

**TAX TIPS JUNE 2014 – INDIVIDUALS**

Capital Gains Tax	<ul style="list-style-type: none"> <li>▪ 50% discount applies if assets were held for longer than 12 months. <b>CONTRACT</b> date is relevant for capital gains, not the settlement date.</li> </ul>
Centrelink –Age Pension	<ul style="list-style-type: none"> <li>▪ Assets test taper rate is \$1.50 per fortnight for each \$1,000 over the assets threshold.</li> <li>▪ Due to falling investment values, many people may find they are either now entitled OR are entitled to more – Centrelink needs to be advised of any changes to your position.</li> <li>▪ Indexation of Thresholds can also mean eligibility can occur when previously not the case.</li> </ul>
Child Care Rebate (CCR)	<ul style="list-style-type: none"> <li>▪ Rebate of 50% of your Out-Of-Pocket Child Care expenses up to maximum of \$7,500 (Maximum unchanged from 2012 and proposed to be frozen until 30 June 2017)</li> <li>▪ CCR is paid directly by the Family Assistance Office (FAO) fortnightly, quarterly or at the end of Financial Year, or can be made direct to the service provider.</li> <li>▪ Make sure you're registered with FAO!</li> </ul>
Depreciation – rental properties	<ul style="list-style-type: none"> <li>▪ Depreciation is available on rental properties as a tax deduction.</li> <li>▪ Quantity surveyors reports for this purpose are highly recommended.</li> <li>▪ 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.</li> </ul>
Family Tax Benefit	<ul style="list-style-type: none"> <li>▪ Family Tax Benefit (FTB) is a means tested benefit for families with children.</li> <li>▪ Claimed direct from FAO.</li> </ul>
First Home Saver Account	<ul style="list-style-type: none"> <li>▪ Contribution cap per annum of \$6,000 for 2013-14.</li> <li>▪ Overall account balance cap for 2013-14 is \$90,000.</li> <li>▪ A government contribution of 17% of contributions made up to a maximum of \$1,020 for 2013-14 is available.</li> <li>▪ Under changes announced in the 2014 budget new accounts will receive no concessions with the scheme to be abolished as of 1/7/15.</li> </ul>
HELP & HECS repayments	<ul style="list-style-type: none"> <li>▪ Repayments are based on "repayment" income which includes:               <ul style="list-style-type: none"> <li>○ Taxable income, plus</li> <li>○ Net investment losses, plus</li> <li>○ Total Reportable Fringe Benefits shown on your payment summary, plus</li> <li>○ Reportable Super Contributions, plus</li> <li>○ Exempt foreign employment income shown in your tax return.</li> </ul> </li> <li>▪ 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.</li> <li>▪ Voluntary repayment bonus for payments over \$500 reduced to 5% from 1/1/12 and proposed to cease from 1/1/14, however legislation has still not passed and therefore is still available.</li> </ul>
Imputation credits	<ul style="list-style-type: none"> <li>▪ Excess imputation credits on dividends received are <b>REFUNDABLE</b> - even if you are below the tax free threshold.</li> <li>▪ Works very well in Self Managed Super Funds.</li> </ul>

