

TAX TALKS

Australia's Tax News Podcast - The Podcast for Australian Tax Professionals

The following information is only of a general nature and should not be taken as professional advice.

122 | Labor's Proposed Tax and Super Changes

Labor's proposed tax and super changes for the expected May 2019 federal election are many.

Labor's Proposed Tax and Super Changes

The list is long. There are well over 30 proposed changes just around tax and super.

In today's episode Gordon Mackenzie of UNSW will focus on three of these changes – franking credit refunds, negative gearing and CGT discounts.

No Refund of Franking Credits

Under Labor shareholders would no longer be able to obtain a tax refund of any excess franking credit. This would take Australia's dividend imputation system back to its original version under Hawke and Keating, before Costello and Howard introduced cash refunds in 2000.

Recipients of an Australian pension or allowance and any SMSF with at least one such member as of 28 March 2018 as well as charities and not-for profits institutions would be exempt from these changes.

No Negative Gearing of Passive Assets

Investors would only be able to offset investment losses with investment gains or a future capital gain. But there would no longer be an offset with PAYG income, unless the investment is newly constructed housing or grandfathered.

CGT Discount Only 25%

The CGT discount for individuals and trusts would reduce from 50% to 25% for assets held for more than a year. The 33.33% CGT discount for super funds would remain unchanged for now. Small business assets would also be exempt from this change.

These are three of the changes we will cover in this episode. But there is a lot more. Here is a quick list.

SUPER

a) Reduce Non-Concessional Contribution Cap to \$75,000

TAX TALKS

- b) Reduce Div 293 Threshold to \$200,000
- c) Eliminate Catch-up of Concessional Contributions
- d) Revive Work Test for Personal Super Contributions
- e) Ban New LRBA's
- f) Increase SG to 12% Faster
- g) Extend SG to Wages Less Than \$450 Per Month
- h) ATO to Develop Tax Haven Guidelines for SMSFs

TAX

- a) Minimum 30% tax on discretionary trust distributions
- b) Increase Top Marginal Tax Rate to 49%
- c) Decrease SME Tax Rate to 25%
- d) Reduce Tax for Low Income Earners
- e) Limit Deduction for Tax Agent Fees to \$3,000
- f) Start Australian Investment Guarantee (AIG)

TAX ADMINISTRATION

- a) Protect and Reward Whistleblowers up to \$250,000
- b) Appoint a Second Commissioner of Taxation
- c) Appoint Community Representative to Board of Taxation
- d) Disclose Number and Size of Tax Settlements
- e) Increase Penalties for Promotion of Tax Evasion Schemes
- f) Fund Free Tax Clinics
- g) Establish a Central Registry of Companies and Trusts

INTERNATIONAL TAX

- a) Compulsory Disclosure of Residency And Citizenship
- b) Deny Tax Deduction for Travel to Tax Havens
- c) Tighten Thin Capitalisation Rules
- d) Tighten MEC Group Rules
- e) Decrease Tax Transparency Threshold to \$100m
- f) Disclose CbC Reports to Public
- g) Disclose Tax Haven Exposure to Shareholders
- h) Disclose Country of Tax Domicile in Government Tenders
- i) Disclose AUSTRACK Cash Flow Data
- j) Increase Compliance Funding

MORE

[A Fish Rots From The Head Down](#)

[Age Pension](#)

[Aged Living](#)

Disclaimer: Tax Talks does not provide financial or tax advice. This applies to these show notes as well as the actual podcast interview. All information on Tax Talks is provided for entertainment purposes only and might no longer be up to date or correct. You should seek professional accredited tax and financial advice when considering whether the information is suitable to your or your client's circumstances.

The information above is for general information only and should not be taken as constituting professional advice from Tax Talks. We are not a financial, legal or tax adviser. You should consider seeking independent legal, financial, taxation or other advice to check how the above information relates to your unique circumstances.