

Taxation and Financial Planning Newsletter for 2010/2011

Resident Individual Tax Rates for 2010/11 & 2011/12

Taxable income	Tax on this income
\$0 – \$6,000	Nil
\$6,001 – \$37,000	15c for each \$1 over \$6,000
\$37,001 - \$80,000	\$4,650 plus 30c for each \$1 over \$37,000
\$80,001 – \$180,000	\$17,550 plus 37c for each \$1 over \$80,000
Over \$180,000	\$54,550 plus 45c for each \$1 over \$180,000

The above rates do not include the Medicare levy of 1.5% or the Flood Levy 0.5%- 1%.

- ❖ The **flood levy** for 2011/2012 (from 1st July 2011) is 0.5% for taxable incomes between \$50,000 and \$100,000. This levy is increased to 1% when the taxable is more than \$100,000. (i.e. \$250 plus 1% of income above \$100,000).
- ❖ The **low income tax offset** is \$1,500 (increased from \$1,350) for the 2010/2011 financial year and reduces when taxable income exceeds \$30,000. Therefore, for 2010/2011, the effective tax-free threshold is \$16,000. Minors will not be taxed until annual income exceeds \$3,333.
- ❖ 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 \$154,000, or for a single taxpayer, a taxable income in excess of \$77,000.

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 the same as last year)

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

Top 10 Tax Tips:

- ❖ Please refer to the attached “The Count Report” for Top 10 Tax tips for the end of financial year.

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 been with us for 3 years and both of them will assist Ramiah to manage the **Tax Season 2011** 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 truly up and running. Please visit our site, and give us your feedback.

Tax planning before the end of June 2011 can potentially save a large amount of tax – so plan your tax rather than just pay tax! Tax planning should also be undertaken throughout the year, not just at the end of the year.

<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.