

What the 2025 federal budget means for you



The main focuses of the 2025 federal budget are helping Australians with the cost of living, strengthening Medicare, making it easier to buy and rent a home, investing in every stage of education, and building a stronger economy.

Treasurer Jim Chalmers' fourth federal budget was just announced, with news of a budget deficit this time around. A deficit of \$42.1 billion is forecast for 2025-2026.

But if you're a small business owner, you're probably keen to know the biggest budget factors that will have a big impact on you and your business.

In total, the budget includes \$12 million in new direct funding support for small businesses.

What's in it for small businesses

The 2025-26 federal budget has introduced several measures aimed at supporting small businesses in Australia. Here are the key takeaways:

Tax Cuts and Incentives

The main surprise in this year's budget was a cut in the tax rate on all incomes between \$18,201 and \$45,000. The 2025-2026 budget delivered \$17 billion in tax cuts, with all taxpayers earning over \$18,201 getting a tax cut both next year and the year after, taking the first tax rate down to its lowest level in more than 50 years. From 1 July 2026, the 16% tax rate will reduce to 15%, and from 1 July 2027, the 15% rate will reduce to 14%.

The government is also increasing the Medicare levy low-income thresholds, at a cost of \$648 million.

Easing cost of living pressures

The budget's cost-of-living initiatives were focused on general aid for all Australians, such as reducing the cost of PBS prescription medications (with the maximum price to be \$25 or \$7.70 for concession card holders) and \$8.5 billion for Medicare to improve bulk billing rates, with the goal of 90% of all GP visits bulk billed by the end of the decade.

These measures add more money to the hip pockets of Australians, which may better support discretionary spending, further benefitting SMEs.

There's also going to be more funding for urgent care clinics, women's health, and public hospitals.

Energy bill relief

The \$150 in energy rebates that applied to electricity bills per quarter were part of last year's budget, and are now being extended for individuals and small businesses until the end of 2025. That means around one million eligible small businesses will receive up to \$150 in rebates directly off their bills (\$75 per quarter). This investment will cost the government \$1.8 billion according to its forward estimates.



Skills and Education

The new budget includes a doubling of the current maximum incentive payments for eligible housing construction apprentices from \$5,000 to \$10,000, which should assist builders and other construction industry firms.

Plus, the federal government is investing \$3.4 million to establish a business mentoring and coaching program for First Nations businesswomen and entrepreneurs.

They're also putting \$23.9 million into strengthening the Indigenous Procurement Policy to boost opportunities for First Nations businesses to grow and create jobs.

Regulatory relief and some loan support

The budget includes \$12 million over four years to "support and protect small business" with the money allocated to:

- \$7.1 million over two years for the ACCC to strengthen regulatory oversight of the Franchising Code of Conduct, including extending protections from Unfair Contract Terms and Unfair Trading Practices
- \$3 million for ASIC to target the enforcement of illegal phoenixing, especially in the construction sector (phoenixing is illegally closing a business to avoid debts and then restarting another business under a new name in order to continue trading)
- \$1.2 million partnership with White Box Enterprises to create a Social Enterprise Loan Fund that can offer small loans to social enterprises
- \$0.8 million funding for Treasury to develop and consult on options to extend unfair trading practice protections for SMEs to help address the power imbalances that can arise when they deal with big businesses

Making Aussie businesses more competitive and fair

The federal government has committed to spending \$20 million on a "Buy Australian" campaign in 2025/26 to encourage Australians to buy locally-produced goods and services.

An MYOB consumer survey from late last year found 61% will pay more for an Australian product or service – a promising sign for Australian SMEs.

The government is also going to help Australians have more scope to become entrepreneurs and earn more each year by banning the use of non-compete clauses for low- and middle-income workers who earn less than the high-income threshold (\$175,000 currently).

