



FINANCIAL PLANNING
ASSOCIATION *of* AUSTRALIA

KEY POLICIES FOR THE 2019 FEDERAL ELECTION

14 May 2019



	Coalition	Labour
Financial services	The Coalition has agreed to 75 of the Royal Commission's 76 recommendations. It will not proceed with recommendation 1.3 which recommended that mortgage brokers not receive trailing commission revenue but will instead review trailing commissions in three years' time.	Labor has also agreed to 75 of the Royal Commission's 76 recommendations. It will move to prohibit trail commissions for mortgage brokers and put in place a fixed rate commission.
	The Coalition has committed to phasing out grandfathered commissions on non-risk products from 1 January 2021.	Labor has committed to phasing out grandfathered commissions on non-risk products from 1 January 2020.
Tax	The Coalition has promised to extend the Low and Middle Income Tax Offset (LMITO) by increasing the base amount from \$200 to \$255 and the maximum amount from \$530 to \$1,080. LMITO is due to run until 2022, but questions remain over whether the government can deliver the changes for the 2018-19 financial year.	Labor has pledged to match the Coalition's increase in the maximum rate to \$1,080 and will increase the base amount to \$350 instead of \$255, which will provide a greater benefit to taxpayers earning less than \$48,000.
	From 1 July 2024, the Coalition will reduce the 32.5 per cent tax rate to 30 per cent, abolish the 37 per cent tax rate and increase the threshold for the 30 per cent tax rate to \$200,000.	Labor will not support the Coalition's proposed tax cuts and has stated that further tax cuts for high income earners should only be considered when the budget returns to a "sustainable surplus".
	The Coalition will increase the instant asset tax write-off from \$25,000 to \$30,000 and making this available for medium sized businesses (those with an aggregated annual turnover of between \$10 million and \$50 million) as well as small businesses.	From 1 July 2019, Labor will remove the ability of individuals and self-managed super funds to receive cash refunds for imputation credit. Australian government pensioners and allowance recipients will be exempt.

		Labor will introduce a standard minimum 30 per cent tax rate for discretionary trust distributions to mature beneficiaries to address tax minimisation through income splitting.
		Labor will limit negative gearing to new housing purchased after 1 January 2020. All investments made before this date will not be affected by this change and will be fully grandfathered.
		Labor will halve the capital gains discount for all assets purchased after 1 January 2020. This will reduce the capital gains tax discount for assets that are held longer than 12 months from the current 50 per cent to 25 per cent. All investments made before this date will not be affected by this change and will be fully grandfathered.
		Labor will cap the amount of tax deductions available for the cost of managing tax affairs to \$3,000.
Superannuation	The Coalition plans to build on its significant reforms to superannuation over the past few years by allowing voluntary superannuation contributions (both concessional and non-concessional) to be made by those aged 65 and 66 without meeting the work test from 1 July 2020. People aged 65 and 66 will also be able to make up to three years of non-concessional contributions under the bring forward rule. Those up to and including age 74 will be able to	Labor has targeted high income earners with its superannuation policy and will reduce the annual non-concessional contributions cap to \$75,000 and the High Income Superannuation Contribution threshold to \$200,000. Labor has also said it will reverse the Coalition's introduction of catch-up concessional contributions and changes to tax deductibility for personal superannuation contributions.

	receive spouse contributions, with those 65 and 66 no longer needing to meet the work test.	
	The Coalition has also agreed to amend the Protecting Your Super Package by: extending to 16 months the period after which an account that has not received any contribution is considered inactive; expanding the definition of when an account is considered active for the ATO-led consolidation regime; and requiring the ATO to consolidate to an active account, where possible, within 28 days of receipt. The Coalition will also make permanent the tax relief for merging superannuation funds.	Labor has committed to measures to improve retirement incomes for women including by paying superannuation on Commonwealth Paid Parental Leave.
Industrial relations	The Coalition has said little about industrial relations as part of the 2019 campaign and has run on its record of jobs growth since 2013 and establishing the Australian Building and Construction Commission in late 2016.	Labor has campaigned on promoting wages growth through acting to reinstate penalty rates for casual workers and discussed focussing on a “living wage” rather than a minimum wage. There is little detail on these ambitions.
	The Coalition has committed to more flexible parental leave pay and funding for new Mid-Career Checkpoints to help women return to the workforce after taking time out to care for their family.	Labor agreed to significant IR changes as part of its national platform, including extending the availability of compulsory arbitration; promoting industry-wide bargaining; extending the National Employment Standards and awards to the “gig” economy; and greater regulation of labour hire arrangements.
		Labor has also committed to directly supporting a increase in pay for early childhood educators and will provide for 10 days paid domestic violence leave.

Small business	The Coalition has extended the small business instant asset write-off for assets under \$30,000 until 30 June 2020. It has also committed to establishing an Australian Business Growth Fund to provide equity investment to small businesses looking to expand. It will join the Australian Business Securitisation Fund, which aims to help small business get access to bank and non-bank lending.	Labor has agreed to support the Coalition's instant asset write-off and will make it permanent. Labor has also said it will create an Australian Investment Guarantee to provide an immediate 20 per cent deduction for small business assets over \$20,000.
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