Land tax	<p>Threshold of \$406,000 for 2013 &amp; \$412,000 for 2014</p> <ul style="list-style-type: none"> <li>Rate is 1.6% of the amount exceeding the threshold + \$100. A premium rate of 2% is payable on total taxable land value over \$2,519,000 for 2014.</li> <li>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.</li> </ul>																																																																						
Low Income Tax Offset (LITO)	<ul style="list-style-type: none"> <li>From 1/7/12 LITO reduced to \$445, and commences reduction at \$37,000.</li> <li>It phases out at 1.5% and has an upper limit for a partial offset of \$66,667.</li> <li>From 1/7/11 minors are no longer able to access this for unearned income.</li> </ul>																																																																						
Medical expenses	<ul style="list-style-type: none"> <li>In the 2013 budget it was announced that the offset will be phased out completely.</li> <li>In order to claim in 2013-14, an offset will need to have been claimed in 2012-13. Similarly, to claim in 2014-15, a claim will need to have been made in 2013-14.</li> <li>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.</li> <li>Out of pocket <b>medical expenses over \$2,162 (2013-14)</b> receive a 20c in the dollar tax offset on the amount exceeding this.</li> <li>From 1 July 2012 however, means testing applies. Taxpayers with an adjusted taxable income above \$88,000 for singles or \$176,000 for a couple or family in 2013-14 are affected. (With the family threshold increasing by \$1,500 for each dependent child after the first). These taxpayers will <b>only</b> be able to claim a reimbursement of <b>10%</b> for eligible out of pocket expenses incurred in excess of \$5,100 (indexed annually).</li> <li>Taxpayers with an adjusted taxable income below these thresholds will be unaffected. These taxpayers will continue to be able to claim a reimbursement of 20% for net medical expenses.</li> </ul>																																																																						
Private Health Insurance	<ul style="list-style-type: none"> <li>Rebate: Percentage depends on age &amp; income as summarised in the table below.</li> <li>To be effective for Medicare Levy Surcharge purposes, ALL dependants must be covered.</li> <li>Medicare Levy Surcharge : Income thresholds &amp; percentages apply and could be 1%, 1.25% or 1.5% in additional tax if you don't have hospital cover for you &amp; all your dependants.</li> </ul>																																																																						
<p><b>NEWSFLASH</b></p> <p>Under changes effective from 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>	<table border="1"> <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"><b>Income Thresholds 2013-14</b></td> </tr> <tr> <td>Singles</td> <td>Up to \$88,000</td> <td>\$88,001–\$102,000</td> <td>\$102,001–\$136,000</td> <td>\$136,001 and above</td> </tr> <tr> <td>Couples /families</td> <td>Up to \$176,000</td> <td>\$176,001–\$204,000</td> <td>\$204,001–\$272,000</td> <td>\$272,001 and above</td> </tr> <tr> <td colspan="5"><b>Rebate Entitlement 1 July 2013- 31 March 2014</b></td> </tr> <tr> <td>Less than 65 years</td> <td>30%</td> <td>20%</td> <td>10%</td> <td>0%</td> </tr> <tr> <td>65–69 years</td> <td>35%</td> <td>25%</td> <td>15%</td> <td>0%</td> </tr> <tr> <td>70 years +</td> <td>40%</td> <td>30%</td> <td>20%</td> <td>0%</td> </tr> <tr> <td colspan="5"><b>Rebate Entitlement 1 April 2014 – 30 June 2014</b></td> </tr> <tr> <td>Less than 65 years</td> <td>29.04%</td> <td>19.36%</td> <td>9.68%</td> <td>0%</td> </tr> <tr> <td>65–69 years</td> <td>33.88%</td> <td>24.20%</td> <td>14.52%</td> <td>0%</td> </tr> <tr> <td>70 years +</td> <td>38.72%</td> <td>29.04%</td> <td>19.36%</td> <td>0%</td> </tr> <tr> <td colspan="5"><b>Medicare Levy Surcharge</b></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	<b>Income Thresholds 2013-14</b>					Singles	Up to \$88,000	\$88,001–\$102,000	\$102,001–\$136,000	\$136,001 and above	Couples /families	Up to \$176,000	\$176,001–\$204,000	\$204,001–\$272,000	\$272,001 and above	<b>Rebate Entitlement 1 July 2013- 31 March 2014</b>					Less than 65 years	30%	20%	10%	0%	65–69 years	35%	25%	15%	0%	70 years +	40%	30%	20%	0%	<b>Rebate Entitlement 1 April 2014 – 30 June 2014</b>					Less than 65 years	29.04%	19.36%	9.68%	0%	65–69 years	33.88%	24.20%	14.52%	0%	70 years +	38.72%	29.04%	19.36%	0%	<b>Medicare Levy Surcharge</b>					Rates	0%	1%	1.25%	1.5%
