

TAX TIPS JUNE 2017

INDIVIDUALS

Capital Gains Tax	<ul style="list-style-type: none"> ▪ 50% discount applies if assets were held for longer than 12 months. ▪ CONTRACT date is relevant for capital gains, not the settlement date.
Centrelink – Age Pension	<ul style="list-style-type: none"> ▪ Entitlement is based on Assessment under an Assets and Income Test – whichever Test provides the lower entitlement will apply. ▪ Income above a basic fortnightly Income Threshold (\$164 for singles & \$292 for couples) reduces Pension by 50c for each dollar over the threshold. Cut-out point is income per fortnight of \$1,940.60 for singles & \$2,970.40 for couples. ▪ A Work Bonus test with up to \$250 of employment income exempt each fortnight also applies. ▪ Assets above a threshold (for homeowners) of \$250,000 for singles & \$375,000 for couples incur a payment taper of \$3.00 per fortnight for each \$1,000 over the threshold. Cut-out point is \$546,250 for singles & \$821,500 for couples. ▪ The basic pension rate is \$808.30 for singles & \$609.30 each for couples per fortnight. ▪ An increase in starting age from 65 to 65.5 takes effect 1/7/2017, moving up to 67 by 1/7/2023.
Child Care Rebate (CCR)	<ul style="list-style-type: none"> ▪ Rebate of 50% of Out-Of-Pocket Child Care expenses up to maximum of \$7,500 ▪ CCR is paid directly by Centrelink fortnightly, quarterly or at the end of Financial Year, or can be made direct to the service provider. ▪ Make sure you're registered with Centrelink!
Depreciation – rental properties	<ul style="list-style-type: none"> ▪ Depreciation is available on rental properties as a tax deduction. ▪ Quantity surveyors reports for this purpose are highly recommended. ▪ Capital Expenditure up to \$300 is fully deductible – TIP – This applies to your ownership interest, so it is possible for a jointly owned property to have expenditure of up to \$600 treated as a full deduction. ▪ Note proposed changes to depreciation from May 2017 budget still not legislated.
Family Tax Benefit	<ul style="list-style-type: none"> ▪ Family Tax Benefit (FTB) is a means tested benefit for families with children. ▪ Claimed direct from Centrelink.
HELP & HECS repayments	<ul style="list-style-type: none"> ▪ Repayments are based on “repayment” income which includes: <ul style="list-style-type: none"> ○ Taxable income, plus ○ Net investment losses, plus ○ Total Reportable Fringe Benefits shown on your payment summary, plus ○ Reportable Super Contributions, plus ○ Exempt foreign employment income shown in your tax return. ▪ This can mean insufficient tax has been withheld to cover the years' repayment – a potential trap resulting in an unexpected tax bill at year end. ▪ Voluntary repayment bonus of 5% for payments over \$500 (has ceased from 1/1/17)
Imputation credits	<ul style="list-style-type: none"> ▪ Excess imputation credits on dividends received are REFUNDABLE - even if you are below the tax free threshold. ▪ Works very well in Self Managed Super Funds.

