

TAX TIPS JUNE 2016 – 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 (\$162 for singles & \$288 for couples) reduces Pension by 50c for each dollar over the threshold. Cut-out point is income per fortnight of \$1,909.80 for singles & \$2,922.80 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 \$202,000 for singles & \$286,500 for couples incur a payment taper of \$1.50 per fortnight for each \$1,000 over the threshold. Cut-out point is \$788,250 for singles & \$1,170,000 for couples. Note reductions and changes to take effect from 1/7/2017. The basic pension rate is \$794.80 for singles & \$599.10 each for couples per fortnight.
Child Care Rebate (CCR)	<ul style="list-style-type: none"> Rebate of 50% of your Out-Of-Pocket Child Care expenses up to maximum of \$7,500 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. Make sure you're registered with FAO!
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.
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 FAO.
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 (ceasing 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 \$ 432,000 for 2015 & \$482,000 for 2016</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 \$2,947,000 for 2016. 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. 																																																																						
Private Health Insurance	<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. 																																																																						
<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>	<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">Income Thresholds 2015-16</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 2015- 31 March 2016</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 2016 – 30 June 2016</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 2015-16					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 2015- 31 March 2016					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 2016 – 30 June 2016					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. <p>Co-contributions</p> <ul style="list-style-type: none"> \$1,000 co-contribution available for employed / self employed persons who make personal contributions up to \$500 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 59. Limit is \$35,000 for those who were 49 or over on 30/6/15 for the year ending 30/6/16. <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. 2016 Budget Announcements will have implications IF the measures are passed, with changes to the contribution caps and a post 1/7/07 limit of \$500,000 for personal contributions.
<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 (2015-16 – 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>Schoolkids Bonus</p>	<ul style="list-style-type: none"> Entitlement based on Eligibility for Family Tax Benefit Part A plus an income test of \$100,000 from 1/1/15. Eligible Families receive \$430 for each child in primary school and \$856 for each child in high school (2016) split into two half yearly payments. The Government announced that this payment will cease with the final instalment paid in July 2016.
<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. 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

- Tax rates / thresholds

2015-16		2016-17	
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+*	47	180,001+*	47

* \$80,000 threshold will change to \$87,000 if the 2016 Budget is passed.

** 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%.

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	31.5%
	After Preservation Age	Above ETP Cap	46.5%
		Up to ETP Cap	16.5%
		Above ETP Cap	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 & \$195,000 (2016-17) 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.

