Commonwealth revenue measures since our last update include:

**Tax Laws Amendment (Temporary Budget Repair Levy) Bill 2014**, introduced into the House of Representatives on 13 May 2014, is the lead Bill in a suite which propose to implement the 2014-15 Federal Budget measure which will require individual taxpayers with taxable income over $180,000 to pay a 'Temporary Budget Repair Levy' of 2 per cent on income in excess of $180,000. This will apply both to resident and non-resident taxpayers.

The Temporary Budget Repair Levy is imposed by the *Income Tax Rates Amendment (Temporary Budget Repair Levy) Bill 2014* which amends the *Income Tax Rates Act 1986* to increase relevant rates of tax applicable under various provisions mentioned in that Act for three income years starting from the 2014-15 income year.

This package of Bills also makes amendments to incorporate the imposition of the Temporary Budget Repair Levy into various other tax rates that are currently based on the top personal marginal tax rate to maintain integrity and fairness of the tax system, and to minimise opportunities for avoiding the levy. These amendments include a temporary increase in the fringe benefits tax (FBT) rate to 49 per cent.

In addition, Tax Laws Amendment (Temporary Budget Repair Levy) Bill 2014 ensures that:

- only excess foreign income tax offsets may be applied against the Temporary Budget Repair Levy, and other non-refundable tax offsets cannot be applied against the levy, and
- the FBT concessions provided to public benevolent institutions, health promotion charities, public and not-for-profit hospitals, public ambulance services and other tax-exempt entities (such as charitable institutions) are maintained by increasing the FBT rebate and relevant concessional caps.

The Temporary Budget Repair Levy and consequential amendments apply to the 2014-15, 2015-16 and 2016-17 financial years, except for those amendments in relation to fringe benefits tax, which commence on 1 April 2015 and will cease on 31 March 2017.

**Tax and Superannuation Laws Amendment (2014 Measures No 2) Regulation** registered on 16 May 2014 amends the *Income Tax Assessment Regulations 1997* to provide the meaning of ‘defined benefit contributions’ and to specify a method of determining an individual’s defined benefit contributions for the 2013-14 financial year and subsequent years.

For an individual with an interest in a defined benefit plan, the individual’s defined benefit contributions are relevant to the imposition of Division 293 tax under Division 293 of the *Income Tax Assessment Act 1997* which applies broadly to those individuals whose income and concessionally taxed superannuation contributions exceed $300,000 in an income year.

Under Division 293, Individuals are liable to pay the tax imposed at 15 per cent on certain superannuation contributions that exceed the $300,000 threshold. The tax is designed to ensure that the tax concession received by these individuals on superannuation...
contributions is more closely aligned with the concession received by average income earners. Division 293 tax applies to taxable contributions made since 1 July 2012. In respect of the 2012-13 financial year, an interim Regulation for determining defined benefit contributions was made on 17 February 2014.


Registered on 21 May 2014 waives the requirement for a recipient making a creditable acquisition to hold a tax invoice for an input tax credit to be attributable to a tax period, where:

- the recipient makes a creditable acquisition of a motor vehicle from a motor vehicle dealer (the supplier); and
- the supplier receives or is entitled to receive a motor vehicle incentive payment for the supply of the motor vehicle to the recipient in addition to the consideration it receives from the recipient; and
- the recipient holds a document that meets the requirements prescribed in this instrument.

Let’s talk

For a deeper discussion of how these issues might affect your business, please contact:

Tom Seymour, Managing Partner  
+61 (7) 3257 8623  
tom.seymour@au.pwc.com

Warren Dick, Sydney  
+61 (2) 8266 2935  
mailto:warren.dick@au.pwc.com

David Lewis, Perth  
+61 (8) 9238 3336  
david.r.lewis@au.pwc.com

Scott Bryant, Adelaide  
+61 (8) 8228 7450  
scott.a.bryant@au.pwc.com

David Ireland, Sydney  
+61 (2) 8266 2883  
david.irland@au.pwc.com

Julian Myers, Brisbane  
+61 (7) 3257 8722  
julian.myers@au.pwc.com

Adam Davis, Melbourne  
+61 (3) 8603 3022  
adam.davis@au.pwc.com

Anthony Klein, Melbourne  
+61 (3) 8603 6829  
anthony.klein@au.pwc.com

Murray Evans, Newcastle  
+61 (2) 4925 1139  
murray.evans@au.pwc.com