

Client Newsletter

Welcome to the Winter 2010 edition of our newsletter.

Charters On The Move...

We wish to announce that as of Monday 28 June 2010, Charters will have a new home. Our new home will be **Level 4, 16 St Georges Terrace, Perth**. All other contact details will remain the same.

Personal Tax Rates

In the 2010 Federal Budget the Government announced changes to personal income tax rates to apply from 1 July 2010.

The following table illustrates the changes:

Current tax thresholds to 30 June 2010

Thresholds	Tax Rates %
\$0 - \$6,000	0
\$6,001 - \$35,000	15
\$35,001 - \$80,000	30
\$80,001 - \$180,000	38
\$180,001 +	45

New tax thresholds from 1 July 2010

Thresholds	Tax Rates %
\$0 - \$6,000	0
\$6,001 - \$37,000	15
\$37,001 - \$80,000	30
\$80,001 - \$180,000	37
\$180,001 +	45

Increase in Low Income Tax Offset

From 1 July 2010 the low income tax offset increases from \$1,350 to \$1,500 which means an effective tax free threshold of \$16,000.

Year End Tax Traps and Opportunities

With the 2010 financial year drawing to a close it is a good time to consider any year end tax issues that may be appropriate to your circumstances.

Reportable Superannuation Contributions

For the 2009–10 income year and all future years, any superannuation contributions the employer pays to an employee above 9% will be classed as a reportable super contributions and the employer will need to record this amount on the employees PAYG Payment Summary. Please call one of our team who will be happy to further explain.

Superannuation Contributions

For the 2010 financial year all employers must make superannuation contributions to a complying superannuation fund on behalf of their eligible employees at the rate of 9%. Payment of the June 2010 quarterly contribution on behalf of employees is due by 28 July 2010.

In order for the employer to receive a tax deduction in the 2010 year, contributions must be received by the complying fund by 30 June 2010.

Superannuation Co-contribution

The Government has announced that it will temporarily reduce the superannuation Government co-contribution matching rate that is payable on eligible personal superannuation contributions. Effective from 1 July 2009, the following applies

Financial year	Maximum contribution
2009/2010 2010/2011 2011/2012	\$1.00 for each dollar of contribution up to a maximum of \$1,000 per annum
2012/2013 2013/2014	\$1.25 for each dollar of contribution up to a maximum of \$1,250 per annum
2014/2015	\$1.50 for each dollar of contribution up to a maximum of \$1,500 per annum

Medical expense rebate

A medical expense rebate is available to a taxpayer whose net medical expenses during the financial year exceed \$1,500. The amount of the rebate is 20% of the excess over \$1,500.

Net medical expenses include non-reimbursed payments to doctors, nurses, chemists, dentists, opticians and optometrists. It also covers payments for therapeutic treatment, medical and surgical appliances, residential aged care, the maintenance of a trained guide dog and remuneration paid to an attendant of an invalid or blind person.

The rebate applies to net medical expenses paid by the taxpayers in respect of themselves or a resident dependant.

Education Tax Offset

Parents are being advised to 'keep their receipts' for education expenses in light of the commencement of the Education Tax Offset from 1 July 2008.

Families eligible for Family Tax Benefit Part A will be able to claim a 50% tax offset every year (in their tax return) for key education expenses up to \$750 for each child undertaking primary studies and \$1,500 for each child undertaking secondary studies.

Eligible expenses include laptops, home computers, printers, home internet connections, educational software, trade tools for use at school, school text books and stationery.

Personal Loans from Private Companies

Personal Loans from Private Companies continue to be an issue. If a shareholder or an associate has drawn funds from a private company during the year, the funds will need to be repaid before 30 June 2010.

If this is not possible, a commercial loan agreement should be in place to ensure the funds are not deemed to be an unfranked dividend.

Please call one of our team who will be happy to discuss this further.

Superannuation Contributions Cap

Contribution type	Taxpayer Age	Annual Cap (current rules to 2009/2010)
Concessional	< 50yrs at 30/06	\$25,000
Concessional	≥ 50yrs at 30/06	\$50,000
Non-Concessional	< 65yrs at 01/07	\$150,000 (or \$450,000 across a 3 year period)
Non-Concessional	≥ 65yrs at 01/07	\$150,000

Foreign Income

The Australian Government is reminding that all Australian residents *must* include overseas income and the profits from sale of any assets in their Australian income tax returns.

Taxpayers who haven't declared all their foreign income or profits from sale of assets can take advantage of the *Offshore Voluntary Disclosure Initiative* which closes 30 June 2010.

This initiative provides concessional penalty arrangements for taxpayers who take advantage and make disclosure.

Bad Debts

Bad debts will need to be written off by 30 June 2010 to be able to be claimed as a tax deduction. Do not forget, if you are registered for GST you will need to make an adjustment on your next BAS to claim back the GST.

Please call one of our team who will be happy to assist you with your enquires if you require any further information about these or any other taxation or business service matters.

Important: This is not advice. You should not act solely on the basis of the material contained in this newsletter. We therefore recommend that our formal advice be sought before acting in any of these areas. This newsletter is issued as a helpful guide only. Liability limited by a scheme approved under Professional Standards Legislation. Charters' Privacy Policy is available on request. If you do not wish to receive this publication in future please advise.