

# 2012/2013 BUDGET & ATO ITEMS



## FOR INDIVIDUALS & BUSINESS

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*For further explanation of any of the items listed, please do not hesitate to contact our firm for an appointment.*

### Office Hours:

8:30am  
To  
5:00pm

Monday  
To  
Friday

### SUPERANNUATION

#### DEFERRAL OF THE HIGHER CONCESSIONAL CONTRIBUTION CAPS

The allowable contribution to superannuation for those over 50 has been reduced to \$25,000 from the previous \$50,000 for people over 50 with less than \$500,000 in their members account. This will remain frozen as with indexation until 1 July 2014.

#### 30% CONTRIBUTION TAX FOR HIGH INCOME EARNERS

From the 1 July 2012 an individual earning greater than \$300,000 will pay an additional 15% on their deductible contributions in the super fund where their income plus deductible contributions exceed \$300,000. It will only be the amount of contributions above \$300,000 that will have the additional tax applied in the super fund.

#### GOLDEN HANDSHAKES

Golden handshakes will now be added to ordinary income and anything over \$180,000 will be taxed at 46.5% which is the applicable tax rate at that level. Only that part of the golden handshake under \$180,000 will receive the concession.

#### VOLUNTARY CONTRIBUTIONS

The co-contribution has been reduced to \$500 and this phases out at an income level of \$46,920. For those earning up to \$37,000 there is a rebate of tax on their contributions in the superannuation fund.

#### SUPERANNUATION GUARANTEE

From the 1 July 2013 the age restriction on superannuation guarantee will be lifted from 70 to 75 and the rate will progressively increase from 9% to 12% by 1 July 2019 for all eligible employees.

### INDIVIDUALS AND FAMILIES

#### NOT PROCEEDING

There will not be a standard deduction for work related expenses as announced last year.  
There will not be a 50% tax discount for Interest income as announced last year.

#### MEDICAL EXPENSES

A means test will be introduced so that singles earning above \$84,000 and families above \$168,000 will have to incur net medical expenses in excess of \$5,000 before they will be entitled to a tax offset calculated at 10% on net expenses in excess of \$5,000.

#### DEPENDENCY TAX OFFSETS

The 8 dependency offsets will be combined into one non-refundable offset.

#### MATURE AGED WORKER TAX OFFSET

The mature aged workers offset will be phased out for taxpayers born on or after 1 July 1957.

#### MEDICARE LOW INCOME THRESHOLDS

The Medicare levy low income thresholds will be increased to \$19,404 for individuals and \$32,743 for families. The additional threshold amount for families for each dependent child will be \$3,007.

#### EXEMPTIONS FROM FLOOD AND CYCLONE LEVIES

Exemptions for the levies will include both the individuals who received the Recovery Payment as well as those who were eligible but did not apply for the payment. The flood levy applies to the 2011/2012 year only.

# 2012/2013 BUDGET & ATO ITEMS



GOODMAN  
CHARTERED ACCOUNTANTS

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## INDIVIDUALS AND FAMILIES (CONTINUED)

### EDUCATION EXPENSES TAX OFFSET

The education expenses tax offset as from the 2011/2012 year has been replaced with the new Schoolkids Bonus.

### INDIVIDUAL RESIDENT TAX RATES 2012/2013

The following rates for 2012-13 apply from 1 July 2012.

Taxable income	Tax on this income
0 - \$18,200	Nil
\$18,201 - \$37,000	19c for each \$1 over \$18,200
\$37,001 - \$80,000	\$3,572 plus 32.5c for each \$1 over \$37,000
\$80,001 - \$180,000	\$17,547 plus 37c for each \$1 over \$80,000
\$180,001 and over	\$54,547 plus 45c for each \$1 over \$180,000

The above rates do not include the Medicare levy of 1.5%

### FOREIGN TAX CREDITS

Excess foreign tax credits can be applied against Medicare levy, Medicare levy surcharge and Flood levy.

