2023/24 Federal Budget

1. Small business measures

1.1 $20,000 instant asset write-off

From 1 July 2023 until 30 June 2024, the Government will temporarily increase the instant asset write-off threshold from $1,000 to $20,000.

Small businesses with an aggregated annual turnover of less than $10 million will be able to immediately deduct the full cost of eligible assets costing **less than $20,000** that are **first used or installed ready for use between 1 July 2023 and 30 June 2024**. The $20,000 threshold will apply on a per-asset basis, so small businesses can instantly write off multiple assets.

Assets valued at $20,000 or more (which cannot be immediately deducted) can continue to be placed into the small business simplified depreciation pool and depreciated at 15% in the first income year and 30% each income year thereafter.

1.2 New Energy Incentive for small businesses

Small and medium businesses with an aggregated annual turnover of **less than $50 million** will be able to deduct an **additional 20%** of the cost of eligible depreciating assets that support electrification and more efficient use of energy. Up to $100,000 of total expenditure will be eligible for the Small Business Energy Incentive, with the maximum bonus deduction being $20,000.

A range of depreciating assets, as well as upgrades to existing assets, will be eligible for the Small Business Energy Incentive. These will include assets that upgrade to more efficient electrical goods (such as energy-efficient fridges), assets that support electrification (such as heat pumps and electric heating or cooling systems), and demand management assets (such as batteries or thermal energy storage). Full details of eligibility criteria will be finalised in consultation with stakeholders.

Eligible assets will need to be first used or installed ready for use **between 1 July 2023 and 30 June 2024**. Eligible upgrades will also need to be made in this period.

Certain exclusions will apply such as electric vehicles, renewable electricity generation assets, capital works, and assets that are not connected to the electricity grid and use fossil fuels.

2. Superannuation measures

2.1 Increasing the frequency of superannuation guarantee payments

From 1 July 2026, employers will be required to pay their employees' superannuation guarantee entitlements **on the same day that they pay salary and wages**.
Currently, employers are only required to pay their employees' superannuation guarantee on a quarterly basis. By increasing the payment frequency of superannuation to align with the payment of salary and wages, this measure aims to ensure employees have greater visibility over whether their entitlements have been paid and better enable the ATO to recover unpaid superannuation.

Changes to the design of the superannuation guarantee charge will also be necessary to align with increased payment frequency.

This package will particularly benefit those in lower paid, casual and insecure work who are more likely to miss out when superannuation guarantee is paid less frequently.

2.2 Earnings for superannuation balances above $3 million taxed at 30%

From 1 July 2025, the Government will reduce the tax concessions available to individuals with a **total superannuation balance exceeding $3 million**.

Individuals with a total superannuation balance of less than $3 million will not be affected.

This reform is intended to ensure superannuation concessions are better targeted and sustainable. It will bring the headline tax rate to 30%, up from 15%, for earnings corresponding to the proportion of an individual's total superannuation balance that is greater than $3 million. This rate remains lower than the top marginal tax rate of 45%.

Earnings relating to assets below the $3 million threshold will continue to be taxed at 15%, or 0% if held in a retirement pension account.

Interests in defined benefit schemes will be appropriately valued and will have earnings taxed under this measure in a similar way to other interests. This will ensure commensurate treatment.

The measure will not place a limit on the amount of money an individual can hold in superannuation. The current contributions rules will continue to apply.

2.3 Investing in superannuation guarantee compliance

The Government will provide $40.2 million to the ATO in the 2024 income year, which includes $27 million for the ATO to improve data matching capabilities to identify and act on cases of superannuation guarantee underpayment by employers and $13.2 million for consultation and co-design.