



2007 June Newsletter

How long will your superannuation pension last?

Following the 'simpler superannuation changes', people can purchase account-based pensions with their super money.

This new type of product will be available from July 1, 2007.



Account-based pensions can be a tax-effective way of receiving regular income payments.

They also provide the flexibility of taking out lump sums from the fund at any time.

The ASIC has developed a calculator that assists you in comparing between account-based pension products available, and how long your super will last in each scenario.

Through graphical representations and tables, the calculator allows you to compare the long-term effects of:

- a. Product fees
- b. Investment strategies & investment earnings
- c. Annual income drawn
- d. Any lump sums drawn

The calculator is accessible via the ASIC's consumer website "FIDO", at www.fido.gov.au

Confused over the budget?

In the 2007 Federal budget, the government announced they would double the co-contribution paid in respect to eligible personal superannuation contributions.

The bonus only applies to contributions made during the 2005-06 year.

It is therefore too late to make contributions that will qualify for the bonus co-contribution.

Taxation Statistics – who has been reporting what

The Tax Office has recently released its latest edition of "Taxation Statistics", its most comprehensive statistical publication.

Taxation Statistics is designed to inform the public as to what taxpayers have been reporting to the Tax Office.

This year the report has been modified to include additional information, partly in response to requests from the community.

This additional information includes:

1. Adding 2 year tables to enable clear comparisons with the previous financial year.
2. Tables on e-tax, rental income and deductions.
3. Tables disclosing total work-related expenses by salary and wage occupation codes.
4. Statistics on the first child tax offset, family tax benefit claims, private health insurance rebates, and the film and television tax offset.

Taxation Statistics is available on the Tax Office's website at www.ato.gov.au. Feedback on the information included in the report or other suggested changes can be emailed to the Tax Office at taxstats@ato.gov.au.

Impact of New Superannuation Rules

Deputy Commissioner Ms Raelene Vivian recapped on the changes to superannuation that were proposed in the last federal budget, and that have now been passed by Parliament.

She discussed the impact of some of the transitional arrangements for making post-tax contributions.

She reiterated that people who have exceeded the \$1million cap between May 10 and December 6, 2006 have until June 30, 2007 to request a release of the excess contributions from the Tax Office.

She also said that the Tax Office will use members' contributions statements and income tax returns to ensure that contribution limits are adhered to.

On the issue of quoting Tax File Numbers, the Deputy Commissioner stated that there are still large numbers of individuals in the larger funds who have not provided their TFN's.

Ms Vivian also indicated that the Tax Office will increase its compliance coverage for Self Managed Superannuation Funds [SMSFs] and auditors over the next two years, and that there would be no period of grace to allow trustees of SMSFs to get used to the new rules.

FBT Rates and Thresholds for 2007-08

The rates and threshold levels for various fringe benefits provided from April 1, 2007 have been updated. The changes include:

The benchmark interest rate, applicable to all loan fringe benefits and car fringe benefits valued under the operating cost method is 8.05% p.a.

The cents per kilometre rates relevant for valuing benefits from the private use of vehicles other than cars, are as follows:

Engine Capacity	Rates per Kilometre
0 to 2500cc	41 cents
Over 2500cc	49 cents
Motorcycles	12 cents

The exemption from record keeping is available to employers who meet certain conditions and whose total benefits provided for the year beginning April 1, 2007 is less than \$6,614.

ASIC to Enlist the Assistance of Property Experts

Australia has seen the third major collapse of a property investment company in the past two years, with The Estate Property Group going into voluntary administration – joining Westpoint and FinCorp.

According to the ASIC, these collapses have cost investors close to \$1 billion, and have affected over 19,000 people.

For this reason, the ASIC has appointed a team to review the property investment market.

Experts will be appointed to assess the underlying business models to determine where the risks are and how to communicate them.

The ASIC's plan will also involve the issue of valuations and e-retail investor education.

The ASIC will look at both existing business models and ones that may be released in the future.

