

The Refundable Education Tax Offset

is available to the taxpayer who receives Family Tax Benefit Part '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:

- \$794 for each eligible student in Primary School giving a refund of up to \$397
- \$1,588 for each eligible student in Secondary School giving a refund of up to \$794.

Uniform expenses are allowable from 1 July 2011. If you spend more than the above amounts, the excess can be carried forward to the next year.

Medical Expense Offset

A reminder that the Medical Expense Offset claim for out-of-pocket Medical Expenses has been increased to \$2,000.

Annual HELP and SFSS Statements

The Tax Office has announced that as from 1 July 2011, individual taxpayers will not be sent a Higher Education Loan Programme (HELP) or Student Financial Supplement Scheme (SFSS) account information statement (or both) after their debt is indexed. Instead these taxpayers will be able to request a statement at any time of the year, which will be mailed to their current residential address.

HECS – from 1 July 2012, the following discounts applying to HECS payments will be reduced:

- The discount for making an upfront payment will be reduced from 20% to 10%, and
- The bonus on voluntary payment of \$500 or more will be reduced from 10% to 5%.

Good news for some but it won't last

Due to a recent case in the High Court where the taxpayer won (known as the Anstis Case), the Tax Office has contacted taxpayers who declared Youth Allowance, Austudy and Abstudy on their Tax Returns in 2007, 2008, 2009 and 2010. Where that Allowance was related to study, the Tax Office allowed a Self Education deduction of \$550.

If you fall into the above category, Self Education Expenses are also allowed for the 2011 year. For the 2011 year, there is not an automatic claim. You must have evidence of your expenses. These will include costs of books, stationery, course fees, depreciation on assets, receipts, documents or diary entries of travel expenses. Travel between home and place of study and return home is not allowable as a deduction. Of course, the first \$250 of the Self Education Expenses is not allowed. You can, if you have evidence, amend your previous 4 years Tax Returns if your expenses of Self Education exceed \$800 (\$800-\$250 = \$550).

Newstart Allowance recipients and Youth Allowance job seekers

If you fall into this category, you may be entitled to a deduction for expenses you incur in actively seeking paid work.

Eligible taxpayers are those who:

- Received Newstart Allowance or Youth Allowance to seek paid work during the year
- Have included the allowance as income in their tax return
- Incurred expenses during the year seeking paid work (this includes costs incurred in meeting the requirements of an Employment Pathway Plan), and
- Have written evidence to support their claim for the expenses.

Eligible taxpayers can claim deductions for the 2011 year when they lodge their tax return.

Eligible taxpayers can also request amendments for the 2007, 2008, 2009 and/or 2010 years. The Tax Office stated that they will be monitoring claims and may ask clients to provide the evidence they have to support the expenses claimed.

Budget Announcement

In the 2011 Budget, the government announced its intention to change the law to prevent deductions being claimed against all government assistance payments from 1 July 2011. This includes claims for:

- Study expenses by those who receive Youth Allowance, Austudy and Abstudy
- Job search expenses by Newstart Allowance recipients and Youth Allowance job seekers.

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

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 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.***



Trevor Wolff & Associates

**Registered Tax Agents
For Taxation & Business Solutions**

Newsletter 2011

- **Tax Changes**
- **Superannuation**
- **Education Rebate**

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

Welcome to our June 2011 Newsletter. Each year, we eagerly await the Federal Budget for the expected changes to the tax system. As always, increasing taxes or taking away tax advantages seem to happen from 30 June after the Budget. Any tax incentive normally waits for the next year or later before they take effect.

Adjusted Taxable Income

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 for:
 - Dependent Spouse, Entrepreneurs, Pension and Seniors, Mature Age Workers, Spouse Super Contributions.
- 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

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

Dependent Spouse Tax Offset to be phased out

The government will phase out the dependent spouse tax offset for taxpayers with a dependent spouse born on or after 1 July 1971.

Taxpayers with an invalid or permanently disabled spouse, supporting a carer, or people who are eligible for the zone, overseas forces and overseas civilian tax offsets will not be affected by this change.

Tax Rates

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	

There is no change in the tax rates for 2012.

Flood Levy from 1 July 2011

Flood Levy introduced for taxpayers where income exceeds \$50,000 and who were not affected by the floods or natural disasters.

The levy is calculated on incomes between \$50,000 and \$100,000 at ½ cent for each dollar over \$50,000. For income over \$100,000 the levy is \$250 plus 1 cent for each dollar over \$100,000.

Low Income Tax Offset

The Low Income Tax Offset for 2011 is \$1,500. This means that for 2011 if your Taxable Income does not exceed \$16,000, you won't have to pay tax. This offset has not changed for the 2012 year.

The government will increase the amount of the low income tax offset (LITO) that is delivered to low and middle income earners through their regular pay during the year from 50 percent to 70 percent of their total entitlements.

The remaining 30 percent of their LITO benefit will still be paid as a lump sum on assessment of income tax returns. This measure will have effect from 1 July 2011.

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

As from 1 July 2011, minors will be denied the Low Income Offset for their unearned income reducing the tax free threshold to \$416.

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)
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.

Co-Contributions - Superannuation

Best investment around – invest up to \$1,000 into super from after tax income and receive \$1,000 paid into your super where your Adjusted Taxable Income is below \$31,920. Once your income is over \$31,920 and up to \$61,920, the government co-contribution reduces by \$1 for each \$4 over \$31,920.

To ensure that you get the Co-Contribution, pay in your contribution so that the Superannuation Fund banks it before 30 June. I suggest that you pay no later than 26 June to ensure that your deposit is processed.

Work-Related Expenses

The Tax Office has stated that they are looking at Work-Related Expenses again this year and are targeting expenses claimed by teachers, engineers, and mechanics. Please make sure that you have evidence of your expenses.