



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 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 access the 50% discount for individuals (if eligible for discount);• Consider the availability of roll-over relief under tax laws.



<p>Superannuation Contributions</p>	<ul style="list-style-type: none"> • For employers, to ensure superannuation for the quarter ended 30 June 2011 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. • As a general rule, where a person receives Employer Superannuation Support (ie. 9% gross wages for most), you cannot claim a tax deduction for personal superannuation contributions made. • However, an individual can claim a tax deduction for personal contributions where you receive only up to a maximum of 10% of your assessable income from an employer during the year you wish to claim a tax deduction subject to limits. If a person is > 65 years need satisfy work test. (Other conditions may have to be met). • For self-funded retirees and self employed with taxable income, consider making contribution to reduce taxable income.
<p>Super Co-Contributions</p>	<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.
<p>Bad Debts</p>	<ul style="list-style-type: none"> • Write off bad debts before 30 June 2011 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.
<p>Accelerated Deductions (Small business taxpayers)</p>	<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 2011 if evidence of intention to pay – ie passing of resolution/ minute.</p>
<p>Spouse Super</p>	<ul style="list-style-type: none"> • A taxpayer can receive a tax rebate of up to \$540 for super



Contribution Rebate	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.
Transition to retirement pension From age 60 pensions are tax-free (subject to certain conditions)	<ul style="list-style-type: none"> • Once preservation age is reached transition to retirement income streams are a measure that allow individuals who have reached preservation age to access their superannuation benefits and continue working. • The total payments made in a financial year must be no more than 10 per cent of the account balance as at 1 July of each year. • From preservation age – age 59 the taxable component included in assessable income and taxed at marginal tax rates with 15 per cent tax offset • From age 60 pensions are Tax-free.
Negative gearing	<ul style="list-style-type: none"> • Refers to borrowing money to buy an asset (eg. a rental property/shares), but the income generated by that asset (eg. rental income) does not cover the outgoings such as interest. • In-time the value of the asset increases until such time as the asset is sold. • Losses incurred from negative-g geared property investments are currently tax-deductible against other taxable income (eg. Salary and wages /business) and can be used to reduce tax liability. • There may be tax advantages but there is still a loss incurred & risk of borrowing eg. asset may decline in value, cannot make repayments.

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

