

Dear Clients,

The 2009 tax refunds may be more generous than in previous years. Changes are detailed later in this newsletter. The Tax Agent Portal has been a bonus in assisting us in preparing Tax Returns. Information available is PAYG statement information (limited), interest, dividend and trust distributions. We have found that the information is incomplete (in early days of the new financial year) and not always accurate, especially in the area of trust distributions. I encourage you to still bring all your income and expense information with you.

2009 Budget

The Rudd Government has honoured tax cuts for the 2009-10 year even though the economy is going through difficult times.

Tax Rates

2008-09 Tax rates	
Taxable Income	Tax on this income*
\$0 - \$6,000	Nil
\$6,001 - \$34,000	15c for each \$1 over \$6,000
\$34,001 - \$80,000	\$4,200 plus 30c for each \$1 over \$34,000
\$80,000 - \$180,000	\$18,000 plus 40c for each \$1 over \$80,000
\$180,001 and over	\$58,000 plus 45c for each \$1 over \$180,000
2009-10 Tax rates	
Taxable Income	Tax on this income*
\$1 - \$6,000	Nil
\$6,001 - \$35,000	15c for each \$1 over \$6,000
\$35,001 - \$80,000	\$4,350 plus 30c for each \$1 over \$35,000
\$80,001 - \$180,000	\$17,850 plus 38c for each \$1 over \$80,000
\$180,001 and over	\$55,850 plus 45c for each \$1 over \$180,000
*Medicare levy to be added where applicable	

Education Rebate

Taxpayers who receive Family Tax Benefits Part A are eligible for the education refund for children attending primary or secondary school. The rebate can be claimed either on your Tax Return or if you are not required to lodge Tax Returns, then the Tax Office will provide a stand-alone claim form.

For the period 1 July 2008 to 30 June 2009, the maximum you can claim is 50% of eligible expenses up to:

- \$750 for each eligible student in primary school – that is a refund up to \$375
- \$1,500 for each eligible student in secondary school – that is a refund up to \$750.

Outlays which exceed \$750 for primary school students and \$1,500 for secondary school students can be carried forward to the next year.

See the checklist "Quick Guide of What to Bring for your Appointment" for what items of expenditure are allowed and what items are not. For more information, see Tax Office website – www.ato.gov.au – Education Tax Refund – Frequently Asked Questions.

Medicare Levy Surcharge Threshold

The Medicare Levy Surcharge thresholds increased to \$70,000 for a single person and \$140,000 for families from 1 July 2008. This means that if you don't have Private Hospital insurance, you won't pay the Medicare Levy Surcharge until your Taxable Income exceeds these levels.

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.

Larry Raymond – Certified Financial Planner (Phone 3397 1806) has made the following contribution to the Newsletter:

Superannuation:

"The concessional contributions cap is proposed to halve to \$25,000 per annum with effect from the 2009-2010 financial year, limiting the ability to salary sacrifice into super for higher income earners. 'Transition to Retirement' pensions remain, however the strategy while still beneficial will not be as generous with the transitional cap of \$100,000 for those aged 50 or older also being halved from 2009-2010 to \$50,000 and will cut out from 1 July 2012 as originally planned.

Pensions:

The qualifying age for the Age Pension will gradually increase from 65 to 67 by 2023. The qualifying age for men and women will be increased by six months every two years, commencing 1 July 2017 and reaching 67 on 1 July 2023. Only new entrants to the pension system from 1 July 2017 will be affected."

Last Minute Tax Deduction:

I know it is late, but if you wish to make a tax deductible donation and receive a deduction for the 2009 tax year, why not go to www.everydayhero.com.au/valerie_wolff Donations are to go towards Melanoma Research.

Preventing Identity Theft

Identity-related crime is estimated to cost the Australian economy over \$1 billion per year. Tax refund fraud is a direct consequence of identity crime.

The Tax Office has recommended that you keep all your personal details, including your Tax File Number secure by:

1. Not carrying details in your purse or wallet, or storing them on your mobile phone.
2. Shred or destroy documents containing identity details before disposing of them.
3. Installing up-to-date anti-virus software on your computer.
4. Only provide your identity details to trusted organisations.

Audits

The Tax Office is keen that the taxpayer only pays the correct amount of tax. They have sent letters to taxpayers whose work-related claims are higher than last year or they may differ from the average value of work-related claims. They have stated that they are looking closely at the following occupations: **Truck Drivers, Electricians, Sales and Marketing Managers, and Sales Representatives.**

They will be looking at Motor Vehicle claims - if you are required to carry bulky tools to and from work (I believe bulky tools would also include items which weigh more than 35kg), also Home Office claims and Allowances.

Co-Contributions

The amount of Government Co-Contribution help has been reduced from \$1,500 to \$1,000 for a contribution of \$1,000 after tax income into a Super Fund. Still for those whose Taxable Income is less than \$30,000, it is still a good investment to get a 100% co-contribution. The Government Co-Contribution will be increased for the 2012 - 2013 tax years.

Family Tax Benefits (FTB)

Family Tax Benefits cannot be claimed on the 2009 Tax Return. You can only claim your FTB 'A' and 'B' from Centrelink. For any past year Tax Returns lodged after 1 July 2009 and you are owed Family Tax Benefits for a previous year, you will have to apply to Centrelink for the Benefit - take your Income Tax Assessments with you to assist with the claim.

Terminal Medical Condition

Taxpayers suffering a terminal medical condition are able to access their superannuation. The payout will be tax free and should not be declared on their Tax Return.

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 for an appointment.*

Trevor Wolff & Associates

Registered Tax Agents

Newsletter 2009

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

PO Box 5131, Manly Qld 4179
Unit 2 / 17 Nirimba Street
Manly West Qld 4179

Ph: (07) 3396 1025

Fax: (07) 3396 1905

Email: twolff@wolffaccountants.com.au

Website: www.wolffaccountants.com.au

Col Grant now located at Manly West.
He will be available for appointments at
Capalaba

Phone Col on 3348 3119