

TAX FACTS JUNE 2023

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 (\$190 for singles & \$336 for couples) reduces Pension by 50c for each dollar over the threshold. Cut-out point is income per fortnight of \$2,318 for singles & \$3,544 for couples. A Work Bonus test with up to \$300 of employment income exempt each fortnight (\$7,800 per annum) also applies. Assets above a threshold for homeowners of \$280,000 for singles & \$419,000 for couples incur a payment taper of \$3.00 per fortnight for each \$1,000 over the threshold. Cut-out point is \$634,750 for singles & \$954,000 for couples. Higher thresholds apply for non-homeowners. The basic pension rate is \$1,064 for singles & \$802.00 each for couples per fortnight. An increase in starting age from 65 to 65.5 took effect 1/7/2017, moving up 6 months every 2 years to reach 67 by 1/7/2023.
Child Care Subsidy (CCS)	<ul style="list-style-type: none"> Three factors will determine a family's level of Child Care Subsidy. These are: <ul style="list-style-type: none"> Combined Family Income Activity Test – the activity level of both parents Service Type – type of child care service and whether the child attends school The Child Care Subsidy is paid directly to providers to be passed on to families as a fee reduction. The payment is means tested and is as high as 85% for lower income families, phasing out to NIL for families earning over \$356,756. Families earning \$72,466 or less per year are not subject to a cap on the amount of Child Care Subsidy they can access. There are hourly caps on rates, depending on the service type. From 10 July 2023, the maximum amount is increasing to 90%, and the upper family income limit is increasing to \$530,000
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 the depreciation is now no longer available on existing residential properties when purchased, however building write-off (capital works deduction) is still allowable.
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.

<p>HELP & HECS repayments</p>	<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. ▪ From 1/7/2022 the repayment threshold is \$48,361 per annum, increasing to \$51,550 on 1/7/2023 ▪ Overseas residents are now liable for repayments and must report their income each year for assessment.
<p>Work from Home deduction</p>	<ul style="list-style-type: none"> ▪ Two methods are available for calculating work from home deductions being <ul style="list-style-type: none"> • Revised fixed rate method - increased from 52 cents to 67 cents per hour from 1/7/2022 • Actual cost method ▪ from 1 March 2023 onwards a record of the total number of hours you worked from home must be logged, as well as evidence you paid for each of the expenses incurred that are covered by the fixed rate method (such as a phone or electricity bill). Any equipment bought to enable you to work from home will also require records.
<p>Imputation credits</p>	<ul style="list-style-type: none"> ▪ Excess imputation credits on dividends received are REFUNDABLE - even if your income is below the tax free threshold. ▪ Work very well in Self Managed Super Funds and for those with income below the tax free threshold particularly.
<p>Land tax</p>	<p>Threshold of \$822,000 for 2022 and \$969,000 for 2023</p> <ul style="list-style-type: none"> ▪ Rate is 1.6% of the amount exceeding the threshold + \$100. A premium rate of \$79,396 plus 2% is payable on total taxable land value over \$5,925,000 for 2023. ▪ Surcharge applies to foreign persons of 2.00% ▪ 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.
<p>Low Income Tax Offset</p>	<ul style="list-style-type: none"> ▪ The maximum low-income tax offset is \$700. ▪ If your taxable income is: <ul style="list-style-type: none"> • \$37,500 or less, you will get the full offset of \$700 • between \$37,501 and \$45,000, you will get \$700 minus 5 cents for every \$1 above \$37,500 • between \$45,001 and \$66,667, you will get \$325 minus 1.5 cents for every \$1 above \$45,000 ▪ Minors are unable to access this offset for unearned income
<p>Low & Middle Income Tax Offset</p>	<ul style="list-style-type: none"> ▪ The low and middle income tax offset of \$1,500 is not available from 1 July 2022.
<p>Medical expenses</p>	<ul style="list-style-type: none"> ▪ The net medical expense tax offset is no longer available from 1 July 2019.

Private Health Insurance

- 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 with appropriate hospital cover.**
- Medicare Levy Surcharge : Income thresholds & percentages apply and could be 1%, 1.25% or 1.5%

	Base Tier	Tier 1	Tier 2	Tier 3
Income Thresholds				
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

From 1 July 2023 (2023-24 Income Year) the following thresholds apply

	Base Tier	Tier 1	Tier 2	Tier 3
Income Thresholds				
Singles	Up to \$93,000	\$93,001— \$108,000	\$108,001— \$144,000	\$144,001 and above
Couples /families	Up to \$186,000	\$186,001— \$216,000	\$216,001— \$288,000	\$288,001 and above

Since 1 April 2014, all rebate percentages are adjusted annually by a rebate adjustment factor. The factor is a percentage of the increase in the consumer price index (CPI) and the average annual premium price increase and is calculated by the Department of Health each year. See the Appendix for a table of relevant percentages for this year.

