

NEWSLETTER

July 2009



PO Box 460
Ingleburn NSW 1890
Ph: (02) 9605 8350
Fax: (02) 9829 2670
www.austaxaccountants.com.au

Tax Time is Here!

At the end of another financial year, our team are busy gearing up to provide you with the fast, accurate and professional income tax return preparation service for which we are renowned.

There have been many changes to Australia's taxation system during the past twelve months. We would ask you to take the time to read this newsletter carefully, as it contains information regarding many of the major changes that may affect you.

A new financial year provides an ideal opportunity to review your financial affairs. To assist our clients we offer a full range of taxation planning services and via our subsidiary, Starman Financial Services Pty Ltd, a complete range of financial solutions. We encourage you to read the attached flyer for more information as to how these services may benefit you.

We look forward to seeing you soon.

Tax Time 2009

Given the current economic climate, we are expecting a very busy tax season this year. We would like to remind our clients that advance bookings are essential to avoid disappointment.

An Income Tax Checklist is available on our website to assist you. Visit our website, www.austaxaccountants.com.au, click on Accounting/Tax Information then on the Individual Taxation Checklist.

We also wish to remind our clients to bring in their bank account details (BSB and Account Number) when they prepare their tax return.

Direct crediting your tax refund to a bank account means no lost cheques, provides greater security and, best of all, you will receive your refund sooner.

Generally the lodgement of your 2009 income tax return is due by the 31st of October 2009. Please contact your accountant if you are unable to lodge your return by this date or require additional time to lodge.

Pre-filling

As you may remember, the 2008 financial year saw the introduction of pre-filling reports prepared by the ATO. The data contained in these reports was made available to allow us to assist you prepare your income tax return.

We would like to remind you, while we may be able to access certain information such as details of your PAYG Payment Summaries, Dividends and Bank Interest via these reports, there is no guarantee that this information will be available on the date you wish to prepare your tax return. The ATO also provides no guarantee as to the accuracy of this information.

For this reason we ask that you still bring in your original documents to allow us to prepare your 2009 income tax return.

Education Tax Refund

Now is the time to review your child's education expenses and see if you qualify for the Education Tax Refund.

If you're eligible for the Education Tax Refund you could get 50% back on a range of primary and secondary school education expenses.

The Education Tax Refund (ETR) is a government initiative to help with the cost of educating primary and secondary school children. It means eligible parents, carers, legal guardians and independent students could get 50% back on some education expenses. This includes items like computers, educational software, textbooks and stationery.

Full details can be found at <http://www.educationtaxrefund.gov.au>

Same Sex Relationships and Tax

From 1 July 2009, all couples and families will be treated the same way for tax purposes, regardless of gender.

Changes to definitions of 'Spouse', 'de facto relationship', 'relationship' and 'child' will make sure that same sex couples and their families are treated the same way for tax purposes, including that they have the same access to tax concessions, regardless of their partner's gender.

Small Business Investment Allowance

Legislation has been introduced that potentially provides a 30% additional tax deduction where businesses purchase eligible assets by 30 June 2009 and a 10% additional deduction for eligible assets purchased prior to 31 December 2009.

For small businesses, in both cases this additional deduction will be increased to 50%. Eligible assets purchased must be installed ready for use by 31 December 2010.

For other businesses, the existing additional deductions for 30% or 10% will continue to apply.

Due to the complexity of the legislation we suggest that you contact us for advice prior to undertaking any purchase to ensure that you will be eligible.

Medicare Levy Surcharge and Private Health Insurance Rebate

From 1 July 2010 the Government has proposed to introduce a number of income tiers which will decide the level of private health insurance that a taxpayer can receive and also the level of Medicare Levy Surcharge that will be payable if the taxpayer does not have private health cover.

- If you earn below \$75,000 (single) or \$150,000 (family) nothing changes.
- Tier 1 is for people who earn between \$75,000 and \$90,000 (single) or \$150,000 to \$180,000 (family). Rebate will be 20% (increasing after age 65) and the surcharge will remain at 1%.
- Tier 2 is for people who earn between \$90,000 and \$120,000 (single) or \$180,000 to \$240,000 (family). Rebate will be 10% (increasing after age 65) and the surcharge will increase to 1.25%.
- Tier 3 is for people who earn over \$120,000 (single) or \$240,000 (family). No rebate will apply and the surcharge will increase to 1.5%.

Clients need to review their health arrangements in the coming year to ensure that they take the surcharge into account if applicable.

Family Tax Benefit (FTB) **Changes to Claiming FTB**

From 1 July 2009, claims for family tax benefit, including previous year claims, can no longer be accepted by the Tax Office.

To claim family tax benefit, you need to apply to the Family Assistance Office by either lodging:

1. online at www.familyassist.gov.au, or
2. a paper claim form in person at a Centrelink customer service centre or Medicare office.

For information on the family tax benefit, you can contact the Family Assistance Office by:

1. visiting the FAO website at www.familyassist.gov.au
2. phoning the FAO on **13 61 50** between 8am and 8pm Monday to Friday
3. visiting your nearest FAO – offices are located in Medicare offices and Centrelink customer service centres.
4. phoning **13 12 02** if you do not speak English well.

New HECS-HELP Benefit for Graduates

If you have a HELP debt and are either a maths or science graduate or an early childhood education teacher you may be eligible for the new HECS-HELP benefit. Full details are available on the ATO website at www.ato.gov.au

Foreign Source Income (Pensions and Annuities)

We would like to remind recipients of foreign source income that your foreign income may still be required to be reported for Australian tax purposes.

Most foreign pensions and annuities are taxable in Australia, even if tax was withheld from your payment by the country from which the payment came.

Examples of pensions and annuities that fall into this category are age and superannuation pensions paid from Austria, Germany, Italy, the Netherlands, and the United Kingdom.

If you are not sure whether your pension or annuity is taxable in Australia please ask us for further information.

Exempt Foreign Income **Section 23AG Amendment**

Section 23AG currently exempts most foreign sourced employment income from Australian income tax subject to certain provisions.

From 1 July 2009 Section 23 AG will be restricted to income earned by foreign aid works, foreign charity workers and selected government employees. For all other Australian resident employees who no longer qualify for the exemption under Section 23AG, their foreign sourced income will be subject to Australian income tax. Where the employee has paid income tax in the foreign country, they will be entitled to claim a foreign tax offset.

Super Agreement with Finland

Australia has entered into a bilateral social security agreement with Finland to address the issue of double super coverage.

The agreement is due to start on 1 July 2009.

Commonwealth Seniors Health Card (CSHC)

After the Government's proposal to include tax free payments (pension and lump sum) from super in the definition of income for CSHC purposes stalled in the senate, they have now announced that tax free income stream payments from super will not be included as income. It is likely that this announcement will also mean tax free lump sums will also be excluded (although we will need to wait for further confirmation).

This is a big win for self funded retirees over Age Pension age, who would have been unfairly affected had this measure been introduced as originally planned. The Government has confirmed that they will include both reportable super contributions and net financial investment losses in the definition of income for this purpose from 1 July 2009.

Information

If you wish to clarify or receive further information on any of the above points please contact our office on (02) 9829 4188.