



Welcome

Welcome to our Winter 2011 edition.

It's that time of year again; the end of the financial year is fast approaching. So are you prepared?

We have included some pre June 30 tax effective strategies that may be appropriate for you. And as always, we are happy to discuss your own

individual circumstances should you feel that your financial position needs to be reviewed before the end of the financial year.

We have also attached a personal tax checklist to make it easy to get your tax information ready.



Our Referral Program

To show our sincere appreciation for your ongoing referrals, we are continuing our very popular 'Rewards Program'.

Referrals of any new tax clients will receive a \$25 Myer Gift Voucher, and

Referrals of eligible business clients will receive a \$100 Myer gift voucher.

Make sure your family or friends mention your name when they come in to ensure you receive your gift.



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Our Top Tax Tips

Super co-contribution

You can still get a co-contribution of up to \$1,000 for a personal after tax contribution into super.

If you earn less than \$31,920 in the 2011 year, the government will contribute \$1.00 into your super for every \$1.00 you put in, up to a maximum of \$1,000.

If you earn more than \$31,920 but less than \$61,920, the amount you receive is tapered out at 5c for every dollar over \$31,920. For example, if your 2011 income is \$40,921, you will get \$700, and if it is \$49,922, you will get \$400.

Deductible contributions

If you are self employed, or have minimal employer super-annuation support, you may be able to claim a deduction for a contribution to super.

For wage and salary earners, this also applies to amounts you 'salary sacrifice'.

By giving up some of your pre tax salary in favour of super contributions, you could pay just 15% tax instead of up to 46.5%. For example, you decide to invest \$10,000 of your salary which is \$85,000. If you invest via super you will have \$8,500 invested, but if you take it as income you will pay \$3,850 tax leaving just \$6,150 for investment.

Remember that for 2011 the maximum deductible contribution allowed is \$25,000 if you are under 50 years and \$50,000 if you are over 50 years.

Minimise capital gains tax

If you have sold an asset that has resulted in a capital gain, there are a couple of strategies you should be considering to minimise your tax CGT liability:

1. If you are also holding an investment that has gone down in value, it may be tax effective to sell this poor performing investment before June 30 to offset the capital gains you may have made (or expect to make in the future). This is because capital losses can be used to offset capital gains or can be carried forward indefinitely to offset future capital gains.

2. If you receive less than 10% of your assessable income as salary or wages you may be able to claim a tax deduction for a contribution into super, which can be used to offset your capital gain.

Prepaying expenses

If you are a small business or an individual, can you claim an immediate deduction for prepaying expenses under the 12 month rule. For rental property owners, this may be applicable for prepaying interest, insurance, levies and rates, and for business owners, it may also apply to other expenses such as rent and lease payments.

In general, the most significant tax benefit for rental property owners can be gained from prepaying interest as this is usually the largest some of money that is paid out for the property.

As there are strict criteria that apply to this concession, please check with us before embarking on this strategy.

Immediate deduction for low cost items

For 2010/11, there are no special tax breaks for small business, but small business can still claim an immediate 100% tax deduction for capital items that cost less than \$1000 (ex GST) each. Items costing more than \$1,000 are required to be claimed on a depreciating basis.

If you are an employee, the threshold for an immediate deduction remains at \$300.

Education tax refund

For the 2010/11 year, you can get a 50% rebate on eligible expenses up to:

- \$794 for each child in primary school, i.e. a rebate of up to \$397.

- \$1588 for each child in secondary school, i.e. a rebate of up to \$794.

Eligibility for the rebate is unchanged - you must be eligible for Family Tax Benefit Part A.

The list of eligible expenses is also the same. It includes laptops, desktops, printers, USB's and other computer equipment, internet, textbooks, study guides, stationery and certain trade tools. Expenses that are not eligible include; school fees, school uniforms, tutoring and extra curricular expenses, school levies, library book fees, school photos, transport, building levies etc.