<p>Super *</p> <p>* Contributions Must be paid prior to 30 June.</p> <p><i>Please be mindful of Clearing House processing times</i></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 \$37,000 (ATI) - phasing out to income of \$40,000 - and spouse super contributions were made of \$3,000. Note for 2017-18 onwards, contributions are also subject to the 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 \$42,016, phasing out to Nil above \$57,016). 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 \$27,5000 regardless of age. From 1/7/2017 personal contributions can be deductible (even for employees). <p>Personal (Undeducted) Contributions</p> <ul style="list-style-type: none"> A cap of \$110,000 per annum applies. For those under 67, 3 years of contributions (ie. \$330,000) can potentially be made at one time by bringing forward the following 2 years contributions. 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. <p><i>From 1 July 2022, members under 75 are able to make personal contributions and salary sacrificed contributions without meeting the work test (subject to contribution cap limits). However, individuals aged 67-74 will need to meet the work test if they wish to claim a personal superannuation deduction for their contribution.</i></p> <p>Downsizer Contributions</p> <ul style="list-style-type: none"> Since 1 July 2018, people over 65 and from 1 January 2023, anyone over 55, who are selling their main residence may contribute up to \$300,000 (per person) into their superannuation These contributions will not count towards the non-concessional contribution cap or the total superannuation balance test (until the total super balance is recalculated) Available where a property has been held for 10 years or longer
<p>Super changes</p> <p>Unused concessional contributions cap</p>	<p>The cap on the amount that can be transferred into retirement (pension) phase when earnings are tax free, known as the Transfer Balance Cap, increased to \$1.7 million 1/7/2021. On 1/7/2023, the cap will index by \$200,000 to \$1.9 million</p> <p>On 1 July 2023, the compulsory Super Guarantee rate to increase from 10.5% to 11% as part of the Governments long term plan to get to 12% by 1 July 2025.</p> <p>Unused concessional cap carry forward</p> <ul style="list-style-type: none"> From 1 July 2018, members can make 'carry-forward' concessional super contributions if they have a total superannuation balance of less than \$500,000. Members can access their unused concessional contributions caps on a rolling basis for five years. Amounts carried forward that have not been used after five years will expire. The first year in which unused concessional contributions applied is the 2019–20 financial year.

<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 (2022-2023– 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. 																												
<p>Super Pensions</p>	<ul style="list-style-type: none"> Since 1 July 2007, withdrawals and pensions from super are tax free for those over 60 (with the exception now of Transition to Retirement Income Streams). However, death benefits paid to non-dependants may 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 currently 60, unless you were born before 1 July 1964 where a slightly lower threshold applies. 																												
<p>Tax Rates & Thresholds</p>	<ul style="list-style-type: none"> Resident Adult Tax rates / thresholds <table border="1" data-bbox="475 1111 1323 1384"> <thead> <tr> <th colspan="2">2022-23</th> <th colspan="2">2023-24 (unchanged)</th> </tr> <tr> <th>Income range (\$)</th> <th>%</th> <th>Income range (\$)</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>0 – 18,200</td> <td>0</td> <td>0 – 18,200</td> <td>0</td> </tr> <tr> <td>18,201 – 45,000</td> <td>19</td> <td>18,201 – 45,000</td> <td>19</td> </tr> <tr> <td>45,001 – 120,000</td> <td>32.5</td> <td>45,001 – 120,000</td> <td>32.5</td> </tr> <tr> <td>120,001 – 180,000</td> <td>37</td> <td>120,001 – 180,000</td> <td>37</td> </tr> <tr> <td>180,001+</td> <td>45</td> <td>180,001+</td> <td>45</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Medicare Levy is additional (as applicable) at the rate of 2%. 	2022-23		2023-24 (unchanged)		Income range (\$)	%	Income range (\$)	%	0 – 18,200	0	0 – 18,200	0	18,201 – 45,000	19	18,201 – 45,000	19	45,001 – 120,000	32.5	45,001 – 120,000	32.5	120,001 – 180,000	37	120,001 – 180,000	37	180,001+	45	180,001+	45
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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	32.0% 47.0%
	After Preservation Age	Up to ETP Cap Above ETP Cap	17.0% 47.0%

- 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 and the ETP cap for 2022-23 year is \$230,000, increasing to \$235,000 for the 2023-24 year.

FOR MORE INFORMATION PLEASE CONTACT

INFINITE ACCOUNTING SOLUTIONS

PH 02 9899 4730 FAX 02 9899 4740 E ca@ias-ca.com.au W www.ias-ca.com.au

Located at: Suite 201 Macarthur Point 25 Solent Circuit, Norwest NSW 2153

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.

Private Health Insurance - tables

Since 1 April 2014, all rebate percentages are adjusted annually by a rebate adjustment factor.

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

	Base Tier	Tier 1	Tier 2	Tier 3
Income Thresholds 2022-2023				
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 2022- 31 March 2023				
Less than 65 years	24.608%	16.405%	8.202%	0%
65—69 years	28.710%	20.507%	12.303%	0%
70 years +	32.812%	24.608%	16.405%	0%
Rebate Entitlement 1 April 2023 – 30 June 2023				
Less than 65 years	24.608%	16.405%	8.202%	0%
65—69 years	28.710%	20.507%	12.303%	0%
70 years +	32.812%	24.608%	16.405%	0%
Medicare Levy Surcharge				
Rates	0%	1%	1.25%	1.5%