Land tax	<p>Threshold of \$482,000 for 2016 and \$549,000 for 2017.</p> <ul style="list-style-type: none"> Rate is 1.6% of the amount exceeding the threshold + \$100. A premium rate of 2% is payable on total taxable land value over \$3,357,000 for 2017. Office of State Revenue (OSR) must be notified of any property that is potentially liable for land tax. This will generally be any property that is not your main residence. 																																																																						
Low Income Tax Offset (LITO)	<ul style="list-style-type: none"> LITO is \$445 and commences reduction at \$37,000. It phases out at the rate of 1.5% and has an upper limit for a partial offset of \$66,667. Minors are no longer able to access this for unearned income. 																																																																						
Medical expenses	<ul style="list-style-type: none"> From 2015-16 to 1 July 2019, the offset will only be available for out-of-pocket medical expenses relating to disability aids, attendant care or aged care. 																																																																						
<p>Private Health Insurance</p> <p>Since 1 April 2014, all rebate percentages are adjusted annually by a rebate adjustment factor.</p> <p>The factor is a percentage of the increase in the consumer price index (CPI) and the average annual premium price increase. It will be calculated by the Department of Health each year.</p>	<ul style="list-style-type: none"> Rebate: Percentage depends on age & income as summarised in the table below. To be effective for Medicare Levy Surcharge purposes, ALL dependants must be covered. Medicare Levy Surcharge : Income thresholds & percentages apply and could be 1%, 1.25% or 1.5% in additional tax if you don't have hospital cover for you & all your dependants. <table border="1" data-bbox="464 887 1359 1933"> <thead> <tr> <th></th> <th>Base Tier</th> <th>Tier 1</th> <th>Tier 2</th> <th>Tier 3</th> </tr> </thead> <tbody> <tr> <td colspan="5">Income Thresholds 2016-17</td> </tr> <tr> <td>Singles</td> <td>Up to \$90,000</td> <td>\$90,001—\$105,000</td> <td>\$105,001—\$140,000</td> <td>\$140,001 and above</td> </tr> <tr> <td>Couples /families</td> <td>Up to \$180,000</td> <td>\$180,001—\$210,000</td> <td>\$210,001—\$280,000</td> <td>\$280,001 and above</td> </tr> <tr> <td colspan="5">Rebate Entitlement 1 July 2016- 31 March 2017</td> </tr> <tr> <td>Less than 65 years</td> <td>27.82%</td> <td>18.547%</td> <td>9.273%</td> <td>0%</td> </tr> <tr> <td>65—69 years</td> <td>32.457%</td> <td>23.184%</td> <td>13.91%</td> <td>0%</td> </tr> <tr> <td>70 years +</td> <td>37.094%</td> <td>27.82%</td> <td>18.547%</td> <td>0%</td> </tr> <tr> <td colspan="5">Rebate Entitlement 1 April 2017 – 30 June 2017</td> </tr> <tr> <td>Less than 65 years</td> <td>26.791%</td> <td>17.861%</td> <td>8.93%</td> <td>0%</td> </tr> <tr> <td>65—69 years</td> <td>31.256%</td> <td>22.326%</td> <td>13.395%</td> <td>0%</td> </tr> <tr> <td>70 years +</td> <td>35.722%</td> <td>26.791%</td> <td>17.861%</td> <td>0%</td> </tr> <tr> <td colspan="5">Medicare Levy Surcharge</td> </tr> <tr> <td>Rates</td> <td>0%</td> <td>1%</td> <td>1.25%</td> <td>1.5%</td> </tr> </tbody> </table>		Base Tier	Tier 1	Tier 2	Tier 3	Income Thresholds 2016-17					Singles	Up to \$90,000	\$90,001—\$105,000	\$105,001—\$140,000	\$140,001 and above	Couples /families	Up to \$180,000	\$180,001—\$210,000	\$210,001—\$280,000	\$280,001 and above	Rebate Entitlement 1 July 2016- 31 March 2017					Less than 65 years	27.82%	18.547%	9.273%	0%	65—69 years	32.457%	23.184%	13.91%	0%	70 years +	37.094%	27.82%	18.547%	0%	Rebate Entitlement 1 April 2017 – 30 June 2017					Less than 65 years	26.791%	17.861%	8.93%	0%	65—69 years	31.256%	22.326%	13.395%	0%	70 years +	35.722%	26.791%	17.861%	0%	Medicare Levy Surcharge					Rates	0%	1%	1.25%	1.5%
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<p>Super *</p> <p>* Contributions Must be paid prior to 30 June.</p>	<p>Spouse contributions</p> <ul style="list-style-type: none"> Maximum tax offset of \$540 can be claimed if your spouse earned less than \$10,800 (phases out on income to \$13,800) and spouse super contributions were made of \$3,000. Note for 2017-18 onwards, the ATI threshold will be \$40,000 and subject to non-concessional contribution cap and transfer balance cap not being exceeded. <p>Co-contributions</p> <ul style="list-style-type: none"> \$500 co-contribution available for employed / self employed persons who make personal contributions up to \$1,000 into super with assessable (note NOT taxable) income up to \$36,021, phasing out to Nil above \$51,021). Need to be under 71 at the end of the financial year to qualify. <p>Contribution Deduction limits</p> <ul style="list-style-type: none"> Flat deduction limit of \$30,000 up to the age of 49. Limit is \$35,000 for those who were 49 or over on 30/6/16 for the year ending 30/6/17. <p>Personal (Undeducted) Contributions</p> <ul style="list-style-type: none"> A cap of \$180,000 per annum applies. For those under 65, 3 years of contributions (\$540,000) can be made at one time by bringing forward the following 2 years contributions. Work tests apply for those over 65 wishing to contribute to super. To claim a tax deduction for personal super contributions (if eligible), you must advise the Super Fund and have an acknowledgment from them for the amount being claimed. Changing from 1/7/17 to a cap of \$100,000 (and 3 years bring forward of \$300,000).
<p>Super changes 2017- 18</p>	<p>The following changes take effect from 1/7/17:</p> <ul style="list-style-type: none"> A cap of \$1.6 million on the amount that can be transferred into super in retirement phase when earnings are tax free – known as the Transfer Balance Cap The annual concessional contributions cap has been reduced to \$25,000 (from \$30,000 for those aged under 49 at the end of the previous financial year and \$35,000 otherwise). The annual non-concessional contributions cap has been reduced from \$180,000 to \$100,000 The threshold which high-income earners pay Division 293 tax on their concessional taxed contributions to super has been reduced to \$250,000 from \$300,000. The Low Income Super Tax Offset (LISTO) will replace the Low Income Super Contribution. The LISTO refunds up to \$500 of the tax paid on concessional super contributions for low-income earners with a taxable income of up to \$37,000.
<p>Senior and Pensioner Tax Offset (SAPTO)</p>	<ul style="list-style-type: none"> Provides effective Tax Free Threshold for retirees of \$32,279 for singles & \$28,974 for members of a couple (2016-17 – unchanged since 2013-14). Phases out at 12.5c per dollar above these income amounts. Offset amount is a maximum of \$2,230 for Singles & \$1,602 for members of a couple.
<p>Shares</p>	<ul style="list-style-type: none"> Almost everyone holds shares of some kind. Ensure good records are kept as it will be important for capital gains tax purposes when the shares are sold. Dividend Reinvestment Plans (DRP) – dividends are taxable even though you have bought more shares rather than receiving a payment, so they need to be included in your taxable income.