Please note that school uniforms will be eligible in the 2011/12 tax year

Federal Budget Update & Other Reminders



IMPORTANT DATES

June

30th – End of financial year

July

14th - PAYG summaries to be issued to employees

28th - June BAS due
28th - 9% employer super due

August

14th - Due date for employers to lodgement of PAYG summaries with tax office

Small business tax breaks

From 1 July 2012, small businesses will be able to claim up to \$5,000 as an immediate tax deduction for motor vehicles. The remainder of the value will be pooled and depreciated at 15% in the first year, and 30% thereafter.

This write off is in addition to other previously announced tax breaks for small business due to start on 1 July 2012.:

- Immediate write off of assets costing less than \$5,000
- Write off of all other assets at 30%
- Reduction in the company tax rate from 30% to 29%

Refund of excess contributions

From 2011-2012, the government will provide the option to have excess contributions taken out of your super fund and assessed as income at your marginal tax rate, rather than incurring excess contributions tax. This overdue measure should bring a sigh of relief for those of you who have been hit with excess contributions tax in the past.

Personal tax rates

There is no change to the tax rates or thresholds for upcoming year:

0%	0 - \$6,000
15%	\$6,001 - \$37,000
30%	\$37,001 - \$80,000
37%	\$80,001 - \$180,000
45%	\$180,001 +

Low income tax offset

The previously legislated low income offset increase to \$1500 from 1 July 2010, means that you will not pay any tax if your taxable income is less than \$16,000 in the current 2011 year. For eligible senior Australians, this means no tax liability in the current year until your income reaches:

- \$30685 for singles
- \$26,680 for couples

However, in a move to stamp out the tax minimisation strategy that allows trusts to distribute up to \$3,333 tax free to minors, (children under 18 years), the government will abolish the low income tax offset for unearned income derived by minors from 1 July 2011. This will cut the tax free income they can earn to \$416.

50% discount on interest

From 1 July 2011, individuals will be given a 50% discount on interest up to \$1,000. If you are on the average marginal rate of 31.5%, this means a maximum savings of \$157.50 on the tax you pay on interest. Not really much encouragement for the savers amongst us.

Paid paternity leave

The government has announced that paid paternity leave has been deferred by six months from 1 July 2012 to 1 January 2013

Minimum pension payments

For the last three years, the statutory minimum payment from superannuation pensions has been set at 50% of the normal rate.

The government announced in the budget that this relief is being phased out.

For 2011/12 minimum pension payments will be set at 75% of the normal level.

So, if you are less than 65 years old, you will be required to withdraw only 3% rather than 4% of your pension balance during the 2011/12 year, (whereas for the past three years you have only had to withdraw 2%).

If you are 65-74 years, you will have to withdraw 3.75% rather than 5%, and if you are 75-79 years, you will have to withdraw 4.5% rather than the normal 6%. and that the minimum amounts will return to normal from 1 July 2012.

Flood levy

The flood levy is commencing on 1 July. If your taxable income is less than \$50,000, you are not liable to pay any levy.

If you earn between \$50,000 and \$100,000, you will pay 0.5% of your taxable income in excess of \$50,000. Eg - if your taxable income is \$68,000 in 2011/12, you will pay \$90.00 .

If you earn over \$100,000 you will pay 0.5% of taxable income in excess of \$50,000, and 1% of your taxable income in excess of \$100,000. So, if your taxable income is \$120,000 in 2011/12, you will pay \$270.00 .

Family Benefits Thresholds

Indexation of family payment thresholds has been frozen at the current levels until 1 July 2014 as follows:

Benefit description	Threshold
Family Tax Benefit Part A	\$94,316, with an additional \$3,796 for each child after the first
Family Tax Benefit B—primary earner limit	\$150,000
Income limit for receiving any dependency tax offset	\$150,000
Paid parental leave	\$150,000 in the financial year before the birth of the child
Baby Bonus	\$75,000 of family income in the 6 months following birth (equivalent to \$150,000 a year)



We are here to help:

This guide is simply a starting point. Please consult us to help you with your specific tax and financial needs.



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