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Wolff Tax Report 2013



- Changes to Offsets
- Tax Tables
- Tax Refunds

Dear Clients,

The Government taketh – the Federal Budget May 2013

Attacking the sick and defenceless – the out of pocket medical offset is nearly a claim of the past. Last budget, Mr Swan set the bar high. For 2013, if you are single and your adjusted taxable income does not reach \$84,000 or married and your combined adjusted taxable income is under \$168,000, then you can claim 20 cents in the dollar for each dollar your out of pocket expenses exceed \$2,120.

On the other hand, if a single person's income is more than \$84,000 and a married couple's income exceeds \$168,000 + \$1,500 for each child after the first, the offset is reduced to 10 cents in the dollar for each dollar out of pocket over \$5,000. *Now if that is not bad enough, in the last budget Mr Swan stated that if you don't make a claim in the 2013 financial year, then you miss out for future claims. So check your position now. It may be time to visit the dentist, optometrist, etc. Eventually the offset will be phased out completely.*

Changes for This Year:

The Tax Free Threshold

The tax free threshold has changed from \$6000 to \$18200.

Taxable Income 2013	Tax Plus % excess on tax	Taxable Income 2014	Tax Plus % excess on tax
to 18200	NIL	0 to 18,200	NIL
18200-37000	NIL + 19%	18,201 – 37,001	NIL + 19%
37001 - 80000	3,572 + 32.5%	37,001 – 80,000	3,572 + 32.5%
80001 - 180000	17,547 + 37%	80,001 -180,000	17,547 + 37%
180001 +	54,547 + 45%	180,001 +	54,547 + 45%

Low Income Offset Changes

The maximum rebate for 2012/2013 year is \$445 for taxable income below \$37,000. It phases out at 1.5c for each \$1 over \$37,000 to \$66,667. Tax payers do not have to pay tax until annual income reaches \$20,542.

Refunds

To receive your refund from the Tax Office from this year on, you will have to nominate your bank account so the ATO can electronically transfer your refund. **They will no longer issue cheques.**

Health Insurance Rebate Changes

Either claimed through the tax system or a reduction in premiums paid to health insurance providers.

Health Insurance Rebate				
Income singles **	84,000 or less	84,001-97,000	97,001 – 130,000	130,001 +
Income Couples **	168,000 or less	168,001 - 194000	194,001- 260,000	260,001 +
Less than 65	30%	20%	10%	NIL
65-70 years	35%	25%	15%	NIL
70 years +	40%	30%	20%	NIL

Medicare Levy Surcharge Changes

The Medicare Levy Surcharge has changed to graduated levels of the amount paid depending on your income.

Income for MLS purposes Single ^	Income for MLS purposes Couples	Surcharge Rate
\$84,000	\$168,000	0%
\$84,0001 - \$97,000	\$168,001 – 194,000	1%
\$97,001- \$130,000	\$194,001 - \$ 260,000	1.25%
\$130,000 +	\$260,001+	1.5%

Increase in the Medicare levy

The Medicare levy is proposed to be raised by half a percentage point from 1.5 to 2 per cent from 1 July 2014. This is proposed to provide strong and stable funding for Disability Care Australia. The increase will occur in the 2014-15 income tax year.

[^]Income for this purpose is adjusted taxable income (ATI)

Change of Name - Dependent Offset changes to one Offset (DICTO)

The new non-refundable tax offset is now known as DICTO -The Dependant (Invalid and Carer) Tax Offset.

DICTO - Changes from 1 July 2012

From 1 July 2012 the dependant spouse tax offset is no longer available for spouses born after 30 June 1952. Taxpayers who are currently eligible to receive more than one dependency offset amount in respect of multiple dependants who are genuinely unable to work will be able to receive more than one amount of DICTO in respect of these dependants. **The rebate for 2012/13 year is \$2423.**

The offset is still available if:

- the dependant is a carer, invalid, or permanently unable to work
- the taxpayer did not have children eligible for FTB Part B
- the taxpayer is eligible for zone, overseas forces or overseas civilian tax offsets

Housekeeper with/without child, Child housekeeper with/without child have been abolished but are included in notional offsets with regards to zone offsets

SAPTO

From 1 July 2012 the Senior Australian Tax Offset (SATO) is combined with the Pensioner Tax Offset (PTO). The new offset is called the Seniors and Pensioners Tax Offset (SAPTO). The rates are applicable for the 2012/13 year are the same as they were for 2011/12 with adjustment for income.

