



174 High Street,
AVOCA VIC 3467
T: 03 54 653 579

43 Fletcher Street,
ESSENDON VIC 3040
T: 03 9375 4225

E: info@pjaca.com.au
W: www.pjaca.com.au

PJA Accountants

Client Information Newsletter - Tax & Super

Rates 2022-23



2022-23 Lodgment Rates and Thresholds

Locating the correct tax rates and thresholds in good time can be difficult. To assist you and your business, we've captured the essentials...all in one place!

About this newsletter

Welcome to PJA Accountants' client information newsletter, your monthly tax and super update keeping you on top of the issues, news and changes you need to know. Should you require further information on any of the topics covered, please contact our office.

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This is your accurate, concise, and up-to-date 2022-23 rates and thresholds guide which covers:

- Business and individual tax rates and tax offsets
- ETPs and redundancies
- Allowance amounts for employees superannuation rates, caps and thresholds
- Medicare
- Forex exchange
- Superannuation
- FBT essentials (including motor vehicle fringe benefits)...and more!

Individual tax rates and tax offsets

Individual tax rates for residents		
2021-22 & 2022-23 Tax thresholds		
Taxable income	Rate (%)	Tax on this income
\$0 to \$18,200	0	Nil
\$18,201 to \$45,000	19	19c for each \$1 over \$18,200
\$45,001 to \$120,000	32.5	\$5,092 plus 32.5c for each \$1 over \$45,000
\$120,001 to \$180,000	37	\$29,467 plus 37c for each \$1 over \$120,000
\$180,001 and above	45	\$51,667 plus 45c for each \$1 over \$180,000

Individual tax rates for non-residents		
2021-22 & 2022-23 Tax thresholds		
Taxable income	Rate (%)	Tax on this income
\$0 to \$120,000	32.5	32.5c for each \$1
\$120,001 to \$180,000	37	\$39,000 plus 37c for each \$1 over \$120,000
\$180,001 and above	45	\$61,200 plus 45c for each \$1 over \$180,000

2022-23 Resident minors' tax rate on eligible taxable income	
Taxable income	Tax on this income
Up to \$416	Nil
\$417 to \$1,307	66% for the part over \$416
\$1,308 and above	45% on the entire amount

2022-23 Non-resident minors' tax rate on eligible taxable income	
Taxable income	Tax on this income
Up to \$416	32.5% on the entire amount
\$417 to \$663	\$135.20 + 66% for the part over \$416
\$664 and above	45% on the entire amount

Tax offsets for individuals	
2022-23 Low Income Tax Offset	
Taxable income	Tax offset
Up to \$37,500	\$700
\$37,501 to \$45,000	\$700 – (5% of excess over \$37,500)
\$45,001 to \$66,667	\$325 – (1.5% of excess over \$45,000)
\$66,668 and above	Nil

Note: Low and Middle Income Tax Offset repealed with effect from 1 July 2022.

ETPs and Redundancies

Employment Termination Payments (ETPs)

	2022-23	2021-22
Life benefit ETP cap (indexed)	\$230,000	\$225,000
Death benefit ETP cap (indexed)	\$230,000	\$225,000

Taxation of Life Benefit ETPs

	Age	Amount subject to tax	Tax rate ¹
ETP cap ²	Under preservation age	First \$230,000 Above \$230,000	32% 47%
	Over preservation age	First \$230,000 Above \$230,000	17% 47%

Taxation of Death Benefit ETPs

Beneficiary	Amount subject to tax	Tax rate ³
Tax dependant	First \$230,000 Above \$230,000	0% 45%
Non-tax dependant	First \$230,000 Above \$230,000	30% 45%

1. Includes Medicare levy.

2. Applies to excluded payments.

3. Medicare may also apply except where paid to the deceased employee's estate.

Redundancies

Genuine Redundancy Payments 2022-23

Tax-free part of a genuine redundancy payment or early retirement scheme payment (indexed)	\$11,591
For each completed year of service add	\$5,797

Unused Annual Leave Payments

On resignation or retirement	Amount taxed
Accrued before 18/8/1993	100% taxed at 30% ¹
Accrued after 18/8/1993	100% taxed at MTR ¹

On genuine redundancy, invalidity or approved early retirement

All service	100% taxed at 30% ¹
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Unused Long Service Leave Payments

Accrued before 16/8/1978	5% taxed at MTR ¹
Accrued between 16/8/1978 to 17/8/1993	100% taxed at 30% ¹
Accrued after 17/8/1993	100% taxed at MTR ¹

On genuine redundancy, invalidity or approved early retirement

Accrued before 16/8/1978	5% taxed at MTR ¹
Accrued after 15/8/1978	100% taxed at 30% ¹

1. Plus Medicare levy.

Medicare

2022-23 Medicare levy

Levy is 2% of an individual's taxable income.

