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Newsletter 2010

- Tax Changes
- Superannuation
- Education Rebate
- First Home Saver A/C

**Col Grant now located at Manly West.
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Dear Clients,

Last year, I was telling you that your refunds may be more generous than in previous years. Due to the way the Tax Office will assess income from 1 July 2009, your refunds may be affected.

The Tax Office has added an additional 27 labels to the Tax Return for 2010. These new labels will be used by the Tax Office to reduce your refunds in some circumstances.

The new Group Certificates or PAYG Payment Summaries also now include money you have salary sacrificed into superannuation as well as any additional superannuation over the 9% compulsory superannuation and contributions under industrial awards that your employer may have contributed.

New Income Reforms

From 1 July 2009, changes have been made to the income tests which are used to means test a range of tax concessions and obligations and Centrelink benefits. The changes may affect the following:

- Tax Offsets including:
 - Dependant Spouse Offset, Entrepreneurs Tax Offset, Pension and Seniors Tax Offset, Mature Age Workers Offset, Spouse Super Contributions Tax Offset.
- Superannuation Co-contributions
- Medicare Levy Surcharge
- HELP and SFSS Repayments
- Claiming a deduction for Personal Superannuation Contributions
- Centrelink Benefits:
 - Childcare Benefits, Family Tax Benefits Parts 'A' and 'B', Commonwealth Seniors Health Card.
- Child Support Payments

Some additional information we may need to complete your Tax Return this year includes:

- Your Child Support payments you have made, and Tax Free Government Pensions
- Net Financial Losses (we will calculate for you)
- Net Rental Losses (we will calculate for you)
- Your Spouse's total reportable Fringe Benefits amount
- Exempt Pension Income

Dependant Spouse Offset – If your Adjusted Taxable Income exceeds \$150,000, then you cannot claim this Offset.

Tax Rates:

2009-10 Tax rates	
Current (2010) tax thresholds	Tax Rate (%)
\$0 - \$6,000	0
\$6,001 - \$35,000	15
\$35,001 - \$80,000	30
\$80,001 - \$180,000	38
\$180,001 +	45
2010-11 Tax rates	
New tax thresholds from 1 July 2010	Tax Rate (%)
\$0 - \$6,000	0
\$6,001 - \$37,000	15
\$37,001 - \$80,000	30
\$80,001 - \$180,000	37
\$180,001 +	45
*Medicare levy to be added where applicable	

The Low Income Rebate has been indexed upward this year. The Rebate for 2010 is \$1,350 and for 2011 it is \$1,500. This means that for 2010 if your Taxable Income does not exceed \$15,000 (and \$16,000 for 2011), you won't have to pay tax.

Minors (children under 18 years of age) can have income of \$3,000 in 2010 and \$3,333 in 2011 before they are taxed.

Taxpayers who are eligible for the Senior Australians Tax Offset will not have to pay tax if their Taxable Income does not exceed the following:

	Single	Couple (each)
2009/10	\$29,867	\$25,680
2010/11	\$30,685	\$26,680

Even though your income is not taxable, you may still lodge a Tax Return if you have business income or investment income where you are eligible to receive a refund of Franking Credits, or to preserve a Carried Forward Capital Loss.

Other Changes

The Tax Office has had success in disallowing deductions against Discretionary Trust Distributions. This means that if your only income is from a Discretionary Trust as a distribution, you will not be able to claim personal expenses against that income. You may have to become an employee to make a claim, i.e. for personal motor vehicle usage. **If these new measures affect you, please contact me.**

Co-Contributions - Superannuation

The amount of the Government's Superannuation Co-Contribution is up to \$1,000 where you have made an after tax contribution to your Superannuation Fund of up to \$1,000.

Adjusted income rules now apply to the thresholds on which the Co-Contribution is paid. – Full amount up to \$1,000 if your Adjusted Taxable Income does not exceed \$31,920. You will still receive some Co-Contribution until your Adjusted Taxable Income exceeds \$61,920.

Education Tax Offset

The Refundable Education Tax Offset is available to the taxpayer who receives Family Tax Benefit 'A' for the cost of books, stationery, computers, educational software, and internet usage. Please keep evidence of your expenses. The refundable offset is 50% of eligible expenses up to:

- \$750 for each eligible student in Primary School giving a refund of up to \$375
- \$1,500 for each eligible student in Secondary School giving a refund of up to \$750.

If you spend more than the above amounts, the excess can be carried forward to the next year.

Casualty of the 2010 Budget

This year, all the good incentives in the Budget start in a few years time. The Government has again attacked those who cannot defend themselves – the sick. As from 1 July 2010, the threshold for the out-of-pocket Medical Expense Rebate has been increased from \$1,500 to \$2,000.

Tax Hint:

Check your out-of-pocket Medical Expenses to date and if they are heading towards \$1,500, then get your teeth and eyes checked as next year, it may be more difficult to reach \$2,000.

Taxpayers have had a win with the Superannuation Guarantee percentage being increased from 9% to 12%. The increase will be phased in from 1 July 2013 in increments until 1 July 2019 when the rate will be 12%.

Audits

Again this year, the Tax Office will be looking closely at Work-Related Expenses, Rental Deductions and Investment Expenses.

The Tax Office has advised that the following occupations will be targeted again this year:

- Teachers
- Engineers
- Mechanics

First Home Saver Account

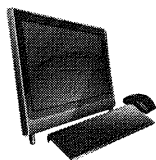
This is an ideal way in which taxpayers over 18 can save for their first home and have the Government kick in 17% contribution on up to \$5,000 (indexed) of personal FHSA contributions made each year.

Taxpayers do not pay tax on any interest income generated by these accounts on their Personal Returns (the account will pay 15% tax on the earnings). If the funds are not used for a first home then they must be invested into superannuation.

Wills & Succession

Do you have a Will? If you do, is it current? If not, then your estate may not go to your loved ones. This is important but especially so if you are in business, the trustee of a trust, or a shareholder or a director of a company. We have an affiliation with Kurschinsky Law whose principal, Alex Kurschinsky, is a solicitor and a current practicing Tax Accountant who would be pleased to assist you with these and any other legal matters. Alex can be contacted on 1300 150 225 and is happy to meet with you in our offices.

Have you checked out our website?
www.wolffaccountants.com.au



***Again this year, I will do your children's First Return
 free of charge when completed with the parent's Return.***

Look forward to seeing you soon.
 Please phone 3396 1025 for an appointment