



## Christmas Newsletter 2012



Dear Clients,

From all the staff at Trevor Wolff & Associates, we wish you and yours all the very best for Christmas and a healthy and prosperous New Year.

Please note that our office will be closed from 11.00 am on Friday 21 December 2012 until 9.00 am Monday 14 January 2013.

We are extending our office closure by one week and will be back on Monday 14<sup>th</sup> January. Should you like to see us in that week, please make your appointment now. I will drop into the office from time to time and check the telephone messages and emails during the break so if anything comes up urgently, I can attend to it.

### Christmas Gift Suggestions:

To your enemy, forgiveness.  
To an opponent, tolerance.  
To a friend, your heart.  
To a customer, service.  
To all, charity.  
To every child, a good example.  
To yourself, respect.



**Reminder** to employers to pay your Superannuation Guarantee **before 28 January**.

**BAS payers:** Please note that your BAS has to be lodged by **28 February**. The Tax Office will not allow any extensions after this date and may apply Late Lodgement Penalties. Please get your information into us early.

### New Information just arrived

As from 28 December the value of the penalty points imposed will rise from \$110 to \$170. This means if your BAS is lodged after the due date, the late lodgement penalty will be \$170 if lodged within the next month. If the BAS is lodged 2 months late, the fee is \$340.

The Tax Office is vigorously applying late lodgement penalties now.

### Highlights of the mid year Federal Budget

There is the budget - now there is a mid year budget just a few months after the yearly budget. The government giveth in the good times and taketh away when they are trying to balance the economy.

### ❖ Low Income Super Contribution - starts 1 July 2012

Taxpayers with adjusted taxable incomes of less than \$37,000 will receive a low income super contribution (LISC) of up to \$500. There will be no requirement to lodge a tax return, as the ATO will use existing information to determine an individual's income. Only individuals who receive at least 10% of their income from employment or business income will be eligible. The maximum is \$500 and the minimum \$20 is based on 15% of concessional contributions.

### ❖ Super Co-contribution - starts 1 July 2012

The government matching of the super contributions will be changed with the amount being reduced to \$500 which matches the introduction of the LISC. The rate remains \$ for \$ but the cut off reduces from \$61,920 to \$46,920.

### ❖ Pause of Concessional Contribution

The concessional cap of currently \$25,000 will not be indexed in the 2013/14 year. It is expected it will be increased in the 2014/15 year to increase to \$30,000. This also means that the indexation pause will also be for non-concessional contributions as they are 6 times the concessional level.

### ❖ Dependant Spouse Tax Offset - starts 1 July 2012

The government will phase out the dependant spouse tax offset (STO) for tax payers with a spouse born on or after 1 July 1952. (It was originally for a spouse born after 1 July 1971.) There will be exemptions to this ruling.

### ❖ Baby Bonus Indexation - starts 1 July 2012

The government will freeze the indexation of the bonus for 3 years and the payment will be re-set at \$5,000 per child from 1 September 2012.

### Christmas is forever

Christmas is forever, not for just one day, for living, sharing, giving, are not to put away like bells and lights and tinsel, in some box upon a shelf. The good you do for others is good you do yourself.



## Changes to Medical Expense Offset - 2012-13 year

If your adjusted taxable income does not exceed \$84,000 for singles and \$168,000 for a couple or family, increasing by \$1,500 for each dependant child, after the first. The medical expense offset is 20% on out of pocket medical expenses which exceeds \$2,120.

The offset changes where your adjusted taxable income exceeds the above figures. The offset does not cut in until your out of pocket medical expenses exceed \$5,000, indexed annually, and the rate of claim has been reduced from 20% to 10% for each \$ over \$5,000.

## FBT and Christmas Parties

Normally where a Christmas party and associated gifts given are less than \$300 per employee including spouse, these are called minor benefits, and are not subject to FBT. As they are not subject to FBT, a tax deduction is denied for the expense. The minor benefit of \$300 per employee is a yearly amount. If the employee benefits exceed \$300 per year then the total benefit given is subject to FBT and would be tax deductible.

