

New Tax Rates and Thresholds from 1 July 2009

The following is a snapshot of the new individual Resident tax rates and thresholds applying from 1 July 2009, with the changes from last financial year highlighted in bold.

Taxable Income (\$)	Tax Payable
0–6,000	Nil
6,001–35,000	15% of excess over \$6,000
35,001–80,000	\$4,350 + 30% of excess over \$35,000
80,001–180,000	\$17,850 + 38% of excess over \$80,000
180,000 +	\$55,850 + 45% of excess over \$180,000

Telephone Number Change

Please be advised that after six years of redirection, we have finally had the old Eastwoods Phone Number of 8362 7121 disconnected. Please note that the phone number to use to contact Eastwoods Tax and Accounting is **8132 9222**, and to contact Eastwoods Wealth Management is **8132 9288**.

Superannuation from 1 July 2009

The following are the new rates and thresholds that apply from 1 July 2009 in relation to superannuation contributions.

Concessional Contributions Caps

Concessional contributions include employer contributions (including contributions made under a salary sacrifice arrangement) and personal contributions claimed as a tax deduction by a self-employed person. Between 1 July 2007 and 30 June 2012, a transitional concessional contributions cap applies for people age 50 or over. Below are the caps for 2009/10.

Age	Amount of Cap
<50 years of age	\$25,000
50 to 74	\$50,000

Non-concessional Contributions Cap

The cap on non-concessional contributions, including personal contributions for which taxpayers do not claim an income tax deduction for 2009/10 is set out below.

Income Year	Amount of Cap
2009/10	\$150,000 or \$450,000 ¹ over 3 years

¹ There is a 'bring-forward' option under which taxpayers can contribute greater than \$150,000 in an income year as long as the total contributions for that year and the next 2 years do not exceed \$450,000. This option only applies to

taxpayers who are under 65 at any time in the year that want to 'bring-forward' their contributions.

Superannuation Co-Contribution

If an individual's income is eligible for the co-contribution and they make personal superannuation contributions, the Government will match each \$1 contributed with a "co-contribution" of \$1. The maximum co-contribution is \$1,000 (down from \$1,500 in 2008/09).

Income Year	Total Income \$	Calculation of Maximum Co-Contribution
2009/10	0–31,920	\$1,000
	31,921–61,919	\$1,000 – [3.333% × (Total Income – \$31,920)]
	61,920+	Nil

The superannuation guarantee charge percentage (%)

An employer is obliged to contribute a minimum of 9% of an eligible employee's earnings base to a complying superannuation fund or retirement savings account (RSA). Contributions need to be made at least every quarter.

Small Business Tax Break Boost

The Government has expanded the Small Business and General Business Tax Break to provide additional assistance

to small business entities or SBE's (ie. basically small businesses with an annual turnover of less than \$2 million).

A bonus deduction of 50% (instead of the 30% or 10% deduction) will be available to SBE's that order an eligible asset between 13 December 2008 and 31 December 2009, and install it ready for use by 31 December 2010.

All other businesses (ie. non-SBEs), can continue to access the Tax Break at 30% for eligible assets contracted for prior to 30 June 2009, and 10% for eligible assets that they commit to investing in between 1 July 2009 and 31 December 2009.

Tax break on laptop computers

To claim the Tax Break, the relevant asset must basically have been acquired for the principal purpose of carrying on a business.

The ATO will accept that a laptop computer will be used for the principal purpose of carrying on a business if, when the taxpayer first acquires and then uses the laptop computer, it is reasonable to conclude that they will use it for more than 50% of the time for the purpose of carrying on a business.

Cash-Strapped Small Business — Help from the ATO

The ATO has announced new measures to help small businesses that are struggling to manage their tax debts in the current economic climate.

12 month GIC-free payment arrangements

Businesses with an annual turnover of less than \$2 million with an activity statement debt can apply to the ATO for a GIC-free payment arrangement from now until 30 June 2010.

"GIC" is the "General Interest Charge", or interest payable on the debt, currently 10.13%

They will have the GIC remitted for a maximum period of 12 months, provided the payment arrangement is maintained.

Deferred activity statement payment due dates

Small businesses can also request a deferral of payment on their next activity statement.

Businesses with short term cash flow problems that pay quarterly and annually may be granted a deferral of up to two months, with those that pay monthly eligible for up to one month.

Activity Statements still have to be lodged on time, but no interest will apply for the period of the deferral.

Please contact this office if you would like us to approach the ATO on your behalf.

Non-Commercial Business Losses Quarantined for High Income Earners

From 1 July 2009, the Government will tighten the application of the rules on the use of non-commercial losses to prevent high income individuals from offsetting excess deductions from non-commercial business activities against salary and other income.

That is, taxpayers with an adjusted taxable income of over \$250,000 will have excess deductions quarantined to the business activity (it appears that excess deductions will be quarantined even where one of the non-commercial loss tests have been satisfied).

Affected taxpayers will be able to apply to the Commissioner of Taxation for relief from the rules where the activities are independently assessed as being commercially viable.

Overseas Employment Income: Tax Exemption Basically Abolished

Currently, certain foreign employment income earned by Australians working overseas for a continuous period of 91 days or more is generally exempt from Australian income tax.

From 1 July 2009, the foreign employment income will generally become taxable and taxpayers will be entitled to a foreign income tax offset for foreign tax paid on the foreign employment income.

From 1 July 2009, the income tax exemption for foreign employment income will only apply to income earned as:

- An aid or charitable worker employed by a recognised non-government organisation;
- A government aid worker; or
- A specified government employee (eg. Defence and police force personnel deployed overseas).

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