

## Federal Budget: A night for the economic boffins

12 May 2010

**In a night for the economic boffins, the Federal Government released their 2010–11 Budget. Nearly all of the major announcements had either been released as part of the Henry Review approximately one week ago or leaked to the media well in advance.**

The good news is that based upon Treasury's forecasts for the mining boom and the new taxes slated for the mining industry and smokers, the Budget will return to surplus in 2012–13 (that's three years earlier than forecast this time last year). Net debt will peak at \$93.7 billion (and that's a lot less than the \$203 billion originally forecast).

This has a huge impact on the future well being of the economy that our children will inherit.

### Want to know more?

[Click here](#) for a link to a more detailed summary of the Federal Budget as prepared by The Institute of Chartered Accountants.

Alternatively, if you have any questions about the Federal Budget, please do not hesitate to contact your [Fordham director](#) or our Director of Taxation, [Brendan Henderson](#).

### Key highlights for business owners include:

– **Concessional changes to the taxation of earn-outs associated with the sale of business will be made.**

Currently earn-out rights are treated as separate assets but under the new proposals, payments will be treated as relating to the underlying business asset. This has significant tax and succession planning considerations.

– **Funding for a new GST compliance program which is designed to boost voluntary compliance and crackdown on those who don't comply with their obligations.**

The cash economy still represents a large leakage to the Australian taxation system. This shortfall is ultimately borne by other taxpayers.

– **Confirmation that the last stage of tax cuts scheduled for 1 July 2010 will go ahead.**

This will see the 30% tax bracket move up from \$35,000 to \$37,000. That's \$200 for everybody!

– **In a measure designed to boost savings, a 50% discount will be introduced for the first \$1,000 of interest income derived by individuals.**

This 'might' encourage your children to save.

– **A standard work-related expenses deduction for individuals of \$500 for 2012 increasing to \$1,000 for 2013.**

This is expected to help simplify tax return time for approximately 4.6 million 'mums and dads' but will not make any difference for those with complicated affairs or who have deductions higher than these levels.