## ATO to data-match motor vehicle purchases

The ATO is collecting details of individuals and businesses who have purchased or acquired a vehicle with a transaction value of \$10,000 or greater in the 2011-2012 or 2012-2013 financial years. The information will be collected from state and territory motor vehicle registries and matched electronically with the ATO's records. The ATO is seeking to address potential non-compliance in the following areas:

- ❖ Income tax; Superannuation; Goods and services tax; Fringe benefits tax; and Luxury car tax

## Changes to Compulsory Super – information for employees and employers.

**Increasing the compulsory super rate** - The compulsory super rate (the amount your employer contributes to your nominated super fund) is increasing in each of the next seven years to help grow your savings for the future.

The table below shows how the super rate will increase from 9% to 12% in 7 annual steps:

Year	Rate	Year	Rate
Current rate	9.00%	2016-17	10.50%
2013-14	9.25%	2017-18	11.00%
2014-15	9.50%	2018-19	11.50%
2015-16	10.00%	2019-20	12.00%

## Upper age limit being removed

From 1 July 2013, the upper age limit for compulsory super is being removed - this means no matter how old you are, if you are working and eligible, you can still grow your super.

## Information for employees and employers

Are you a wage earner or contactor? Please go to the Tax Office website and use the employment tool. What it is saying is that if you work on an hourly rate, you are an employee and entitled to be covered for WorkCover, superannuation guarantee, and have tax deducted from your wages. Check out these websites:

- [www.ato.gov.au/content/69102.htm](http://www.ato.gov.au/content/69102.htm)
- [www.ato.gov.au/content/00326442.htm](http://www.ato.gov.au/content/00326442.htm)
- [www.ato.gov.au/content/4540.htm](http://www.ato.gov.au/content/4540.htm)
- [www.ato.gov.au/content/00326749.htm](http://www.ato.gov.au/content/00326749.htm)

## Tax Payments Reporting – Building & Construction Industry

The first annual report is due 21 July 2013. Please refer to the ATO website for more information. Do you have to complete a report? Find out at [www.ato.gov.au/content/13193.htm](http://www.ato.gov.au/content/13193.htm)

*Four surgeons were taking a coffee break and were discussing their work.*

*The first said, "I think accountants are the easiest to operate on. You open them up and everything inside is numbered."*

*The second said, "I think librarians are the easiest to operate on. You open them up and everything inside is in alphabetical order."*

*The third said, "I like to operate on electricians. You open them up and everything inside is colour-coded."*

*The fourth surgeon says, "I like engineers. They always understand when you have a few parts left over at the end."*

## Local Community Support

For many years, we have enjoyed the exchange of gifts - 'Secret Santa' with the office staff. Last year, the staff unanimously voted to make a donation to the charity of their choice for the value of the gift they would have purchased. There are many worthwhile recipients. 'The Wynnum Manly Community Legal Service Inc' is an organisation, staffed by volunteers, available to members of the local community who may need legal advice or information. The free legal service is provided by pro bono professionals. This service operates from the old Wynnum Central School and is only funded by donations from the public. Donations are tax deductible and a receipt will be issued. To know more about this worthwhile cause, use Google. Search for 'Wynnum Manly Community Legal Service' or [www.wmcls.drupalgardens.com](http://www.wmcls.drupalgardens.com)

Donations can be sent to:

PO Box 5557, Manly Qld 4179

Phone number: 3348 6067 Email: [info@wmcls.org](mailto:info@wmcls.org)

Their office is staffed Monday, Tuesday and Wednesday between 11:00 am and 3:00 pm. Donations of cash or kind (i.e. stationery etc) can be dropped off there or alternatively at my office at Manly West and I will see that it goes to this worthy organisation.

## I Wish You Joy

I wish you joy all through your holidays,  
I wish you good luck that forever stays.  
I wish you the love of family and friends,  
I wish you happy days that never ever end.  
Merry Christmas to you!

