

TAXWISE® INDIVIDUAL NEWS

EOY 2010

OUR SERVICES

Did you know we can assist you in the following ways:

Income Tax

- Income Tax Preparation
- Tax Planning Advice
- GST
- Business Activity Statements
- Superannuation
- Land Tax
- Fringe Benefits
- Tax Audit Support

Accounting

- Preparation of financial and management accounts
- Company Secretarial services
- Accounting systems and technology
- Better management and procedures for your business

Business and Advisory

- Business plans and cash forecasts
- Start up feasibility studies
- Introduction to financiers and assistance with financial applications
- Preparation for sale of business

Audit

- Statutory Audits
- Not for profit organisations
- Half Yearly Reviews
- Superannuation Funds
- Systems and Control Reviews

Other

- Business valuations and appraisals
- Remuneration planning
- Mediation and dispute resolution

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- Money in your pocket
- Preparing for 2009-10 Tax Return time
- Smile for the quarter

YEAR END ISSUES

Super Contributions

Contributions must be received by Superannuation Funds by 30/6/10.

The maximum contribution for those under 55 is \$25,000 and for those over 55 is \$50,000 per annum.

Pensions

Ensure minimum pension has been paid by 30 June 2010.

Concessional superannuation pension amounts for 2009/10:

Under 65	2%
65-74	2.5%
75-79	3%

MONEY IN YOUR POCKET

Personal tax rates

The following changes take effect from 1 July 2010 to the individual tax rates (the changes are in bold):

Current Taxable Income (\$ p.a.)	Rate %
Nil to 6000	0
6001 to 35 000	15
35 001 to 80 000	30
80 001 to 180 000	38
180 001 plus	45

From 1 July 2010 Taxable Income (\$ p.a.)	Rate %
Nil to 6000	0
6001 to 37 000	15
37 001 to 80 000	30
80 001 to 180 000	37
180 001 plus	45

More for low income earners

From 1 July 2010: The Low Income Tax Offset (LITO) will increase to \$1500 per annum (compared with \$1350 in the previous year) giving a tax free income threshold of \$16 000 for taxpayers with incomes up to \$30 000 per annum in 2010-11 (compared with \$15 000 in the previous year).

The LITO is no longer available once the taxpayer's income reaches \$67 500 in 2010-11.

Medicare levy threshold

With effect from **1 July 2010**, the Government proposes to

increase the low income Medicare levy threshold to:

- \$18 488 for a single person (up from \$17 794 for 2008–09);
- \$31 196 for a family (up from \$30 025 for 2008–09); and
- \$27 697 (up from \$25 299 for 2008–09) for pensioners below Age Pension Age (65 but increasing to 67 over the next 13 years).

IT'S 2009-10 TAX RETURN TIME

With 30 June 2010 fast approaching, it's time to get serious about looking at what shape your tax affairs are in so you are prepared for this year's tax return.

Step 1: Get your records straight

To help prepare your tax return so you can be confident that it accurately reflects your optimum tax position, the starting point is assembling all your tax records. You will need to put together all the relevant records, which will include things like evidence of:

- your income (e.g. Payment Summaries for your salary and wages, dividend and interest income statements, rental property income, and any information on the sale of any of your assets during the year like the sale of an investment property or shares); and
- your allowable deductions (e.g. invoices, receipts of expenditure).

WORK RELATED DEDUCTIONS

If you are going to claim more than a total of \$300 worth of work-related deductions, you will need to be able to substantiate how you worked out the full amount. If the total amount of your work related expenses is \$300 or less, you don't need written evidence to prove your claim – but the ATO can still ask you how you worked it out!

Step 2: Identify your assessable income

Keep in mind that your total assessable income could well be more than just your salary. If you have investment income (e.g. interest or dividends) or cash income (e.g. tips and gratuities), make sure you keep a record of them and let us know about them.

If you're not sure whether some income you have received is taxable, it's best to tell us about it so we can work out the correct tax treatment for you. Here is a checklist of some of the more common types of assessable income:

- salary and wages
- tips, bonuses and gratuities
- interest income
- dividends
- allowances provided by your employer
- pensions or annuities
- lump sum payments
- capital gains on any asset sales during the year.

Step 3: Maximise your tax deductions

As an employee, you may be able to claim a range of work related expenses, as well as some non-work related items like donations of more than \$2 to an approved charity.

Here is a checklist of some of the more common work-related deductions:

- special work clothing
- subscriptions and union dues
- self education expenses relevant to your current employment
- work-related travel expenses
- home office expenses.

Step 4: Make the most of tax offsets

As with previous years, the ATO is still finding that taxpayers are not taking advantage of a number of rebates (now called "tax offsets") and other concessions.

Tax offsets can reduce any tax you may have to pay on your taxable income and can in some instances even result in a refund.

Make sure you get advice to ensure you are not overlooking an offset that may be of benefit to you (such as the *medical expenses offset*).

Consider some forward planning

This is also the time of year when you should be considering some forward planning in readiness for the next tax year. Now is a good time for you to review your current salary packaging arrangements with your employer in readiness for the new financial year.

SMILE FOR THE QUARTER

DOLLARS AND SENSE

Take a look at some of the strange and outrageous deductions that people have tried to get away with.

Breast enlargement: Waitress said it helped her get bigger tips.

Mink coat: Woman said she worked better when she looked her best.

Dentures that fell into toilet: Man said they were a work-related loss.

The fee paid to a business consultant who happened to be an arsonist. This was claimed by a furniture-shop owner whose business burnt down. The shop owner's plan was not only to collect the \$500,000 insurance money, but also to deduct the \$10,000 expenses of hiring the arsonist. He was denied the deduction!

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