Super Pensions

- Since 1 July 2007, withdrawals and pensions from super are tax free for those over 60.
- Death benefits paid to non-dependants however still attract tax.
- A condition of release must still be satisfied in order to withdraw your money from super before 65.
- Preservation age for super is still 55, which means super can be accessed from age 55 (if born prior to 1/7/1960), however, between 55 & 60, tax is payable on withdrawals and pensions.

Tax Rates & Thresholds

- Resident Adult Tax rates / thresholds

2016-17		2017-18	
Income range (\$)	%	Income range (\$)	%
0 – 18,200	0	0 – 18,200	0
18,201 – 37,000	19	18,201 – 37,000	19
37,001 – 87,000	32.5	37,001 – 87,000	32.5
87,001 – 180,000	37	87,001 – 180,000	37
180,001+*	47	180,001+	47

* Temporary Budget Repair levy of 2% for 2016-17 year on income over \$180,000. Ceases 30/6/2017

- Medicare Levy is additional (as applicable) at the rate of 2%.

Termination Payments

- Employer Termination Payments (ETP's) (i.e. Ex-gratia payments made by employers on leaving employment) - Tax Rates:

Component	Age	Threshold	Tax Rate
Tax Free Component	Any	N/A	Tax free
Taxable Component	Before Preservation Age	Up to ETP Cap Above ETP Cap	31.5% 46.5%
	After Preservation Age	Up to ETP Cap Above ETP Cap	16.5% 46.5%

- From 1/7/12 the ETP Tax Offset is limited to either a whole-of-income cap or an ETP cap. Only that part of an affected ETP that takes a person's annual income to no more than the applicable cap will receive the ETP tax offset. Amounts above the cap will be taxed at marginal rates. The cap amounts are \$180,000 for the whole-of-income cap & \$200,000 (2017-18) for the ETP cap.

FOR MORE INFORMATION PLEASE CONTACT

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Disclaimer: Information contained herein is of a general nature only.
Anyone seeking to apply the information should seek professional advice to verify it applies to their situation.