2022-23 Medicare levy surcharge¹ (MLS)

Single	Family ²	Rate
\$0 to \$90,000	\$0 to \$180,000	0%
\$90,001 to \$105,000	\$180,001 to \$210,000	1%
\$105,001 to \$140,000	\$210,001 to \$280,000	1.25%
\$140,001 and above	\$280,001 and above	1.5%

- Includes taxable income, reportable fringe benefits, reportable super contributions, net investment losses, exempt foreign income and any net amount subject to family trust distribution tax.
- Threshold increases by \$1,500 for each additional dependent child after the first.

2021-22¹ Medicare levy reduction threshold: Individuals

Taxable income	Medicare levy payable
\$0 to \$23,365	Nil
\$23,366 to \$29,206	10% of excess over \$23,365
\$29,207 and above	2% of taxable income

- The taxable income ranges and rates for 2022-23 are expected to be released in June 2023.

2021-22¹ Medicare levy threshold: Individuals who qualify for the SAPTO²

Taxable income	Medicare levy payable
\$0 to \$36,925	Nil
\$36,926 to \$46,156	10% of excess over \$36,925
\$46,157 & above	2% of taxable income

- Taxable income ranges and rates for 2022-23 expected to be released in June 2023.
- Senior Australians tax offset and pensioner tax offset were merged from 1 July 2012.

Note: All information is current as at 30 June 2022.

Disclaimer: This tool is a guide only. Contact us for advice pertaining to your specific circumstances.

Forex exchange rates

Foreign currency exchange rates for the financial year ended 30 June 2022

Country	Average rate for the year	Nearest actual rate at year end	Currency
Foreign currency equivalent to \$1 Australian			
China	4.6849	4.6122	Yuan
Europe	0.6440	0.6589	Euro
Japan	85.1057	93.9500	Yen
New Zealand	1.0666	1.1088	NZ dollar
Singapore	0.9869	0.9584	Singapore dollar
UK	0.5455	0.5671	Pound sterling
USA	0.7258	0.6889	US dollar

FBT rates and thresholds

FBT and gross-up rates

FBT years	Rate	Type 1	Type 2
2021-22 and 2022-23	47%	2.0802	1.8868

Record keeping exemption

2022-23	\$9,181	2021-22	\$8,923
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FBT – Benchmark interest rate

2022-23	4.52%	2021-22	4.52%
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Division 7A – Benchmark interest rate

2022-23	4.77%	2021-22	4.52%
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Car fringe benefits

Statutory formula method

The statutory fraction is 20%

Taxable value of a fringe benefit of a motor vehicle other than a car (c/km basis)

FBT year ending	0 to 2500cc	Over 2500cc	Motor-cycles
31 March 2022	56c	67c	17c
31 March 2023	58c	69c	17c

Motor vehicles

	2022-23	2021-22
Luxury car tax limit	\$71,849	\$69,152
Fuel efficient luxury car tax limit	\$84,916	\$79,659
Car depreciation limit	\$64,741	\$60,733
Maximum input tax credit claim for cars	\$5,885	\$5,521

Cents per km car rates

2022-23	78c per km	2021-22	72c per km
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Car parking threshold

2022-23	\$9.72	2021-22	\$9.25
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Corporate entity tax rates

2022-23 Corporate entity tax rates

	Rate
Private and public companies (base rate entities)	25%
Private and public companies (other)	30%
Public trading trusts (base rate entities)	25%
Public trading trusts (other)	30%
Life Insurance companies	
Ordinary class	30%
Complying superannuation class	15%
Non-profit companies (base rate entities)	
First \$416 of taxable income	Nil
Taxable income \$417 to \$762	55% of excess over \$416
Taxable income \$763 and above	25%
Non-profit companies (other)	
First \$416 taxable income	Nil
Taxable income \$417 to \$915	55% of excess over \$416
Taxable income \$916 and above	30%

Capital Gains Tax

Capital improvement threshold

2022-23	\$162,899	2021-22	\$156,784
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Superannuation

Contribution Caps	
Concessional contributions (CC)	
CC cap	\$27,500
Carry forward CCs: Total superannuation balance (TSB) at previous 30 June	TSB must be less than \$500,000
Non-concessional contributions (NCC)	
NCC cap	\$110,000
NCCs under bring forward rules	
TSB at 30 June 2022	NCC cap under bring forward period
Less than \$1.48m	\$330,000 – 3 years
\$1.48m but less than \$1.59m	\$220,000 – 2 years
\$1.59m but less than \$1.7m	\$110,000 – 1 year
\$1.7m or more	Nil
Small business lifetime CGT cap	
Includes amounts contributed under 15-year exemption and retirement exemption	\$1,650,000
Downsizer contributions cap	
Can contribute up to	\$300,000 per person

Superannuation Guarantee (SG)	
SG rate	10.5%
Maximum contribution base	\$60,220 per quarter
Due dates for SG payments	
1 July to 30 September	28 October
1 October to 31 December	28 January
1 January to 31 March	28 April
1 April to 30 June	28 July

Government Co-contributions	
Total income	Max co-contribution (50c for every \$1)
Less than or equal to \$42,016	50% of NCCs made during the financial year (capped at a max co-contribution amount of \$500)
\$42,016 to \$57,016	\$500 – [(Total income ¹ – \$42,016) x 3.333%]
Greater than \$57,016	Nil

1. Total income = assessable income + reportable fringe benefits + reportable employer super contributions – allowable business deductions.

