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Australian Budget 2019



The Coalition Government in Australia has delivered its 2019 Federal Budget.

Budget highlights

- The centrepiece tax policy is personal tax reductions. The tax cuts will be phased in between 2018-19 and 2024-25. Under the announced changes, the Government expects that by 2024-25, 94% of Australians will face a marginal tax rate of 30% or less.
- For business, there is an increase in the threshold to expense business assets from A\$25,000 to A\$30,000, with this immediate tax write-off available to businesses with annual turnover of A\$50 million or less (up from A\$10 million).
- The Australian Taxation Office (ATO) will receive additional funding of A\$1 billion for its Tax Avoidance Task Force (responsible for enforcing

Australia's BEPS policy). This is expected to raise an additional A\$4.6 billion of revenue.

- A\$600 million has been set aside for the Government's response to the Banking, Superannuation and Financial Services industry Royal Commission findings.
- Infrastructure spending commitments totalling A\$100 billion over 10 years (including an additional A\$25 billion in Budget 2019). This is focused on transport (road, rail and freight) infrastructure and reducing congestion and improving safety.
- A\$3.5 billion has been committed to a new Climate Solutions Fund.
- The economic picture is cloudier, with Australian GDP growth expected to be below 3 percent. The Australian Budget is, however, forecast to be back in surplus, with a cash balance of A\$7 billion in 2019-20 and rising over time.

Some brief NZ observations

The context for the Australian Budget appears to be two fold. A slowing economy and a looming election. Tax cuts and additional spending, particularly on infrastructure, are intended to help with both.

New Zealand's Budget is set to be delivered on 30 May. It is expected to have well being as its focus. April is shaping up to be the key month for New Zealand tax policy with Government decisions on the Tax Working Group's recommendations, including a potential Capital Gains Tax, due. That is likely to have implications for next year, when New Zealanders go to the polls.

To read KPMG Australia's full commentary on the Australian Budget, [please click here](#).



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