CGT exemption for foreign residents unless the asset is Taxable Australian Property

Assets

Amendments will clarify and broaden types of assets that will be subject to CGT

Assets currently include an indirect Australian real property interests

Test time of CGT event

Currently tested at the date of CGT event

Proposal to move from 'point in time testing' to a 365-day testing period

Sale of shares

Notification regime for foreign residents to tell the ATO where they are selling shares with market value > $20m

Dec 2023 MYEFO – **Foreign resident CGT withholding rate** increasing from 12.5% to 15%

© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

Other new measures

Critical minerals tax incentive

An incentive of 10% of processing or refining cost

10 years per project

Budget cost = $7.0b

Hydrogen production tax incentive

$2 incentive per kg of renewal hydrogen produced

10 years per project

Budget cost = $6.7b

Producer Tax Offset

Proposed changes to the existing film Producer Tax Offset

© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

ATO Funding and compliance programs

Extensions and funding

Extending **Tax Avoidance Taskforce**

2-year extension from 1 Jul 2016

Forecast to increase

- receipts by $2.4b
- payments by $1.2b

Extending **ATO Personal Income Tax Compliance Program**

Extension to 30 Jun 2028

Extending **ATO Shadow Economy Compliance Program**

2-year extension from 1 Jul 2016

Forecast to increase

- receipts by $1.9b
- payments by $610m

ATO Counter Fraud Strategy

Funding for four years from 1 Jul 2024

$187m allocated

© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

Key takeaways

From The Federal Budget 2024-25

Overview

Cost of living relief to all taxpayers

Individuals

Changes to tax rates and thresholds

Business

Limited support for small businesses only

© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

PITCHER PARTNERS

Victorian State *Budget* 2024-25

Irina Tan
Partner – Tax Advisory

Important information

Pitcher Partners Advisors Proprietary Limited

This presentation ('Presentation') has been produced by Pitcher Partners Advisors Proprietary Limited and has been prepared for informational and discussion purposes only. The information provided in this document is of a general nature and has been prepared without taking into account your objectives, circumstances, financial situation or particular needs. This Presentation does not constitute personal advice.

This Presentation has been prepared by us in the ordinary course of our profession. In providing this Presentation, we are not purporting to act as solicitors or provide legal advice. Appropriate advice should be sought prior to acting on anything contained in this Presentation or implementing any transaction or arrangement that may be referred to in this Presentation.

Information contained within this Presentation is based on the relevant law and its interpretations by relevant authorities as it stands at the time the information is provided. Any changes or modifications to the law and/or its interpretation after this time could affect the information we have provided.

This Presentation, or any part thereof, must not be distributed, copied, used, or relied on by any person, without our prior written consent.

To the maximum extent permitted by law, Pitcher Partners will not be liable for any loss, damage, liability or claim whatsoever suffered or incurred by any person arising directly or indirectly out of the use or reliance on the information contained within this Presentation.

Pitcher Partners is an independent member of Baker Tilly International. Baker Tilly International Limited is an English company. Baker Tilly International provides no professional services to clients. Each member firm is a separate and independent legal entity, and each describes itself as such. Pitcher Partners is not Baker Tilly International's agent and does not have the authority to bind Baker Tilly International or act on Baker Tilly's behalf. None of Baker Tilly International, Pitcher Partners, not any of the other member firms of Baker Tilly International have any liability for each other's acts or omissions. The name Baker Tilly and its associated logo is used under license from Baker Tilly International Limited.

Pitcher Partners is an association of independent firms.

Any trademarks, logos, and service marks contained herein may be the registered and unregistered trademarks of their respective owners. Nothing contained herein should be construed as granting by implication, or otherwise, any license or right to use any trademark displayed without the written permission of the owner.

Liability limited by a scheme approved under Professional Standards Legislation.

© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

Fiscal outlook for 2024-25

Snapshot

2024-25	
Revenue	$96.1b
Spending	$98.3b
Budget for 2024-25	**($2.2b)**

2025-26	
Revenue forecast	$101.1b
Spending forecast	$99.6b
Budget for 2024-25	**$1.5b**

The Government has estimated that this budget will generate **$298m in savings, up from $62.3m last year**

© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

Net debt for 2024-25

Forecast $156b

2014-15	
Interest expense	$2.2b
Net debt as % of GSP	5.8%
Net debt	$21.2b

2024-25	
Interest expense	$6.5b
Net debt as % of GSP	24.4%
Net debt	$156.2b

2027-28	
Interest expense	$9.4b
Net debt as % of GSP	25.1%
Net debt	$187.8b

$25.8m

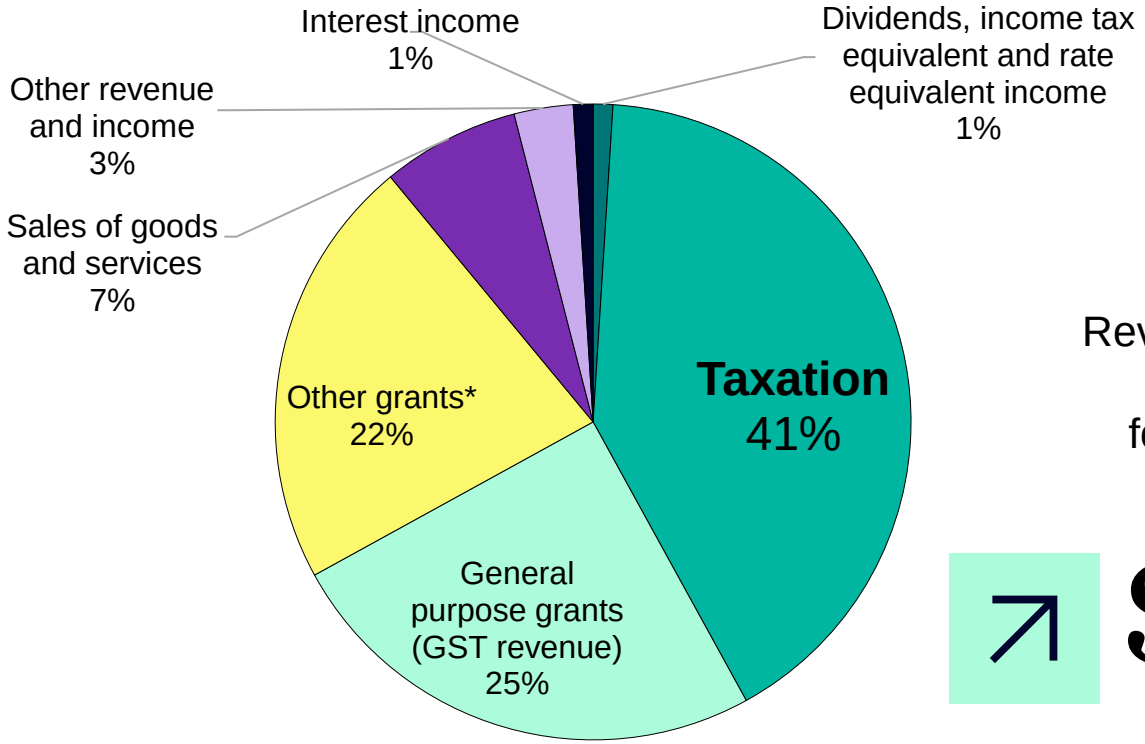
Interest daily

© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

Government revenue

Total revenue forecast $96.1b

Composition of forecast general government sector revenue, 2024-25



Revenue from taxation to increase in forward estimates from $39b to

$45b

Source: Department of Treasury and Finance, Budget Paper No. 5
*Other grants includes 'Grants for on-passing', 'Grants for specific purposes' and 'Other contributions and grants'.

