

March 2025 Federal Budget

What the 2025 Federal Budget Means for You

The 2025 Federal Budget was announced on Tuesday 25 March 2025, and apart from small tax cuts for individuals starting in over a year's time on 1 July 2026 and a \$150 electricity rebate, there was very little to help small businesses and Australians in general with the cost of living.

Our expectation is that both the Federal Government and the Opposition will each release tax and business policies now the Federal Election has been announced to be held on 3 May 2025.

We will contact you immediately after the Federal Election with examples of Tax Planning strategies for 2025 that may be suitable for you, and this will be the best time for us to finalise our 2025 Tax Planning advice for you.

Here is a brief summary of the Budget updates relevant to the majority of our clients:

Individuals and Families

- **"Modest" Two Stage Individual Income Tax Cut:** The tax rate for individuals for the \$18,201 to \$45,000 tax bracket will reduce from its current rate of 16% to 15% from 1 July 2026, and then to 14% from 1 July 2027.

This represents a maximum tax saving of \$268 in the 2027 year and \$536 in the 2028 year.

- **\$150 Energy Bill Relief:** The Government will provide an automatic \$150 credit to households and eligible small businesses on their energy bills in quarterly instalments between 1 July 2025 and 31 December 2025 to provide cost of living relief.

This won't be a cash payment – but it will be a quarterly payment to your energy company by the Government.

- **Student Debts Slashed:** The Government will make changes that will reduce Higher Education Loan Program (HELP) and other student debts for more than 3 million Australians by around \$19 billion. The measure will reduce outstanding student debts by 20% before indexation is applied on 1 June 2025 - subject to the passage of legislation - which will remove \$16 billion in debt.

This is great if you're a student – but at a cost of \$19 billion everyone who isn't a student is funding this measure.

Business and Employers

- **No Instant Asset Write Off (IAWO):** This is a nasty surprise for small and medium size businesses. The \$20,000 IAWO measure will end on 30 June 2025. This means you will only be able to write off next years' business expenses up to a \$1,000 cap, and you will be required to depreciate assets costing over \$1,000 in future financial years.

This makes tax planning very difficult for business owners and will push up their tax payable for the 2026 and future financial years.

- **Non-compete Clauses to be Banned:** The Government will ban non-compete clauses that apply to workers earning less than the high-income threshold in the Fair Work Act (currently \$175,000). It will also ban "no-poach" agreements that currently block staff from being hired by competitors.

This will be highly concerning for business owners and may end up reducing their business value not that its easier for key staff to leave and take trade secrets with them.

- **Almost \$1 Billion to the ATO to Enforce Tax Compliance:** The Government has allocated \$999 million over 4 years for the ATO to expand its compliance programs. This is expected to deliver a threefold return of \$3.2 billion in tax to the Government.

It's expected that virtually all businesses will have either an ATO review or an audit over the coming years based on data matching and benchmarking of financial results.

NEXT STEPS

To get the maximum benefits from the new measures announced in the 2025 Federal Budget, please contact us immediately to book in your 2025 Tax Planning meeting with us.

In your 2025 Tax Planning meeting, we plan to discuss these topics with you:

1. Saving tax for 2025 and planning for your 2025 tax payments over the next 18 months.
2. How your business is performing as we enter another year of high inflation and high interest rates.
3. Keeping your wealth in your family "bloodline" with advanced Estate Planning and Asset Protection strategies.

Australia is currently facing a turbulent financial future, with interest rates still high as the nation faces a housing crisis and a cost of living crisis.

With this uncertain future, it's important that you try to build up a cash reserve and ensure your business and personal finances are in good order.

Our expert team of accountants and financial advisors are here to help you.

Please [contact us TODAY](#) if you have any questions about this 2025 Federal Budget and how it affects you, planning for your upcoming 2025 Tax Returns, and saving tax, growing and protecting your family wealth.

We look forward to assisting you!