

Key announcements in the 2015-16 Budget

Fact Sheet 1/2015

12 May 2015

Key points

- **Company tax rate for small businesses to fall from 30 per cent to 28.5 per cent**
- **Unincorporated small business owners to receive a tax offset of up to \$1,000 per year**
- **Small businesses using the simplified depreciation rules will also be able to immediately deduct assets costing less than \$20,000**
- **45,000 trucking businesses will benefit from these measures.**

Economic forecasts

Key forecasts from the Budget

	Outcomes 2013-14 (% change)	2014-15 (% change)	Forecasts 2015-16 (% change)	2016-17 (% change)
Household consumption	2.2	2¾	3	3¼
Private investment				
Dwellings	5.1	6½	6½	4½
Total business investment	-5.1	-5½	-7	-3½
Mining investment	-7.0	-15½	-25½	-30½
Non-mining investment	-3.7	2	4	7½
Exports of goods and services	5.8	6½	5	6½
Imports of goods and services	-1.9	-3	-1½	2½
Real gross domestic product	2.5	2½	2¾	3¼
Unemployment rate (per cent)	5.9	6¼	6½	6¼
Consumer price index	3.0	1¾	2½	2 ½

The Budget forecasts the Australian economy will grow by 2¾ per cent in 2015-16 and 3¼ per cent in 2016-17, as the resource investment boom continues to unwind.

Mining investment is expected to fall by 25½ per cent in 2015-16 and 30½ per cent in 2016-17, as existing projects are completed and businesses put off new projects because of the fall in commodity prices.

Non-mining investment is recovering more slowly than expected, although Treasury argues that lower interest rates, the lower Australian dollar and lower fuel costs should encourage investment in the future.

Housing construction is growing strongly, with growth in 2015-16 forecast at 6½ per cent. This will continue to benefit trucking businesses that support the housing industry.

Rising house prices are also supporting increased growth in household consumption. Household consumption is expected to increase 3 per cent in 2015-16 and 3¼ per cent in 2016-17, with lower petrol and electricity costs contributing to the growth.

Total exports are forecast to increase by 5 per cent in 2015-16 and 6 ½ per cent in 2016-17, as major resource projects start production. Imports are expected to fall 1½ per cent in 2015-16, due mainly to the reduction in capital imports required by the mining industry, before growing again in 2016-17.

The unemployment rate is expected to rise to 6½ per cent in 2015-16, as could be expected from the modest growth forecast.

Key budget announcements for trucking businesses

Small business tax cuts

From 2015-16, the Government will reduce the company tax rate for small businesses with a turnover of less than \$2 million per year from 30 per cent to 28.5 per cent.

Individuals with a business income from an unincorporated business with a turnover of less than \$2 million will be eligible for a small business tax discount. The discount will be 5 per cent of the income tax payable on the business income from the business, capped at \$1,000 per individual per year. The discount will be payable as a tax offset.

Accelerated depreciation for small businesses

Small businesses using the simplified depreciation rules (which also have a \$2 million turnover threshold), will be able to immediately deduct assets they start to use or install ready for use, provided each asset costs less than \$20,000.

The deduction will be available from 7.30pm on Budget night, 12 May 2015, until 30 June 2017.

A trucking business could be expected to be able to use this measure to deduct the purchase of assets costing less than \$20,000 such as:

- an office computer, workshop machinery or similar assets
- an in-truck GPS system that could be removed and used separately
- an ancillary piece of equipment on a truck like a crane.

Replacement parts for a truck would generally be considered to be repairs and would instead be expensed in full during the year. The instant write off would not apply.

To enable more small businesses to access the deduction, the Government will suspend the current lock out rules for the simplified depreciation system until 30 June 2017. The rules

prevent small businesses from re-entering the simplified system for five years after they leave.

Overall, the small business tax changes will benefit more than 45,000 of the 49,000 trucking businesses in Australia.

Deduction of professional costs for start-ups

From 2015-16, business start-ups will be able to immediately deduct a range of professional expenses associated with starting a new business.

Some professional costs associated with a new business start-up are currently deducted over five years, so the measure will provide more cash flow for these businesses and enable them to get started on a more solid and compliant footing.

Incentives to employ older workers

The Government will change the Restart program for older workers so employers can access wage subsidy payments earlier.

Restart is available for job seekers who are 50 years of age or older, and who have been unemployed and on income support for six months or more.

Under the new changes to the program, employers will be able to access wage subsidy payments sooner, and negotiate a schedule for Restart payments of up to \$10,000 over a 12 month period. This has been reduced from 24 months.

Infrastructure investment

The Government has committed \$50 billion to infrastructure upgrades and the construction of safe and reliable roads through to 2019-20 and onwards. This includes the \$5 billion Asset Recycling Initiative. The Infrastructure Investment program's key road funding commitments are listed below.

