The Professional Super Advisers

Impact of the March 2025 Federal Budget

Item	Description	Impact

This paper includes new policy initiatives announced on Budget Night of 25 March 2025 plus updates on other relevant proposals.

Taxation

1. Personal Income Tax

Effective: 1 July 2026

This table sets out the current personal income tax rates together with the new tax rates from July 2026.

Income	2024/25 and 2025/26	2026/27
$0 to $18,200	Nil	Nil
$18,201 to $45,000	16%	15%[1]
$45,001 to $135,000	30%	30%
$135,001 to $190,000	37%	37%
$190,001+	45%	45%

[1] Reducing to 14% in 2027/28

- A modest reduction in the lowest marginal tax rate from 16% to 15% in 2026/27 and to 14% in 2027/28, will bring the following savings to tax payers on incomes equal or higher than $45,000:

  2026/27 $268
  2027/28 An additional $268

2. Other Tax Initiatives

1. Increase in the medicare levy low-income threshold by 4.7%;

Superannuation		
1. Tax increase for individuals with superannuation balances over $3 million (this is a reiteration of a measure from the May 2023 Budget that is yet to come into effect) **Effective: Based on balance at 30 June 2026 and applicable from the 2025/26 tax year.**	The Budget was silent on the Government's previously announced proposal. The proposal failed to pass through the Upper House and its outcome is likely to be dependent upon the result of the upcoming election.	• This proposal has many unpopular consequences, such as taxing unrealised gains. • We will keep affected clients up to date and will recommend an appropriate course of action. • Applicable action could include transferring the balance above $3m out of the fund. This will depend upon ongoing marginal tax rates outside of super.
2. Other Superannuation Initiatives	1. The standard Transfer Balance Cap (ie pension cap) rises from $1.9m to $2m as does the cap for making additional non concessional contributions (previously legislated). 2. Superannuation on Government Paid Parental Leave is still due to come in for births and adoptions on or after 1 July 2025 (no change). 3. "Payday Super" is still due to start 1 July 2026. Employers will be required to pay superannuation on payday similar to how salaries are currently paid. No change to previous announcements. 4. No mention was made regarding changes to the upcoming Superannuation Guarantee rate increase. Accordingly, we anticipate the current rate of 11.5% will increase to 12% from 1 July 2025. 5. No mention was made on the former Government's announcement in the May 2021 Federal Budget to relax the residency requirements for Self Managed Superannuation Funds by extending the central management and control test from 2 to 5 years and removing the active member test. 6. We note that legislation has recently been passed regarding an amnesty to allow the orderly wind up of legacy pensions (ie complying lifetime, life expectancy and market linked pensions).	

Social Security		
1. Medicare and Related Issues **Effective: 1 November 2025 (re bulk billing) and 1 January 2026 (re PBS)**	$7.9 billion over four years to medicare including increased bulk billing support for doctors via the Bulk Billing Practice Incentive Program. Increased funding to the Pharmaceutical Benefits Scheme. Establishment of a further 50 Medicare Urgent Care Clinics across the country.	• Target of 9 out of 10 doctor visits to be bulk billed by 2030. • Maximum to be paid under the PBS is reduced from $31.60 to $25 per script. Concession card holders still pay $7.70
2. Energy Relief **Effective: 1 July 2025**	A rebate of $150 between 1 July 2025 and 31 December 2025 in electricity bill relief for all households and around one million small businesses. To be received in quarterly instalments via a reduction in the energy bill.	• This is an extension of six months to the current energy relief package.
3. Cutting the Cost of Student Debt **Effective: 1 June 2025 (re the 20% student debt reduction) and 1 July 2025 (re the threshold for repayment).**	A reduction of all HELP and other student debts by 20% on 1 June 2025. An increase in the amount that can be earned before you are required to start paying back the loan. This threshold is currently $54,435 and will increase to $67,000 in 2025/26.	• Expected to apply to all HELP, VET Student Loan, Australian Apprenticeship Support Loan and other student support loan accounts. • The 20% cut is estimated to remove $16bn of student debt.

4. Other Social Security and Aged Care Initiatives	1. There was no mention of extending the freezing of deeming rates past 30 June 2025. 2. Making it easier to buy and rent a home: i. Expanding the Help to Buy scheme so more Australians will be eligible to purchase a home with a lower deposit and a smaller mortgage. This will be achieved through increased income caps and increased property price caps. ii. A ban on foreign investors from purchasing existing homes for two years from 1 April 2025. iii. Increased spending to improve the supply of new homes. iv. Further increasing the maximum rate of Commonwealth Rent Assistance benefiting nearly 1 million households. 3. Investing a $2.6bn towards further pay rises for aged care nurses from 1 March 2025. 4. Increased spending in education including a new 3 Day Guarantee, which replaces the Child Care Subsidy Activity Test, to ensure families are eligible for at least 3 days a week of child care.

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This list is a summary of the March 2025 Federal Budget in so far as it generally affects clients of The Professional Super Advisers. It is not meant to be an exhaustive list of issues and strategies to consider. The information has been sourced from various Government websites. The Professional Super Advisers believe that the information herein is accurate and reliable, but no warranty on accuracy or reliability is given and no responsibility arising in any way for errors or omissions (including responsibility by reason of negligence) is accepted by any member of the company or its representatives. This disclaimer is subject to any contrary provisions of the Competition and Consumer Act. Taxation considerations are based on current laws and their interpretation at the date of preparation of this paper.