



## 30 JUNE 2009 IS FAST APPROACHING!

Another financial year is nearly over. What should you be considering before and after the end of the financial year?

### Superannuation

If you intend to make a self employed superannuation contribution and claim it on your 2009 tax return, you must ensure that the amount is received by your superannuation fund prior to the end of June 2009. In addition, you must advise your fund on the appropriate form that you intend to claim the contribution as a tax deduction.

Furthermore, if you operate a business, superannuation contributions for your employees are only tax deductible in the year in which they are paid. As such, if you wish to claim a tax deduction for employee superannuation contributions in the 2009 year, you must also ensure that the contributions are received by the fund by 30 June 2009.

### Moving Income Between Tax Years

Typically most tax planning strategies only involve moving income or deductions between income tax years to make use of the most favourable tax rates. For example, if you expect your income to be low this year and higher next year you may consider holding off or deferring payments so you get a larger tax effect next year. Alternatively if you want to bring forward some tax deductions to the current financial year, you may consider:

- Prepaying certain deductible expenses (such as interest, insurance, registrations, subscriptions, leases or rent)
- Bringing forward expenses (such as repairs) you know you will need to make early in the new financial year.

If you are planning to dispose of an asset that will be subject to capital gains tax, it is prudent to consider when the sale of the asset will result in lower tax being paid. In addition, if an asset is held for more than 12 months, you may also be eligible for the 50% general tax exemption on any capital gain made.

### Using the Small Business and Investment Tax Break (Investment Allowance)

Small business also have the opportunity to utilise the small business investment allowance and if you need to make a capital or equipment purchase, you should time this purchase to ensure the most favourable tax outcome.

The scope of the Investment Allowance was widened in the 2009 Federal Budget where the following rules now apply:



- Small businesses (turnover less than \$2 million) are able to claim a bonus deduction of **50%** for eligible NEW assets acquired between 13 December 2008 and 31 December 2009;
- The deduction is on top of the usual depreciation deductions claimable for the asset;
- A minimum expenditure threshold of \$1,000 (excluding GST) applies to each item;
- Cars are eligible for the additional deduction (up to the depreciation cost limit of \$57,180) depending on which method you use to claim vehicle deductions.

For more information visit: [http://www.treasury.gov.au/documents/1505/PDF/Frequently\\_Asked\\_Questions\\_20090513.pdf](http://www.treasury.gov.au/documents/1505/PDF/Frequently_Asked_Questions_20090513.pdf)

### Tax Planning for Small business

Remember that asset purchases of less than \$1,000 can be immediately tax deductible for a small business.

You may also like to review your debtors and determine if any debts should be written off prior to the end of the year. The business will need to show that it has made a genuine attempt to recover the debt by year end to prove that the debt cannot be recovered. It's preferable that this decision is made in writing (e.g. a board minute).

Where the turnover of a small business is less than \$75,000, you may be eligible for the entrepreneurs' tax offset which can reduce your tax bill by up to 25%.

Please remember that the most effective tax reduction strategies are based on the planning stage. So if you are planning to purchase a large piece of equipment, set up a new business or purchase an investment, your eventual tax outcome can vary greatly based on matters such as entity structure, financing and timing. As such, please speak to an experienced tax advisor prior to undertaking any large transaction.

### WINTER 2009 NEWSLETTER

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Business Investment Allowance is now law

Tax Changes for 2009 tax year

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# WHAT HAS CHANGED FOR YOUR 2009 TAX RETURN?

## 2009 Tax Rates (for residents only)

Taxable Income	Tax on this income
0 - 6,000	Nil
6,001 - 34,000	15c for each \$1 over \$6,000
34,001 - 80,000	\$4,200 plus 30c for each \$1 over \$34,000
80,001 - 180,000	\$18,000 plus 40c for each \$1 over \$80,000
180,001 and over	\$58,000 plus 45c for each \$1 over \$180,000

The low income tax offset for 2009 is \$1,200 meaning you will pay no tax unless your income is greater than \$14,000.

## Education Offset

As outlined in our September 2008 newsletter, for the 2009 tax year onwards, if you have children attending primary or secondary school and you receive Family Tax Benefit Part A, you may be entitled to claim a tax offset of up to 50% (up to \$375 for each primary school child and \$750 for each secondary school child) for eligible education expenses including: Computer purchases or repairs, internet connections, software for educational use, school textbooks etc.

You cannot claim school fees or uniforms, school camps, sporting or musical equipment, library books fees etc. For more information visit: [www.educationtaxrefund.gov.au](http://www.educationtaxrefund.gov.au). In addition, please note that you cannot claim a tax deduction and an education offset for the same piece of equipment (e.g. laptop)



## Family Tax Benefit (FTB)

From 1 July 2009, you will be unable to claim FTB through your income tax return. Rather these claims must be made through the Family Assistance Office.

## Reform to income tests

From 1 July 2009 (for the 2010 tax year), the income tests used for the calculation of various items including HECS and SFSS repayments, superannuation income tests, mature age workers tax offsets, senior Australians tax offset, dependent tax offsets and the Medicare Levy Surcharge have been amended.

The most notable change is the introduction of reportable superannuation contributions (being salary sacrificed or personal deductible superannuation contributions) and net investment losses into the income tests.

For the 2010 year onwards, your employer will need to include your reportable superannuation contributions on your PAYG Payment Summaries.

## HECS

If you have a HELP (HECS) debt and are a maths or science graduate or an early childhood education teacher, you may be entitled to either a reduction in your compulsory HECS repayments or accumulated HECS debt. Specific criteria applies, so if you believe you are eligible, contact our office for further information.

## SOFTWARE SPOT

In light of the changes to income tests noted above, if your business prepares PAYG Payment Summaries by printing directly from your accounting software and/or reports annual year end employee information to the tax office electronically, you will need to upgrade your software in order for the tax office to accept your reports. Contact our office for a quote on upgrading your software.

## DUE DATES FOR WINTER

<b>JUNE</b> <b>21</b> May BAS Due (if lodging monthly BAS's)	<b>JULY</b> <b>14</b> PAYG Payment Summaries to be issued to employees	<b>JULY</b> <b>21</b> June BAS Due (if lodging monthly BAS's)	<b>JULY</b> <b>28</b> Apr-June Super. Payments & Qtrly BAS Due	<b>AUGUST</b> <b>14</b> PAYG Withholding Annual Report due
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The information contained in this newsletter is of a general nature and does not take into account your specific circumstances. You should not rely on this information to make any decisions without further research or speaking to a professional. Should you wish to discuss further any of the matters outlined in this newsletter, please do not hesitate to contact our office on 9348 0313 or [sta@nexicon.com.au](mailto:sta@nexicon.com.au) and we would be pleased to assist.

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