National

The Government has previously committed an additional \$200 million over five years (2014-15 to 2018-19) to the Heavy Vehicle Safety and Productivity Program, as well as an additional \$200 million across 2015-16 and 2016-17 to accelerate road safety improvements under the Black Spot program.

The Government will provide an additional \$350 million in 2015-16 for the \$2.1 billion Roads to Recovery Program, committed in the 2014 Budget.

The Budget also allocates \$228.7 million from 2014-15 to 2017-18 for the National Highway Upgrade program, which provides funding for road safety works on the:

- Newell Highway (NSW)
- Hume Freeway, Monash Freeway, Western Highway and Goulburn Valley Highway (VIC)
- New England Highway, Cunningham Highway, Flinders Highway and Landsborough Highway (QLD)
- Sturt Highway (SA)
- Victorian Highway (NT)
- Great Northern Highway (WA)
- Bass Highway (TAS)
- Federal Highway (ACT)

New South Wales

The Budget includes \$5.6 billion from 2013-14 to 2018-19 to complete the duplication of the Pacific Highway from Newcastle to the Queensland border by the end of the decade.

\$1.5 billion has been allocated for the continuing WestConnex project, with an additional concessional loan of up to \$2 billion to accelerate the development of the new M5 section. \$450 million was provided to this project in 2015-16.

Victoria

The Government has announced that it will provide \$3 billion to the first Victorian Government willing to build the East West Link, and is recording the commitment as a Contingent Liability in the Budget.

\$501.3 million has been allocated to complete the duplication of the Western Highway between Ballarat and Stawell. Funding has also been promised to complete duplication projects on the Princes Highway, with \$185.5 million for duplication from Winchelsea to Colac and \$210 million to provide duplication from Traralgon to Sale.

Queensland

The Government is investing \$3.6 billion from 2013-14 to 2018-19 to upgrade the Bruce Highway. This investment is set to increase over 10 years, reaching up to \$6.7 billion.

Up to \$1,285 million has been allocated for the development of the Toowoomba Second Range Crossing, with \$316.7 million provided in 2015-16.

The Budget includes \$929.6 million for the Gateway Motorway North project, as well as a \$208.4 million package to improve road access into Cape York from the South.

The Government has also committed \$100 million to a new Northern Australia cattle supply chains fund. This fund will be used for infrastructure upgrades to assist livestock transporters and other businesses across Queensland, Western Australia and the Northern Territory.

South Australia

\$944 million has been allocated to continue the North-South Corridor project, with \$162 million provided in 2015-16.

The Government is also investing \$85 million from 2015-16 to 2018-19 to upgrade sections of the main access road to Pukatja, providing all weather access to a number of airstrips across Anangu Pitjanjatjara Yankunytjatjara Lands.

Northern Territory

The Government has committed \$100 million to a new Northern Australia cattle supply chains fund. This fund will be used for infrastructure upgrades to assist livestock transporters and other businesses across Queensland, Western Australia and the Northern Territory.

\$90 million has been promised for a Regional Roads Productivity Package from 2013-14 to 2016-17 to replace bridges on the Roper Highway, construct a new bridge on Central Arnhem Road, and improve road quality on regional roads.

The budget also allocated \$77 million for flood immunity improvements, rest area upgrades and pavement works in the Northern Territory Roads Package, with \$35.4 million provided in 2015-16.

Western Australia

The Government has committed \$100 million to a new Northern Australia cattle supply chains fund. This fund will be used for infrastructure upgrades to assist livestock transporters and other businesses across Queensland, Western Australia and the Northern Territory.

A \$307.8 million package of works from 2014-15 to 2017-18 will improve freight efficiency and access for high productivity vehicles on the Great Northern Highway, with the long term objective of allowing road trains to travel further south to Muchea before breaking down to smaller combinations.

\$172.7 million has been committed from 2014-15 to 2017-18 to improve the capacity of the North West Coastal Highway in response to predicted traffic growth.

Funding is also included for the continuing Perth Freight Link, Gateway WA Perth Airport and NorthLink WA works. The Australian Government has provided an additional \$499.1 million for road infrastructure to WA as a result of a GST revenue shortfall in 2015-16.

Tasmania

The Government has committed \$400 million over 10 years from 2014-15 to improve safety and connectivity on the Midland Highway, with \$57.1 million provided in 2015-16.

A further \$25.6 million has been allocated to the Brooker Highway project.

Australian Capital Territory

\$111.1 million has been allocated to continue the construction of the Majura Parkway connecting the Federal Highway to the Monaro Highway, with \$6.9 million provided in 2015-16.

Disclaimer

The Australian Trucking Association has prepared this fact sheet with due care, but it was prepared on Budget night. Our understanding of the Budget measures may change as more information becomes available. In addition, many Budget measures need to be passed by Parliament and may be amended during that process. The fact sheet is intended for general information only and may not apply to your business circumstances. You should get advice from your accountant or tax agent before acting on the information in this fact sheet.