Employers and Landowners continue to be the biggest contributors to taxation revenue

Employers expected to pay $11.1b in Payroll Tax

Landowners expected to pay $7.8b in land tax $8.5b in transfer duty and $1.8b in other property taxes and levies

© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

The middle market said

Budget analysis survey

Top 3 items for Vic Government to prioritise in the budget

76%

Reform of State taxes

41%

Reducing red tape for businesses

38%

Measures to address challenges to housing supply and affordability

"I am **very worried** about housing affordability as an issue"

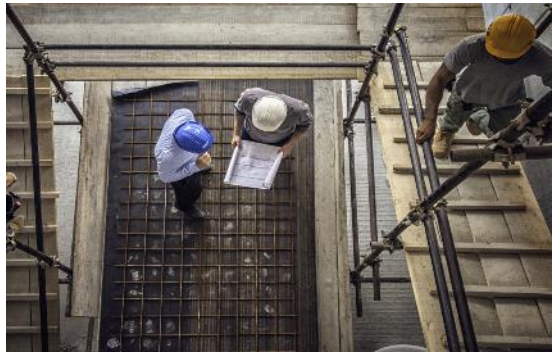
53% of respondents to our Budget analysis survey

© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

Tax measures

Victorian Budget 2024-25

Metropolitan industrial and municipal waste levy increased from 1 Jul 2025



Land tax exemption for

- land that is used to provide social and emergency housing from 2025 land tax year
- charity-owned land where social and emergency housing is under development from 2025 land tax year

Fire Services Property Levy to collect revenue in line with statutory levels (unlike previous years, due to initiatives being funded from consolidated revenue)

$700m boost to **Victorian Homebuyer Fund**

© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

Measures announced in 2023-24 budget

Remember what is coming…

Commercial and Industrial Property Tax **CIPT**

Gradual removal of stamp duty and replacement with an annual property tax

Government estimates will save business $266m in stamp duty over next 4 years

Vacant Residential Land Tax **VRLT**

Expansion to all taxable properties in Victoria from 1 Jan 2025

What landowners decide what to do with their residential land this calendar year will determine the VRLT position

Payroll Tax **PRT**

Increase in the threshold from $700,000 to $900,000 from 1 Jul 2024

Phasing out of the tax-free threshold for businesses with taxable wages of $3m or more

Application to non-government schools with **declared schools** eligible for exemption

© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

State Taxation Amendment Bill 2024

Land Tax changes – VRLT

VRLT exemption for

Holiday homes extended to homes held in companies or trusts

Home must have been **owned by** the entity on or before 28 Nov 2023

No change in beneficial ownership except to a relative

PPR requirement must be met by a natural person

Land contiguous to a holiday home from 1 Jan 2026

Applies to unimproved / undeveloped residential land

Must be owned by the **same owner** of the holiday home land

Must enhance holiday home land and be used **solely** for private benefit and enjoyment of person who uses and occupies holiday home land

© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

State Taxation Amendment Bill 2024

Land Tax changes

Land tax exemption for social and emergency housing from 1 Jan 2025

For land **exclusively used or available for use for social housing**

Exemption for vacant land **owned by a charity** if declared by the owner to be held for future use as social housing within 2 years (or longer period approved by the Commissioner)

Owner must apply to the Commissioner for the exemption

Land tax assessment of joint owners and certain trusts from 1 Jan 2024

COVID-19 debt levy includes fixed surcharge component for landholdings of certain values

Amendments to address **anomaly** with deductions where **fixed surcharge** component applies at both primary and secondary assessment levels

© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

State Taxation Amendment Bill 2024

Other changes

Duties Act 2000

Amendments in relation to business insurance to extend to **cyber insurance and director and officer's insurance** from 1 Jan 2025 and allow Treasurer to declare other classes of business for inclusion

Duty rates to progressively reduce by 1% per year (2023-24 budget measure) from 1 Jul 2024

Planning and Environment Act 1987

Metropolitan Planning Levy (MPL)

Validity of MPL certificate to extend to 180 days

Additional MPL refund grounds based on Commissioner's satisfaction

Planning and Environment Act 1987

Growth Area Infrastructure Contributions (GAIC) amendment to prevent landowners and developers from minimising GAIC where part of their land excised for roads and reserves to an acquiring authority

© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

Key takeaways

From The Victorian State Budget 2024-25

Little cost reprieve

Not much cost-of-doing-business relief

Deep in debt

Massive interest expense

Housing

Lack of meaningful attempts at addressing housing issues

© Pitcher Partners. All rights reserved. Pitcher Partners is a national association of independent firms.

PITCHER PARTNERS

Federal *Budget* 2024-25

Pitcher Partners
Federal *Budget* 2024-25 Hub

PITCHER PARTNERS

Making business *personal*