

Welcome to our 2014 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 2014/15.

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 2013/14 financial year and some bits and pieces for the 2014/15 year and beyond.

Things to consider for 2013/14

- Personal income tax rates have not changed and remain as follows:

< \$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 will remain at \$445 in the 2013/14 tax year. This effectively means those eligible will not pay tax until their taxable income exceeds \$20,542.
- Medical expenses tax offset is only available in 2013/14 if either:
 - You received this offset in 2012/13, or
 - The medical expenses relate to disability aids, attendant care or aged care.

The threshold has been indexed to the CPI so that the threshold for 2013/14 is now \$2,162 for single incomes up to \$88,000 (or up to \$176,000 for families) and \$5,100 for single incomes over \$88,000 (or up to \$176,000 for families). The amount of the offset calculation is 20% of expenses over \$2,162 for those where \$2,162 is relevant and 10% of expenses over \$5,100 for those where \$5,100 is relevant. The offset is being phased out. If you cannot claim the offset in 2013/14, you will not be able to claim the offset for 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 2013/14 remains at \$2,230 for singles or \$1,602 for each couple).
- Dependant spouse tax offset is only available in 2013/14 if:
 - Your spouse was born **before** 1 July 1952,
 - Your adjusted taxable income was **less than** \$150,000,
- Your spouses adjusted taxable income was **less than** \$10,166.
- Dependant (Invalid and Carer) Tax offset (“DICTO”) is available for taxpayers who maintain a dependant who is unable to work. The maximum rebate for 2014 is \$2,471.

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- The **Mature age workers tax offset (MAWTO)** is being phased out. Tax payers born after 1 July 1957 **will no longer** be entitled to the offset. The maximum offset amount is \$500 and is means tested. (See below)
- **Private Health Insurance Rebate and Medicare Levy Surcharge** are as follows:

	No Change	Tier 1	Tier 2	Tier 3
Singles	\$88,000 or less	\$88,001 - \$102,000	\$102,001 - \$136,000	\$136,001 +
Families	\$176,000 or less	\$176,001-\$204,000	\$204,001-\$272,000	\$272,001 +
REBATE				
Under 65	30% (29.04%)	20% (19.36%)	10% (9.86%)	0%
65 – 69	35% (33.88%)	25% (24.2%)	15% (14.52%)	0%
70 +	40% (38.72%)	30% (29.04%)	20% (19.36%)	0%
SURCHARGE				
Rates	0%	1.0%	1.25%	1.5%

Percentage in brackets is the new rebate percentage effective from 1 April 2014.

- Instant write off and simplified depreciation rules are being repealed effective from 1 January 2014. For assets acquired between 1 July 2013 and 31 December 2013 small businesses will continue to be entitled to an **instant write off** for assets valued under \$6,500. 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 over \$6,500. From 1 January 2014 the instant write off will be back to assets under \$1,000.

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 2014/15 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).
- The temporary budget deficit levy of 2% will apply for 3 years commencing **1 July 2014** for taxpayers with taxable income over \$180,000.
- Fringe Benefits Tax (FBT) rate will increase temporarily from 47% to 49% from **1 April 2015** to **31 March 2017** to be consistent with the budget deficit levy.
- The move to cap Self-education expenses at \$2,000 has been **scrapped**.
- Dependant spouse tax offset is abolished from **1 July 2014**.
- The **Mature age workers tax offset (MAWTO)** will be abolished **1 July 2014**.
- 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 2014 *Note: Availability after 5pm by appointment only

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
9.00 am – 8.30 pm	9.00 am – 6.00 pm	9.00 am – 6.00 pm	9.00 am – 8.30 pm	9.00 am – 6.00 pm	9.30 am – 2.30 pm

After 30 November 2014

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