

The latest news, views, and announcements

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Economic update this week

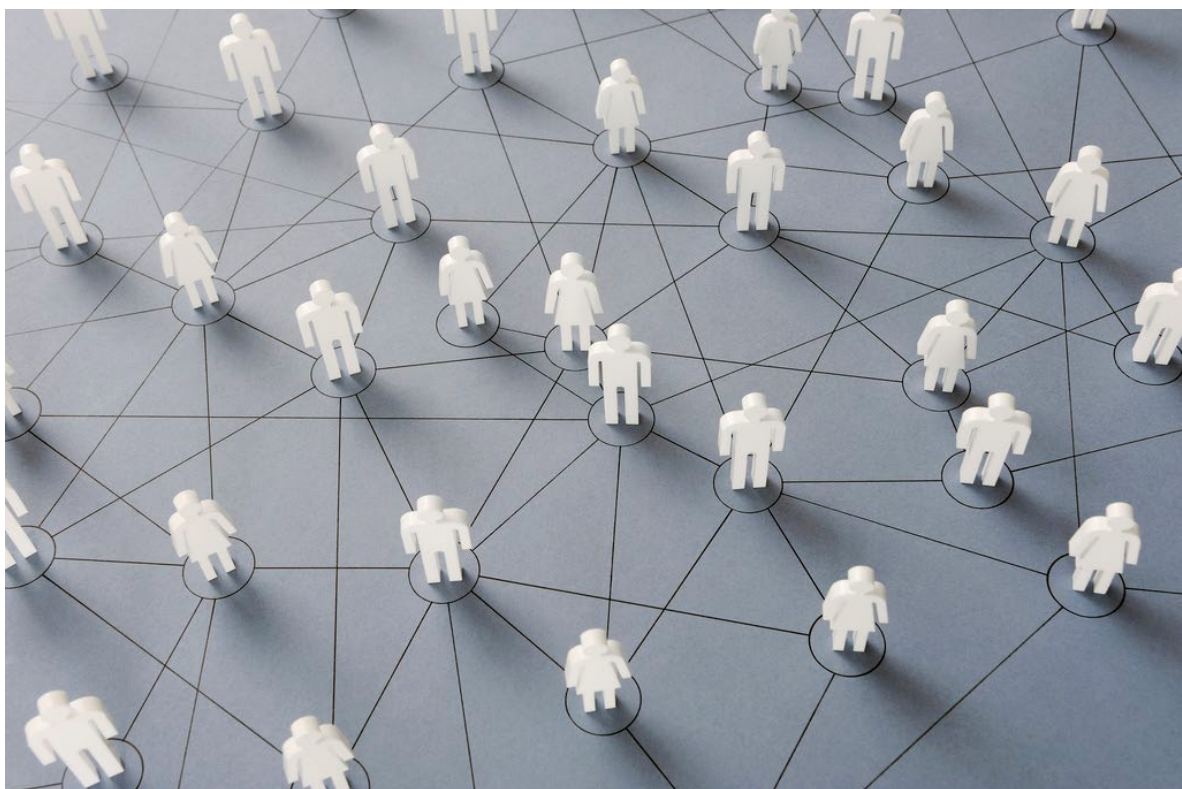
RBA 'triple rate cut' from 0.25% to 0.1%

Tax changes this week

The Government brought forward 'Stage two' of their Personal Income Tax Plan

Simplified Expenses

Simplified home office expense deduction claims due to COVID-19

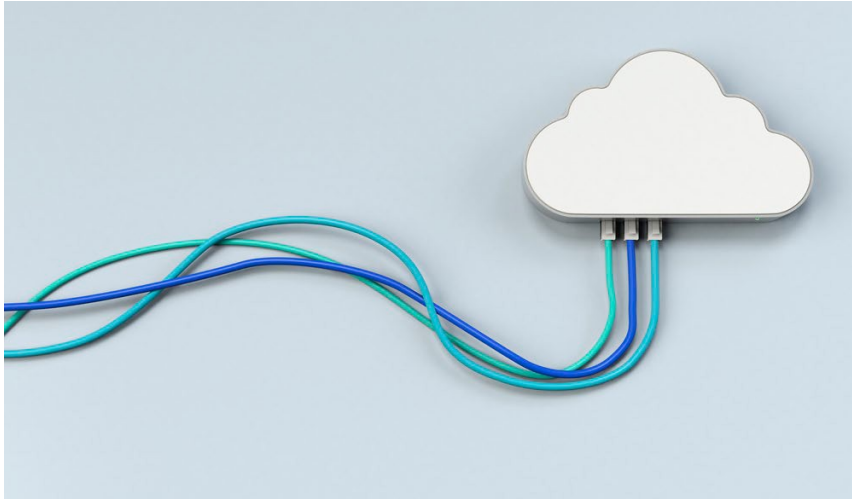


Economic update

The RBA's November meeting, as widely expected has again reduced interested rates and taken other policy actions in attempts to alleviate COVID-19 economic pressures. A 'triple cut' to interest rates, by reducing the official interest rate from 0.25% to a record low of 0.10%.

The current economic data seems to be better than what was originally expected, with near-term economic outlook looking better than what was originally anticipated.

GDP growth is expected to be around 6 per cent over the year to June 2021 and 4 per cent in 2022. The unemployment rate is expected to remain high, but to peak at a little below 8%, rather than the 10 per cent expected previously. At the end of 2022, the unemployment rate is forecast to be around 6 per cent. Inflation is forecast to be 1 per cent in 2021 and 1.5% in 2022.



Tax round up

On 30 October 2020, Treasury announced a consultation and released exposure draft for the Jobmaker Hiring Credit Scheme announced in the 2020-21 federal budget.

Under this scheme, a JobMaker Hiring Credit (payment) will be available to eligible employers over 12 months from 7 October 2020 for each additional new job they create for an eligible employee. Eligible employers who can demonstrate that the new employee will increase overall employee headcount and payroll will receive:

- \$200 per week if they hire an eligible employee aged 16 to 29 years; or
- \$100 per week if they hire an eligible employee aged 30 to 35 years.

The JobMaker Hiring Credit will be available for up to 12 months from the date of employment of the eligible employee with a maximum amount of \$10,400 or \$5,200 respectively, per each additional new position created.

The 2020-21 Australian federal budget, handed down on 6 October 2020, included a temporary loss carry back measure as well as dealing with the key budget tax measures including:

- Accelerating the personal income tax cuts;
- Enhancing the R&D Tax Incentive; and
- Temporary full expensing of depreciating assets.
- JobKeeper 2.0 Extension

Simplified home office expense deduction claims due to COVID-19

Simplified home office expense deduction claims due to COVID-19. Given that many Australians continue to work from home due to COVID-19, the ATO has updated its Practical Compliance Guideline which allows taxpayers working from home to claim a rate of **80 cents per hour** rather than needing to calculate specific running expenses. The application of the Guideline has been extended so that it now applies from 1 March 2020 until 31 December 2020.

Tax relief for individuals

The Government brought forward 'Stage two' of their Personal Income Tax Plan by two years, so that, from 1 July 2020:

- The low-income tax offset increased from \$445 to \$700.
- The top threshold of the 19% tax bracket increased from \$37,000 to \$45,000: and
- The top threshold of the 32.5% tax bracket increased from \$90,000 to \$120,000

In addition, in 2020/21, low and middle-income earners will receive a one-off additional benefit of up to \$1,080



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