

16th June 2010

Taxation and Financial Planning Newsletter for 2009/2010

Resident Individual Tax Rates

Current 2009/2010 from 1/7/2009		From 1 July 2010 for 2010/2011	
Taxable income	Rate	Taxable income	Rate
0- \$6,000	0%	0- \$6,000	0%
\$6,001 - \$35,000	15%	\$6,001 - \$37,000	15%
\$35,001 - \$80,000	30%	\$37,001 - \$80,000	30%
\$80,001 - \$180,000	38%	\$80,001 - \$180,000	37%
\$180,001+	45%	\$180,001+	45%

- ❖ The **low income tax offset** is \$1,350 (increased from \$1,200) for the 2009/2010 financial year (which is again increased to \$1,500 in 2010/2011) and reduces when taxable income exceeds \$30,000. Therefore, for 2009/2010, the effective tax-free threshold is \$15,000 (for 2010/2011 it is \$16,000). Minors will not be taxed until annual income exceeds \$3,000.
- ❖ Medicare levy of 1.5% is normally payable subject to the income thresholds on top of the above tax rates. In addition, Medicare levy surcharge of 1% is payable if there is no private hospital cover and the combined taxable income of a couple is in excess of \$146,000 or for an individual the taxable income is in excess of \$73,000.

Taxable income=Assessable Income (less) Allowable Deductions.

Tax credits and offsets (rebates) are more effective than deductions as they reduce the tax payable.

Company and Fringe Benefit Tax Rates:

- ❖ Company tax remains the same at 30% and Fringe Benefits tax rate is 46.5%.

“Cents per Km Rates” to claim car expense up to 5000kms: (remains same as last year)

Engine capacity (non –rotary)	Rate (cents) per km
0-1600 cc (1.6Ltr)	63 (incd from 58c)
1601 – 2600 cc (2.6Ltr)	74 (incd from 69c)
2601 cc +	75 (incd from 70c)

Superannuation Strategies:

- ❖ Please refer to the attached “The Count report” for Salary sacrifice/ Concessional contribution, Govt Co-contribution, Transition to retirement pension etc. Spouse super offset remains at \$540, 18% of the contribution limit of \$3,000 when the spouse’s assessable income is below \$10,800.

Business at Palani & Associates:

We are, like most businesses, looking to grow all the time in both Tax and Financial Planning. Your referrals are most welcome. Both Carrie and Usha have settled very well and both of them will assist Ramiah to manage the **Tax Season 2010** efficiently. Unfortunately, both of them work only part time and hence we would appreciate your understanding and co-operation, when you call us for an appointment. Our website www.palani.com.au is revamped and should be live around 30th June 2010. We will send you an e-mail highlighting new features.

Tax planning before the end of June 2010 can potentially save a large amount of tax – so plan your tax rather than just pay tax! You may look at postponing income and prepaying expenses.

<i>For tax planning, financial planning & advice on creating and maximizing your wealth for the future please do not hesitate to contact any one of us.</i>		
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We appreciate and value your clientele.

We, as Certified Practising Accountants and as a Member of Count Wealth Accountants®, Licensed Securities Dealer, specialise in helping you, our valued client, take control of your financial future.

Disclaimer

We have attempted to cover a wide range of topics in this paper. However you should not solely act on the basis of information contained herein because many issues are generalized and tax laws apply differently to different people in different circumstances.