

Tax Time 2013!

Welcome to our 2013 edition of Tax Time!

We hope this newsletter finds all of our clients and friends fit and healthy, and we look forward to catching up with you during 2013/14.

We have attached some frequently used tax rates and tables to assist you with your tax planning. We also include a summary of things affecting us in the 2012/13 financial year and some bits and pieces for the 2013/14 year and beyond.

Things to consider for 2012/13

- Starting with 2013 Income Tax Return, all refunds will only be paid to a nominated financial institution. The Tax Office will no longer issue refund cheques. **You will need to bring your bank details with you for your appointment.**
- The questions on the tax return concerning Private Health Insurance are more complex and **we will require that you bring in your health fund annual statement in order to complete your return.**

- Significant change to personal income tax rates from 1 July 2012.

< \$18,200	0%
\$18,201 - \$37,000	19%
\$37,001 - \$80,000	32.5%
\$80,001 - \$180,000	37%
> \$180,000	45%

The above scales exclude the Medicare levy of 1.5%.

- The Low Income Tax Offset has reduced to \$445 in the 2012/13 tax year. This effectively means those eligible will not pay tax until their taxable income exceeds \$20,542.
- Medical expenses rebate threshold has now been indexed to the CPI so that the threshold for 2012/13 is now \$2,120. The rebate is 20% of expenses over the threshold. (See below for further comments.)
- In addition from 1 July 2012 the Medical expenses offset will be means tested. For taxpayers earning over the Medicare Surcharge threshold, \$168,000 (families) or \$84,000 (single), they will only be able to claim 10% of eligible out of pocket expenses over \$5,000 (indexed annually).
- **Still on the medical expenses offset.** The offset is being phased out. If you cannot claim the offset in 2012/13, you will not be able to claim the offset for 2013/14 or 2014/15. After 1 July 2015 it will only be available for those taxpayers with disability aids, attendant care or aged care.
- Senior Australians eligible for the Senior Australian & Pensioners Tax Offset (SAPTO) [Formerly known as the Senior Australian Tax Offset (SATO)] will **not pay tax** on income up to **\$32,279** for singles and **\$28,974** each, for couples living together because of the combined effect of the Senior Australians Tax Offset and the Low Income Tax Offset. (The max offset for 2012/13 remains at \$2,230 for singles or \$1,602 for each couple).

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- Effective 1 July 2012, taxpayers with a dependant spouse aged less than 60 years (i.e, born on or after 1 July 1952) WILL NO LONGER be able to claim the dependant spouse tax offset. This is a further phase out from 2011/12, where the cut off was aged less than 40 or 1 July 1971.
- Effective 1 July 2012 a new non-refundable Dependant (Invalid and Carer) Tax offset ("DICTO") is available for taxpayers who maintain a dependant who is unable to work. The maximum rebate for 2013 is \$2,423.
- From 1 July 2012, the **Private Health Insurance Rebate** (currently at 30%) and **Medicare Levy Surcharge** will be income tested as follows:

	No Change	Tier 1	Tier 2	Tier 3
Singles	\$84,000 or less	\$84,001 - \$97,000	\$97,000 - \$130,000	\$130,001 +
Families	\$168,000 or less	\$168,000-\$194,000	\$194,001-\$260,000	\$260,000 +
REBATE				
Under 65	30%	20%	10%	0%
65 – 69	35%	25%	15%	0%
70 +	40%	30%	20%	0%
SURCHARGE				
Rates	0%	1.0%	1.25%	1.5%

- From 1 July 2012 the **\$500 Mature age tax offset** is being phased out. Tax payers born after 1 July 1957 **will no longer** be entitled to the offset. Those aged 55 or over in 2012-13 will continue to receive the offset.
- From 1 July 2012, small businesses will be entitled to an **instant write off** for assets valued under \$6,500 (previously \$1,000). All other assets (except buildings) will be written off in a single depreciation pool at a rate of 30%. Also, an **instant write off** of the first \$5,000 for any motor vehicle purchased.

Don't Forget

- To substantiate your expenses, you must retain all your receipts for five years from date of lodgement.
- Adding and summarising your income and expenses before your appointment will help us tremendously and save you time during our interview.

New for 2013/14 and beyond

- Medicare Levy will increase from 1.5% to 2% starting **1 July 2014**. The increase is to help fund the National Disability Insurance Scheme (NDIS).
- Self-education expenses will be capped at \$2,000 effective from **1 July 2014**. Details are yet to be finalised, however it is looking like it will include the cost of travel and accommodation to attend conferences, including overseas conferences.
- Concessional contributions cap will increase to \$35,000 for people aged 60 or over, from **1 July 2013**. For people aged 50-59 the increase will be effective from **1 July 2014**.

Phone our office for an appointment today! (02) 4751 4091

Trading Hours for July to 30 November 2013 *Note: Availability after 5pm by appointment only

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
9.00 am – 8.00 pm	9.00 am – 5.00 pm	9.00 am – 5.00 pm	9.00 am – 8.00 pm	9.00 am – 5.00 pm	9.00 am – 2.00 pm

After 30 November 2013

Monday to Friday 9:00 am to 5:00 pm