



Capraro Consulting Pty Ltd  
is a CPA Practice  
ACN 127 453 785

## Federal Budget - May 2021

### FREE SPENDING BUDGET FOR UNPRECEDENTED TIMES

**The 2021-22 Federal Budget is a balancing act between a better than anticipated deficit (\$106 bn), an impending election and the need to invest in the long term.**

The Government decided to put its foot on the accelerator and delivered a free spending, expansionary budget with the hope that the growth in the economy over a long period of time will help to pay down the debt that has been central to the Government's response to COVID-19.

While also allocating increased funding to social programs such as disability services, aged care and mental health, as well as women's economic security, the Treasurer's message was that while Australia has come through the COVID-19 disruptions well, now is not the time for budget repair.

8 keys takeaways from the Federal Budget:

#### Digital transformation

\$1.2b Digital Economy Strategy including \$124.1m to develop Australia's AI capabilities.

\$28m to support the digitalisation of small business.

#### Superannuation

The \$450 threshold for SG has been removed.

The First Home Super Saver Scheme contribution has increased to \$50,000.

Downsizer Scheme expanded to people aged 60 and over.

Work test for people aged 67-74 abolished.

#### Women's economic security

\$1.9b women's security package including \$680 million to help prevent domestic violence

\$1.7b for an increased Child Care Subsidy for families with multiple children.

New and extended home ownership programs for first home owners and single parents

#### Taxation

Extension of the low- and middle-income tax offset (LMITO) for 2021-22.

Temporary full expensing and loss carry-back extended to 2022-23.

Changes to employee share schemes and tax residency rules.

Tax and investment incentives for the digital economy.

Introduction of a 'patent box' offering tax concessions on income derived from medical and biotech patents.

#### Health

Further \$1.9b invested into the COVID-19 vaccination roll-out.

A \$2.3b package invested into mental health and suicide prevention services.

#### Aged care

An additional \$17.7b over five years to transform the aged care system.

\$6.5b for additional Home Care Packages and \$7.8b for a new funding model.

#### Job growth

Additional \$500m to expand JobTrainer Fund.

Additional \$2.7b for Boosting Apprenticeship Commencements.

#### Infrastructure

Additional \$15.2b to be invested over ten years for road, rail and community infrastructure.

The full Budget papers are available at [www.budget.gov.au](http://www.budget.gov.au) and the Treasury ministers' media releases are available at [www.ministers.treasury.gov.au](http://www.ministers.treasury.gov.au).

As the devil is always in the detail, Treasury will be busy drafting legislation and further updates will be provided as further details come to light.

*The material and contents provided in this publication are informative in nature only. It is not intended to be advice and you should not act specifically on the basis of this information alone. If expert assistance is required, professional advice should be obtained. We are here to help, contact us today:*

Capraro Consulting Pty Ltd

Phone 0413 073 935 | Web [capraroconsulting.com.au](http://capraroconsulting.com.au) | Email [mail@capraroconsulting.com.au](mailto:mail@capraroconsulting.com.au)

PO Box 478, Concord NSW 2137

# FEDERAL BUDGET 2021-22

CPA AUSTRALIA

The budget maintains an expansionary approach, with significant new spending on infrastructure, health and aged care, and tax incentives to attract global talent and capital. However, it delivers little in the way of support for business digitalisation and climate change.

## NET DEBT

**\$729**  
BILLION



## UNDERLYING CASH DEFICIT

**-\$106.6**  
BILLION



## REAL GDP UP

**4.25%**



## UNEMPLOYMENT RATE

**5.0%**



Forecast for 2021-22

### DIGITAL TRANSFORMATION



\$1.2b Digital Economy Strategy including \$124.1m to develop Australia's AI capabilities and \$28m to support the digitalisation of small business.

### SUPERANNUATION



The \$450 threshold for SG has been removed and the First Home Super Saver Scheme contribution has increased to \$50,000. Downsizer Scheme expanded to people aged 60 and over. Work test for people aged 67-74 abolished.

### WOMEN'S ECONOMIC SECURITY



\$1.9b women's security package including \$680 million to help prevent domestic violence and \$1.7b for an increased Child Care Subsidy.

### TAXATION



LMITO offset extended for 2021-22. Temporary full expensing and loss carry-back extended to 2022-23. Changes to employee share schemes, tax residency rules and introduction of a patent box regime.

### HEALTH



Further \$1.9b invested into the COVID-19 vaccination roll-out. A \$2.3b package invested into mental health and suicide prevention services.

### AGED CARE



An additional \$17.7b over five years to transform the aged care system. Including \$6.5b for additional Home Care Packages and \$7.8b for a new funding model.

### JOB GROWTH



Additional \$500m to expand JobTrainer Fund. Additional \$2.7b for Boosting Apprenticeship Commencements

### INFRASTRUCTURE



Additional \$15.2b to be invested over ten years for road, rail and community infrastructure.