

Tax Time 2013 - Recent changes

Tax-free threshold increased

The tax-free threshold has been increased to \$18,200.

If your taxable income is under the tax-free threshold, there are reasons why you may still need to lodge an income tax return. The most common reason would be that you have had pay as you go (PAYG) withheld from payments received during the year.

Electronic refunds

Individual tax returns with an estimated refund will **require Australian bank account information** including BSB, account number and name to be entered when lodging electronically.

Income tax rates 2012-13

Taxable income	Tax on this income
0 - \$18,200	Nil
\$18,201 - \$37,000	19c for each \$1 over \$18,200
\$37,001 - \$80,000	\$3,572 plus 32.5c for each \$1 over \$37,000
\$80,001 - \$180,000	\$17,547 plus 37c for each \$1 over \$80,000
\$180,001 and over	\$54,547 plus 45c for each \$1 over \$180,000

Net medical expenses tax offset

The amount of net medical expenses tax offset you can claim now depends on your level of income.

You can only claim an offset of 10% of your net medical expenses over \$5,000 if you have an adjusted taxable income (ATI) above:

\$84,000 if you are single

\$168,000 if you are a gay couple or family.

The family threshold will increase by \$1,500 for each dependent child after the first.

If your ATI is below these income thresholds, you are not affected by this change and can continue to claim an offset of 20% of your net medical expenses over \$2,120.

NOTE ! At the time of publishing these changes had not become law.

Mature age worker tax offset

The eligibility test for the mature age worker tax offset has changed. From 1 July 2012, this tax offset is only available to taxpayers born before 1 July 1957.

Low income super contribution

From 1 July 2012, taxpayers may be entitled to a low income super contribution (LISC) if their adjusted taxable income (ATI) is no more than \$37,000 and at least 10% of their total income is from employment or business.

The LISC is a government super payment to help low income earners save for their retirement. The payment is 15% of the concessional (before tax) contributions made by them or their employer to their complying super fund, up to a maximum payment of \$500.

Removal of the Entrepreneurs tax offset

The Entrepreneurs tax offset (ETO) has been abolished and cannot be claimed from 2012-13.

Small business concessions - simpler depreciation rules

From the 2012-13 income year:

- the small business instant asset write-off threshold has increased from \$1,000 to \$6,500
- small businesses can claim an accelerated initial deduction for motor vehicles
- the long life small business pool and the general small business pool have been consolidated into a single pool to be written off at one rate.

Small business and general business tax break removed

The legislation covering the small business and general business tax break was temporary. It has expired and does not apply from the 2012-13 year onwards.

Company loss carry back

In the 2012 Budget, the government announced its intention to provide tax relief for companies by allowing them to carry back tax losses so they receive a refund against tax previously paid. (Not law yet)

Super guarantee

The superannuation guarantee (SG) rate increases from 9% to 12% between 1 July 2013 and 1 July 2019. In addition the SG age limit of 70 will be removed from 1 July 2013, and employers will be required to contribute to complying super funds of eligible mature age employees aged 70 and older.

SMSF auditors

From 1 July 2013, self-managed super fund trustees will be required to appoint an approved SMSF auditor who is registered with the Australian Securities and Investments Commission (ASIC) to conduct any SMSF audits.

SMSF market value reporting

For the 2012-13 income year and any later years of income SMSFs are required to use market value reporting for their financial accounts and statements.

Contributions to Super

From 1 July 2012, the concessional contributions cap is \$25,000 regardless of your age or super balance.

Clients please note -

- If you have had a pay rise - this will increase the amount of compulsory employer contributions made to your super fund for the year.
- If you salary sacrifice into super - these amounts will count toward your concessional cap, in addition to your employer's compulsory contributions.
- If your employer pays expenses like super administration fees, insurance premiums, or other costs - these expenses can count towards your concessional contributions cap.
- Has your super fund actually received their contributions in the year they were made? Note - if the contributions are made in late June and your fund does not receive the money until July, the contributions will count towards your cap for the following financial year.

For members aged 75 or older, super funds can still **only** accept mandated employer contributions. The change to the concessional cap does **not** mean that their funds can accept other contributions.