



macmillan cowan & co

chartered accountants

MACBITES

BUDGET UPDATE

The aim of this edition is not to regurgitate the significant quantity of "Budget" information that has now flooded the press. It is aimed mostly at identifying some of the key tax and superannuation changes in which we believe many of our clients will be interested. It should be noted that these are proposals and are subject to Government legislation.

Superannuation

- The proposed \$50,000 concessional contributions cap for individuals aged 50 and over with superannuation balances below \$500,000 will be deferred from 1 July 2012 to 1 July 2014. Accordingly, all taxpayers, regardless of age, will be subject to a concessional contributions cap of \$25,000 for the 2012-13 and 2013-14 income years.
- The tax rate on concessional contributions will effectively double from 15% to 30% for people with incomes greater than \$300,000 from 1 July 2012. Income for this purpose will include taxable income, concessional contributions, reportable fringe benefits and the adding back of investment losses.
- Individuals with adjusted taxable income of up to \$37,000 will have up to \$500 paid into their super funds to compensate them for the 15% contributions tax. This payment will be calculated on concessional super contributions made from the 2012-13 year and will be paid in 2013-14.

Small Business

- From 1 July 2012 companies will be able to carry back up to \$1m worth of losses to get a refund of tax paid in the previous year. From 1 July 2013, companies will be able to carry back up to \$1m worth of losses against tax paid up to 2 years earlier.
- For small businesses, the instant asset write off threshold will be increased to \$6,500 from the 2012-13 year.
- Small businesses will also receive an immediate write off for the first \$5,000 of the cost of a motor vehicle purchased from 2012-13.

Directors

Paul J Bongiorno C.A.
Geoffrey R Cowan C.A.

Consultant

Peter A MacMillan F.C.A.

Taxation Planning

Business Advice

Self Managed Superannuation

Retirement Strategies

MYOB & QuickBooks Assistance

Wealth Creation

Steampacket House

2nd Floor

10 Moorabool Street
GEELONG VIC 3220

Postal Address

PO Box 743
GEELONG VIC 3220

Telephone

(03) 5222 2866

Facsimile

(03) 5221 7663

Email

reception@maccow.com.au

www.macmillancowan.com.au



Individuals

- From 1 January 2013, families who receive Family Tax Benefit Part A will receive a new annual automatic payment – the ‘No Strings Schoolkids Bonus’ worth:
\$410 for each child in primary school
\$820 for each child in high school.
The new automatic payment will replace the Education Tax Refund (or offset) from 1 January 2013.
- People with adjusted taxable income above the Medicare levy surcharge thresholds (\$84,000 for singles and \$168,000 for couples or families in 2012-13), the threshold above which a taxpayer may claim the medical expenses offset will be increased to \$5,000 (indexed annually thereafter). In addition, the rate of reimbursement will be reduced to 10% for eligible out-of-pocket expenses incurred. People with income below the surcharge thresholds will be unaffected.
- The changes to personal income tax rates and thresholds are summarised for resident taxpayers in the table below:

Personal income tax rates and thresholds

2011-12		2012-13		2015-16		
<i>Threshold</i>	<i>Rate</i>	<i>Threshold</i>	<i>Rate</i>	<i>Threshold</i>	<i>Rate</i>	
1st rate	\$6,001	15.0%	\$18,201	19.0%	\$19,401	19.0%
2nd rate	\$37,001	30.0%	\$37,001	32.5%	\$37,001	33.0%
3rd rate	\$80,001	37.0%	\$80,001	37.0%	\$80,001	37.0%
4th rate	\$180,001	45.0%	\$180,001	45.0%	\$180,001	45.0%

- The mature age worker tax offset will be phased out from 1 July 2012 for taxpayers born on or after 1 July 1957. Access to the tax offset will be maintained for taxpayers who are aged 55 years or older in 2011-12. A Jobs Bonus will be provided to employers who recruit and retain a worker aged 50 or over for 3 months.

10 May, 2012