Mature Age workers offset

From the 1st July the mature age worker offset will be phased out for people born on or after 1 July 1957. This means it will continue to be available only to anyone aged 55 or over on 30 June 2012.

Up to \$9999	5 % of net income
\$10000 to \$53000	\$500
\$53001 to \$62999	Reduced by 5c for every dollar over \$53,000
\$63000 +	NIL

Watch your money in the Bank...

It could disappear. The government will take it if there have not been any transactions within the last 2 years. Yes... You can get it back. We suggest that you make a small withdrawal and then redeposit it.

Paying our fees is now easier. For your convenience, we now have the facility where you can pay our fees by credit card over the phone or by completing the credit card details on the remittance advice attached to our tax invoice and statement. We accept Visa or Mastercard.

Work-related self-education expenses capping

An annual \$2,000 cap on these expenses is proposed from 1 July 2014. Deductible education expenses are costs incurred in undertaking a course of study or other education

HECS-HELP discount and voluntary HELP repayment bonus: discounts to end

The following discounts relating to the Higher Education Loan Program will be removed:

- the 10% discount available to students electing to pay their student contribution up-front, and
- the 5% bonus on voluntary payments made to the Tax Office of \$500 or more.

HELP and Financial Supplement annual statements will no longer issue. The Tax Office **will not** automatically mail out annual statements of account to you. We can obtain your account balance from the Tax Office when we complete your tax return. Please remember to mention to us that you have a HELP bill. You can obtain your balance by phoning the Tax Office on 132861.

Expanding data matching with third party information

The Tax Office is improving compliance by expanding data matching with third party information.

The measure will establish new and strengthen existing reporting systems for:

- taxable government grants and specified other government payments
- sales of real property, shares (including options and warrants), and units in managed funds
- sales through merchant debit and credit services
- managed investment trust and partnership distributions, company dividend and interest payments
- transactions reported to the Tax Office by the Australian Transaction Reports and Analysis Centre, and
- Internet trading.

Again this year the Tax Office is mailing out information to taxpayers about their claims. This letter is not an audit but a guide of what can be claimed. So far, they have indicated that they will send letters to taxpayers who have work related travel expenses. Occupations such as sales and marketing managers, building construction labourers, building construction project managers and supervisors will also receive letters about claiming work related expenses.

If you contribute to super

- Taxpayers who receive more than 10% of their income from employment or business and who have "adjusted taxable income" of less than \$37,000 will receive a tax-free contribution to their superfund from the ATO of up to \$500. To receive the maximum an Individual's superannuation account needs to receive concessional contributions of \$3,330.
- Taxpayers who receive income of \$300,000 or more in 2012/2013 will have their tax deductible superannuation contributions taxed at 30% rather than 15%.

Definitions **

- **Concessional contribution** i.e. salary sacrifice – contributions where you or your employer is claiming a tax deduction.
- **Non concessional contribution** – where you are not claiming a tax deduction for your contribution into superannuation, i.e. for co-contribution.
- **Adjusted taxable income (ATI) –**
The following amounts are used to calculate a person's ATI:
 - The person's taxable income
 - The person's reportable employer superannuation contributions
 - The person's deductible personal superannuation contributions
 - The person's adjusted fringe benefits
 - Certain tax-free government pensions or benefits received by the person (this does not include all government pensions and benefits that are exempt from income tax)
 - The person's target foreign income (income and certain other amounts from sources outside Australia not included in your taxable income or received as a fringe benefit)
 - The person's net financial investment loss (the amount by which the person's deductions attributable to financial investments exceeded their total financial investment income)
 - The person's net rental property loss
 - Any child support payments the person provided to another person

Please note: It is the policy of this firm to only lodge returns upon receipt of payment and signed declarations.

Again this year, I will prepare your children's first return free of charge when completed with the parent's return.

From time to time during the year, we will email you information that we think you may be interested in. If you do not wish to receive these emails, please advise us and we will take you off our email list

Have you checked out our website?

www.wolffaccountants.com.au



**Col Grant is located at our Manly West office.
Phone Col on 3348 3119**

**We look forward to seeing you soon
Please phone 3396 1025 for an appointment**