**Government delivers stability in 2017-18 Federal Budget**

Stability and confidence for superannuation is the good news coming out of the 2017-18 Federal Budget. With SMSF members still working through the wide-reaching and complex superannuation changes of the last Budget which take effect from 1 July 2017, this Budget’s minimal changes will result in a period for members to ensure they have the correct strategies in place.

The main change impacting superannuation involves allowing people aged 65 and over to downsize their home and gain exemptions to superannuation caps, a First Home Super Saver Scheme and the rounding up of minor technical changes already announced.

The key changes proposed for superannuation are:

**Downsizing exemption to superannuation caps**

From 1 July 2018, individuals aged 65 and over will be able to downsize their family home and place proceeds up to $300,000 per member into their superannuation fund without breaching any of the current superannuation caps, work test and age test. The measure will apply to a principal place of residence held for a minimum of 10 years. This means even if an individual has a total superannuation balance of $1.6 million or more they will not be restrained from making an after-tax contribution with their house proceeds. This exemption also extends to the annual after-tax contribution limit which is currently $100,000.

**First Home Super Saver Scheme**

Individuals can make voluntary contributions of up to $15,000 per year and $30,000 in total to their superannuation to later withdraw to purchase a first home. Voluntary contributions and associated earnings that are withdrawn will be taxed at a person’s marginal tax rate less a 30% offset. The measure will assist first home buyers to save a deposit for their home faster.

**Integrity of limited recourse borrowing arrangements**

The Government is proceeding with amendments to the transfer balance cap and total superannuation balance rules for limited recourse borrowing arrangements (LRBAs). The outstanding balance of an LRBA will now be included in a member’s annual total superannuation balance for all new LRBAs once this legislation is passed.

**Integrity of non-arm’s length arrangements**

The Government will amend the non-arm’s length income rules to prevent member’s using related party transactions on non-commercial terms to increase superannuation savings by including expenses that would normally apply in a commercial transaction.

**Other changes**

* The Government will reinstate the Pensioner Concession Card for pensioners who were no longer entitled to the pension following changes to the pension assets test from 1 January 2017.
* The Government will introduce a major bank levy which will raise $6.2 billion in the next four years.
* The Government will introduce a new single body external dispute resolution scheme for financial services from 1 July 2018.
* The Medicare Levy will be increased from 2% to 2.5% from 1 July 2019.

**How can we help?**

If you have any questions or would like further clarification in regards to any of the above measures outlined in the 2017-18 Federal Budget, please feel free to give me a call to arrange a time to meet so that we can discuss your particular requirements in more detail.