Division 293 Contributions Tax
An extra 15% tax applies to an individual's CCs where their income and 'low tax contributions' > \$250,000.

Spouse Contribution Tax Offset		
Spouse income (SI) ¹	Max spouse contributions (MC) ²	Max tax offset
\$0 to \$37,000	\$3,000	\$540
\$37,001 to \$39,000	\$3,000 – (SI – \$37,000)	MC x 18%
\$40,000 +	Nil	Nil

1. SI = spouse's assessable income + reportable fringe benefits + reportable employer super contributions.

2. Max amount of contributions for which the offset can be claimed.

Excess Contributions Tax	
CC	Excess CCs taxed at individual's MTR less a 15% tax offset for contributions tax already paid in fund. Note: excess CCs not released count towards NCC cap.
NCC	If excess NCC not withdrawn: pay 47% tax on entire excess NCC which must be paid from super.
	If excess NCC plus 85% of associated earnings withdrawn: earnings taxed at individual's MTR less a 15% tax offset. Same tax treatment applies if individual has insufficient funds in superannuation to withdraw excess NCC.

Preservation age table	
Date of birth	Preservation age
Before 1 July 1960	55
1 July 1960 to 30 June 1961	56
1 July 1961 to 30 June 1962	57
1 July 1962 to 30 June 1963	58
1 July 1963 to 30 June 1964	59
1 July 1964 or later	60

Taxation of Super Lump Sum Benefit Payments		
	2022-23	2021-22
Low rate cap amount (indexed)	\$230,000	\$225,000
Untaxed plan cap amount (indexed)	\$1,650,000	\$1,615,000
Age at payment date	Taxed element ¹	Untaxed element ¹
Under pres. age	22%	32% up to \$1,650,000 47% over \$1,650,000
Preservation age to age 59	0% up to \$230,000 17% over \$230,000	17% up to \$230,000 32% on \$230,000 to \$1,650,000 47% over \$1,650,000
Age 60 and over	Tax-free	17% up to \$1,650,000 47% over \$1,650,000

1. Tax rates include Medicare levy.

Superannuation cont

Minimum account-based pension payments

Under 65 years	2%
65 to 74 years	2.5%
75 to 79 years	3%
80 to 84 years	3.5%
85 to 89 years	4.5%
90 to 94 years	5.5%
95 and over	7%
Transition to retirement max. withdrawal	10%

Taxation of Superannuation Income Streams

Age	Taxed element	Untaxed element
Under preservation age	Taxed at MTR with no tax offset ¹	Taxed at MTR with no tax offset
Preservation age to age 59	Taxed at MTR with 15% tax offset	Taxed at MTR with no tax offset
Age 60 and over	Tax-free	Taxed at MTR with 10% tax offset

1. Tax offset of 15% is available if considered a disability superannuation benefit.

Taxation of Superannuation Death Benefit Lump Sum Benefit Payments

	Paid directly to beneficiary		Paid via estate	
	Taxable: taxed element	Taxable: untaxed element	Taxable: taxed element	Taxable: untaxed element
B'ficiary				
Tax dep.	Nil	Nil	Nil	Nil
Non-tax dependant	MTR or 17% ¹ , whichever is lower	MTR or 32% ¹ , whichever is lower	15% ²	30% ²

1. Includes Medicare levy.

2. No Medicare levy where paid to deceased's estate.

Taxation of Super Death Benefit Income Stream Payments

Age of deceased	Age of b'ficiary	Taxable: taxed element	Taxable: untaxed element
Under age 60	Under age 60	MTR with 15% tax offset	MTR
	Age 60 and over	Tax-free	MTR with 10% tax offset
Age 60 and over	Any age	Tax-free	MTR with 10% tax offset

Transfer Balance Cap (TBC)

Date retirement phase income stream commenced	TBC
On or after 1 July 2021	\$1.7m
Before 1 July 2021	Personal TBC will vary between \$1.6m-\$1.7m based on the highest ever balance in individual's transfer balance account

Capped Defined Benefit Income Streams (CDBIS)

Defined benefit income cap (DBIC)	
	\$106,250

Modified tax treatment of CDBIS

Income from CDBIS exceeding the DBIC is subject to additional taxation:

Tax-free component	Amount below DBIC is tax-free 50% of amount above DBIC is taxed at MTR
Taxable – taxed element	Amount below DBIC is tax-free 50% of amount above DBIC is taxed at MTR
Taxable – untaxed element	Amount below DBIC is taxed at MTR less 10% tax offset 100% of amount above DBIC is taxed at MTR

SMSF Limited Recourse Borrowing Arrangement (LRBA) Safe Harbour Interest Rate

Financial year	Real property	Listed shares or units
2022-23	5.35%	7.35%