

THINGS TO DO BEFORE JUNE 30

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Topics:

INDIVIDUALS

Concessional Super Contributions Cap

These year-end tax tips are designed to provide tax-payers, Businesses and Individuals, with a list of key issues that they should consider in preparing their income tax returns for the year ended 30 June.

The list is not exhaustive and if there is anything we can assist you with, or you are concerned about, please contact us today to discuss.

Self-Employed Concessional Super Contributions

CONCESSIONAL SUPER CONTRIBUTIONS CAP

The concessional contribution caps for the 2013/2014 financial year are:

- \$35,000 if turning 60 or older during 2013/2014 financial year
- \$25,000 if under 60 years in 2013/2014 financial year.

Spouse Super Contributions

Due to these changes, it is important to review any contribution strategies you may have and adjust in line with the above caps before 30 June 2014.

Government Co-Contributions

If you have in place salary sacrifice, the tax savings can be wasted if you then incur excess contribution tax by exceeding the concessional contribution cap so be mindful of the limits.

Excess Concessional Contributions Refund

Any contributions in excess of these limits can be taxed at a rate of 46.5%.

Warning:

Any contribution must be received by the superfund before 30th June. This year 30th June is a Monday. It is therefore recommended that any contribution is paid by 24th June 2014.

Property Depreciation Report

SELF-EMPLOYED CONCESSIONAL SUPER CONTRIBUTIONS

Eligible self-employed persons and substantially self-employed persons can make personal contributions to superannuation and claim 100% tax deduction for the contributions. Again, be mindful of the limit for concessional contributions for this financial year.

SPOUSE SUPER CONTRIBUTIONS

Does your spouse earn less than \$13,800 in a financial year? If yes, you could make a superannuation contribution on their behalf and claim a tax rebate of up to \$540.

Office Hours:

GOVERNMENT CO-CONTRIBUTIONS

Employees and self-employed individuals earning less than \$33,516 this financial year may be eligible for the government co-contribution payment of \$500 if a personal (after tax) contribution of at least \$1,000 is made into superannuation. If you earn more than \$33,516 but less than \$48,516 this financial year you could still be eligible for a pro rata amount.

8:30am
to
5:00pm

EXCESS CONCESSIONAL CONTRIBUTIONS REFUND

If you exceed your concessional contributions cap during the 2013/2014 financial year and onwards, you can withdraw any excess contributions made from 1 July 2013 from your Super Fund. These excess contributions will then be taxed at the individual's marginal rate, plus an interest charge (as would happen for income tax paid late to the ATO), rather than the top marginal tax rate.

Monday
to
Friday

PROPERTY DEPRECIATION REPORT

If you have an investment property, a Property Depreciation Report (prepared by a Quantity Surveyor) will allow you to claim depreciation and capital works deductions on the property assets.

Closed
Public
Holidays

The cost of this report is generally recouped several times over by the tax savings in the first year of property ownership.

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Topics:

Motor Vehicle Log Book

Insurance Premiums

Work Related Expenses

Negatively Geared Investments

Prepay Expenses and Interest

Donations

Medical Expenses

Medical Tax Offset Phased Out

Office Hours:

8:30am
to
5:00pm

Monday
to
Friday

Closed Public
Holidays

INDIVIDUALS (CONTINUED)

MOTOR VEHICLE LOG BOOK

Ensure that you have kept an accurate and complete Motor Vehicle Log Book for at least a 12-week period. The start date for the 12-week period must be on or before 30 June 2014. You should make a record of your odometer reading as at 30 June 2014, and keep all receipts/invoices for your motor vehicle expenses.

INSURANCE PREMIUMS

Income protection insurance replaces up to 75% of your salary if you are unable to work due to sickness or an accident. The insurance premium is generally tax deductible.

WORK RELATED EXPENSES

Don't forget to keep any receipts for work-related expenses such as uniforms, training courses and learning materials, as these may be deductible for tax purposes.

NEGATIVELY GEARED INVESTMENTS

Consider the use of negatively-geared investments to generate excess deductions that can be offset against current year income.

PREPAY EXPENSES AND INTEREST

Expenses relating to investment activities can be prepaid before 30 June 2014. You can prepay up to 12 months of interest (subject to your loan conditions) before 30 June on a loan for a property or share investment and claim a tax deduction this financial year. Also, other expenses in relation to your investments can be prepaid before 30 June, including rental property repairs, memberships, subscriptions, and journals.

DONATIONS

Consider making deductible gifts before year's end.

MEDICAL EXPENSES

Ensure that all deductible expenses are made by the spouse with the higher tax bracket to maximise the benefit of the deduction.

MEDICAL TAX OFFSET PHASED OUT

Remember from 1 July 2013 the net medical expenses tax offset is to be phased out. Taxpayers who claimed the offset in 2012/13 will be eligible to claim the offset in 2013/14 if they have eligible out-of-pocket medical expenses above the \$2,162 or \$5,100 (if adjusted taxable income over \$88,000 for singles or \$176,000 for families plus \$1,500 for each dependent child) expenses threshold.

Taxpayers who claimed the offset in 2013/14 will be eligible to claim the offset in 2014/15.

The net medical expenses tax offset will continue to be available for taxpayers for out-of-pocket medical expenses relating to disability aids, attendant care or aged care expenses until 1 July 2019.

PREPARING FOR TAX TIME

The ATO has introduced extra reporting requirements for the 2013/2014 Income tax returns. These reporting requirements mean that unless we have your spouse/partners details we will not be able to complete your 2014 Income Tax Return. A significant number of the tax calculations are based on combined income.

To streamline the completion of your return and ensure an amendment is not required at a later date due to ATO data matching procedures, please ensure you provide the following information:

Spouse Details

- Full name
- Date of birth
- Sex (M/F)
- Taxable income
- Australian Government Pensions and Allowances (exempt and taxable)
- Reportable Superannuation Contributions
- Fringe Benefit amount
- Foreign income
- Net investment loss (Financial investment/Rental property losses)
- Taxed element of a Superannuation Lump Sum for which the tax rate is zero
- If not married for full year date – dates you had a spouse
- Child support paid
- Medical expenses

Dependent Children/Student Details

- Full Name
- Date of Birth
- Whether or not they were a student in the 2013/2014 financial year
- Net Income

Private Health Insurance Details

The ATO have introduced changes in relation to the Medicare levy surcharge. The Medicare Levy Surcharge is now based on a three tiered income test i.e. the surcharge increases dependant on your income. Where you have a complying health insurance policy you will be exempt from the Medicare Levy Surcharge.

For the 2013/2014 financial year, the Private Health Insurance rebate you receive from the Australian Government is based on an income test. Therefore based on your income, if the Private Health Insurance rebate provided was less than the amount you were entitled to the ATO will refund you the difference. If the Private Health Insurance rebate was more than what you were entitled to the extra amount will be payable to the ATO.

If you have Private Health insurance please provide your 2013/2014 Private Health Insurance statement as it contains all of the information required to be reported in your 2013/2014 Income Tax Return.

Bank Account Details

Since 1 July 2013, you need to include Australian Financial Institution details when lodging individual tax returns where a refund is due. Please provide the following details for completion of your 2013/2014 Income Tax Return:

- Bank Name
- BSB Number
- Account Name
- Account Number

For further information regarding documentation requirements for completion of your 2013/2014 Tax Return please refer to the Individual Tax Checklist 2014 on our Website.