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<p>Super *</p> <p>* CONTRIBUTIONS <b>MUST</b> BE PAID PRIOR TO 30 JUNE.</p>	<p>Spouse contributions</p> <ul style="list-style-type: none"> <li>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.</li> </ul> <p>Co-contributions</p> <ul style="list-style-type: none"> <li>\$1,000 co-contribution available for <b>employed / self employed</b> persons who make personal contributions up to \$500 into super with assessable (note <b>NOT</b> taxable) income up to \$33,516, phasing out to Nil above \$48,516).</li> <li>Need to be under 71 at the end of the financial year to qualify.</li> </ul> <p>Contribution Deduction limits</p> <ul style="list-style-type: none"> <li>Flat deduction limit of \$25,000 (\$30,000 from <u>1/7/14</u>) up to the age of 59.</li> <li>Limit is <b>\$35,000</b> for those who were <b>59</b> or over on <u>30/6/13</u> for the year ending <u>30/6/14</u>.</li> <li>Those who were <b>49</b> and over on <u>30/6/14</u> will be eligible for this \$35,000 limit for the year ending <u>30/6/15</u>.</li> <li>Self Employed receive a full tax deduction up to the relevant contribution limit.</li> </ul> <p>Personal (Undeducted) Contributions</p> <ul style="list-style-type: none"> <li>From 1 July 2007, a cap of \$150,000 per annum applies (180,000 from 1/7/14).</li> <li>For those under 65, 3 years of contributions (ie. \$450,000) (\$540,000 from 1/7/14) can be made at one time by bringing forward the following 2 years contributions.</li> <li>Work tests apply for those over 65 wishing to contribute to super.</li> <li>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.</li> </ul>
<p>Senior and Pensioner Tax Offset (SAPTO)</p>	<ul style="list-style-type: none"> <li>Provides effective Tax Free Threshold for retirees of \$32,279 for singles &amp; \$28,974 for members of a couple (2013-14).</li> <li>Phases out at 12.5c per dollar above these income amounts.</li> <li>Offset amount is a maximum of \$2,230 for Singles &amp; \$1,602 for members of a couple.</li> </ul>
<p>Schoolkids Bonus</p>	<ul style="list-style-type: none"> <li>Replaced Education Tax Refund effective from the 2011-12 year.</li> <li>Entitlement based on Eligibility for Family Tax Benefit Part A.</li> <li>Eligible Families receive \$410 for each child in primary school and \$820 for each child in high school (2012-13) split into two half yearly payments.</li> <li>The Government announced that this payment would be abolished, however it is dependent on the repeal of the Mineral Resource Rent Tax (Mining Tax).</li> </ul>
<p>Shares</p>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
<p>Super Pensions</p>	<ul style="list-style-type: none"> <li>Since 1 July 2007, withdrawals and pensions from super are tax free for those over 60.</li> <li>Death benefits paid to non-dependants still attract tax.</li> <li>A condition of release must still be satisfied in order to withdraw your money from super before 65.</li> <li>Preservation age for super is still 55, which means super can be accessed from age 55, however, between 55 &amp; 60, tax is payable on withdrawals and pensions.</li> </ul>

**Tax Rates & Thresholds**

- Tax rates / thresholds

<b>2013-14</b>		<b>2014-15</b>	
Income range (\$)	%	Income range (\$)	%
0 – 18,200	0	0 – 18,200	0
18,201 – 37,000	19	18,201 – 37,000	19
37,001 – 80,000	32.5	37,001 – 80,000	32.5
80,001 – 180,000	37	80,001 – 180,000	37
180,001+	45	180,001+*	47

\*Temporary Budget Repair levy of 2% for 2014-15, 2015-16 and 2016-17 years.

- Medicare Levy is additional as applicable at the rate of 2% from 1/7/14 (increased from 1.5% to assist with funding the National Disability Insurance Scheme (NDIS)).

**Termination Payments**

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

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 will be limited. Only that part of an affected ETP that takes a person's annual taxable income to no more than \$185,000 (2013-14) will receive the ETP tax offset. Amounts above this cap will be taxed at marginal rates.

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.