### NON RESIDENT TAX RATES

Non residents with Australian taxable income will pay tax at a rate of 32.5% up to \$80,000 from where it will equate to the resident rates for income over \$80,000.

### NON RESIDENT CAPITAL GAINS (CGT)

The 50% discount on capital gains will no longer apply for non residents. The 50% discount will remain up to the 8 May 2012 for those non residents who choose to obtain a market valuation for that date for capital gains achieved to then.

## COMPANIES

### NOT PROCEEDING

There will not be a lowering of the Company tax rate.

### TAX LOSS CARRY BACK MEASURES

Companies will be allowed to carry back tax losses in 2012/2013 to offset against tax paid in 2011/2012 to get a refund against the tax previously paid. From 2013/2014, tax losses can be carried back and offset against tax paid up to two years earlier. Only tax losses up to \$1,000,000 can be carried back each year. The loss carry-back is only applicable to revenue losses and is limited to a company's franking account balance.

### RELATED PARTY BAD DEBT WRITE OFF

Bad debt write off between related parties will not give rise to a deduction or assessable income to either party.

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### BUSINESS

#### LIVING AWAY FROM HOME ALLOWANCE (LAFHA)

The LAFHA will be further reformed by limiting it to employees who maintain a home for their own use in Australia which they are living away from for work purposes and for a maximum period of 12 months for any particular work location. This does not affect fly in fly out arrangements.

#### DEPRECIATION

Small Business from 1 July 2012 will be able to immediately deduct the cost of any new business asset costing less than \$6,500 for as many assets as they purchase. Small Business will also be able to write-off assets costing \$6,500 or more in a single pool (15% in the year they are purchased and 30% in each subsequent year). From 1 July 2012, small businesses will be able to instantly write-off the first \$5,000 of the cost of a new or used motor vehicle.

#### BENEFICIARIES OF TRUSTS - MINORS

As from the 1 July 2011 Minors (under 18 years of age and not married) will no longer be eligible for the low income tax offset. This means that whereas in prior years we could distribute \$3,333 from a Trust tax free from 1 July 2011 it will only be \$416.

#### TRUST DISTRIBUTION MINUTE

Whilst for the 2011 year end you recall that all Trust deeds had to be reviewed and amended to reflect the definition of income and to allow the distribution of that income and streaming of dividends, etc this year the ATO has toughened its stance on the date of the distribution minute. For those affected you will have received correspondence from us explaining the situation and providing a draft minute for you to consider.

#### FUEL TAX CREDIT RATE CHANGES

The fuel tax credit rate has changed as of the 1 July 2012. A point to remember is that the rate to use is the rate that applied when you purchased the fuel. You should have received a letter from the ATO however if you haven't please visit [www.ato.gov.au/fuelschemes](http://www.ato.gov.au/fuelschemes) which has detailed explanations and instructions.

#### EMPLOYEE SUPERANNUATION CONTRIBUTIONS PAYMENT

If you have 19 or less employees you can pay all your employee superannuation contributions in one secure electronic transaction through the Small Business Superannuation Clearing House. This is a free online service. To use this service go to [www.humanservices.gov.au/smallbusinesssuper](http://www.humanservices.gov.au/smallbusinesssuper) to register.

#### BUILDING AND CONSTRUCTION INDUSTRY REPORTING

If you are in the building or construction industry there is a new reporting obligation. You need to report the total payments you make to each individual contractor for building and construction services each year with the following details; ABN, Name, Address, gross amount paid including GST and the amount of GST. You are required to report by the 21 July each year which means the first report is due 21 July 2013. For more details visit [www.ato.gov.au/taxablepaymentreporting](http://www.ato.gov.au/taxablepaymentreporting) including obtaining forms. We strongly recommend that you obtain and record these details as you make each payment throughout the year so that the information is available at year end. Please contact us if you would like assistance in this matter.

#### PAYG WITHHOLDER REPORTING OBLIGATIONS

We remind you that you must provide payment summaries to your employees by the 14 July 2012 and submit your payment summary annual report by the 14 August 2012.