

CARBONI & CO
CHARTERED ACCOUNTANTS



“Making Your Business Count”

1. Tax Planning Tips

As we approach the end of the financial year, it is always a good time to take a look at tax planning strategies to reduce the final year end tax bill.

Common strategies to reduce tax include the following:

Deferring Income	Most taxpayers will not be assessed on income until received, consider delaying the receipt of income until the next financial year.
Increase Expenditure	<ul style="list-style-type: none">• Individual taxpayers may claim an immediate deduction for items costing less than \$300 provided used predominantly to earn non-business income (eg salary/wages). eg. tools.• If spend more than \$300, generally claim only depreciation on work related equipment over useful life of asset. Claim for first tax year apportioned based on number of days owned during year.
Defer Capital Gains Tax	<ul style="list-style-type: none">• Capital Gains are taxed in the year when contracts are exchanged (not settled).• If expecting a large capital gain from the sale of property or shares, consider the following:<ul style="list-style-type: none">○ delay the exchange of contracts until the next financial year to defer any tax payable;○ selling non-performing shares for a capital loss to offset against any capital gain.○ consider if you have capital losses from prior years to offset against gains. (excludes losses from collectables);• Ensure Property or shares held for at least 12 months to



	<p>access the 50% discount for individuals (if eligible for discount);</p> <ul style="list-style-type: none"> • Consider the availability of roll-over relief under tax laws.
Superannuation Contributions	<ul style="list-style-type: none"> • For employers, to ensure superannuation for the quarter ended 30 June 2010 is tax deductible, must be paid before 30 June. • For employees (in particular those nearing retirement), consider salary sacrificing additional superannuation contributions which are taxed in a complying superfund at 15%. Subject to cap limits depending on age.
Super Co-Contributions	<ul style="list-style-type: none"> • For taxpayers with assessable income <\$31,920 per year, the Government will match contributions dollar for dollar up to \$1,000 maximum. Super co-contributions extend to the self employed. • Co-contributions reduces if income > \$31,920 and phases out at \$61,920.
Bad Debts	<ul style="list-style-type: none"> • Write off bad debts before 30 June 2010 to obtain a tax deduction. • To be validly claimed the debt must have previously been included as assessable income and written off in the debtors ledger.
Accelerated Deductions (Small business taxpayers)	<p>For small business taxpayers (ie. turnover <\$2 Million), you can claim a deduction for payments in advance where</p> <ul style="list-style-type: none"> • Less than \$1,000; • Under contract for service (eg. salary and wages); • Services received within 13 months. <p>Employee/Directors bonuses are deductible if incurred by the year end 30 June 2010 if evidence of intention to pay – ie passing of resolution/ minute.</p>
Spouse Super Contribution Rebate	<ul style="list-style-type: none"> • A taxpayer can receive a tax rebate of up to \$540 for super contributions made by a spouse on behalf of low income earning spouse (income < \$10,800). Rebate is 18% of contribution amount up with max contribution \$3,000.



2. What's New for 2010/2011

The new individual resident tax rates commencing 1 July 2010 are:

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

**** Please note the above rates do not include Medicare Levy of 1.5% on taxable income and Medicare Levy Surcharge of 1% (if applicable)**

Education Tax Refund	<ul style="list-style-type: none"> For those families eligible to receive Family Tax Benefit Part A, you will be able to claim a tax rebate of 50 % for certain education expenses limited to laptops, printer, computer equipment, internet and schoolbooks. Rebate is 50% of eligible expenses. Rebate limited to \$375 primary school student and \$750 per high school student.
Foreign Employment Income Exemption removed	<ul style="list-style-type: none"> The exemption for foreign employment income for more than 90 days will be limited now to certain aid and charity workers, approved government projects & defence. Unless activities fall into above categories, income will be included as assessable income. A tax offset will be available for any foreign tax paid on foreign employment income.



Employee Share Schemes (ESS)	<ul style="list-style-type: none">• Under the new ESS rules, the basic principle is that any discount received on shares/rights/options by employees will form part of assessable income.• Employees will be eligible for exemption on the first \$1,000 discount provided their taxable income (including fringe benefits, superannuation) is less than \$180,000 and were employed by the company (or subsidiary) at time the shares/rights were acquired.
Access to Non-Commercial Losses tightened	<ul style="list-style-type: none">• Taxpayers with income of \$250,000 or more will be unable to deduct non-commercial losses against their assessable income (ie. salary and wages). Excess deductions will instead be quarantined for future use.• The existing rules will still apply to taxpayers with income of less than \$250,000.

Please Note:

The above information is general in nature and specific advice should be sought if required to ensure information is specific to your circumstances.

