

Tax Time 2016

Welcome to our 2016 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 2016/17.

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 2016/17 financial year and some bits and pieces for the 2016/17 year and beyond.

Things to consider for 2015/16

- Personal income tax rates have not changed for 2015/16.
- The Low Income Tax Offset remains at \$445 and when combined with the tax-free threshold of \$18,200 effectively means those eligible will not pay tax until their taxable income exceeds \$20,542.
- The Temporary Budget Repair levy of 2% for incomes over \$180,000 continues until 30 June 2018.
- Medical expenses tax offset is **only** available in 2015/16 if the **medical expenses relate to disability aids, attendant care or aged care.** (Thresholds apply)
- Senior Australians eligible for the Senior Australian & Pensioners Tax Offset (SAPTO) will **not pay tax** on “rebate 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 2015/16 remains at \$2,230 for singles or \$1,602 for each couple).
- Dependant (Invalid and Carer) Tax offset (“DICTO”) is available for taxpayers who maintain a dependant who is unable to work. The maximum rebate for 2016 is \$2,588 (**Note: means test for the taxpayer claiming is now \$100,000 down from \$150,000**).
- **Small business concessions:** Effective from 12 May 2015 until 30 June 2017, small businesses (those with sales less than \$2Mil) will be entitled to an immediate deduction for the purchase of all individual assets costing less than \$20,000. Assets \$20,000 and over can continue to be placed in a small business depreciation pool and depreciated at 15% in the first year and 30 % in each year thereafter. The pool can also be immediately deducted if the beginning balance, before calculation of current year depreciation, is less than \$20,000. (**Note: This concession ends 30 June 2017**).
- **Small business concessions:** Effective from 1 July 2015, small business **companies** (those with sales less than \$2Mil) will receive a tax cut of 1.5% to 28.5%.
- **Small business concessions:** Effective from 1 July 2015, small business (those with sales less than \$2Mil) **non-corporate entities, ie sole traders, partnerships and trusts** will receive a 5% discount on tax relating to their business profits up to a maximum of \$1,000.
- **Small business concessions:** Effective from 1 April 2016, small business (those with sales less than \$2Mil) that provide employees with more than one qualifying work-related portable electronic device will be exempt from FBT.
- **Work related car expenses** will be limited to only 2 methods, cents per kilometre method and the log book method. The 1/3 actual cost and 12% of original value methods will be scrapped and the **cents per kilometre method fixed at 66c per kilometre regardless of engine size.**
- Family tax benefit part B primary earner income limit is reduced from \$150,000 down to \$100,000, effective 1 July 2015.

Robgray
B.Bus CA
Robynkerslake
B.Comm NIA

suite 2, 167-169 Macquarie Rd
Springwood N.S.W. 2777

mail PO Box 457 Springwood.

phone (02) 4751 4091

fax (02) 4751 5878

email admin@kerslakegray.com.au

abn 51 104 053 750

business development

- business plans
- business structures
- business start-up
- analysis
- budgets and cash flow
- special projects
- strategic planning

advisers on

- company
- partnership
- trust
- sole trader
- rental property

taxation

- income tax
- fbt
- gst
- tax planning
- capital gains tax

accounting

- statutory
- management

self managed superannuation funds

- set-up
- accounting
- auditing
- tax & compliance advice

business appraisal

- business valuations
- new business evaluations
- negative gearing
- business finance

training

- myob
- quick books
- excel
- bookkeeping

**liability limited by a scheme
approved under professional
standards legislation**

▪ **Private Health Insurance Rebate** is as follows:

	No Change	Tier 1	Tier 2	Tier 3
Singles	\$ 90,000 or less	\$ 90,001 - \$105,000	\$105,001 - \$140,000	\$140,001 +
Families	\$180,000 or less	\$180,001 - \$210,000	\$210,001 - \$280,000	\$280,001 +
REBATE				
Under 65	27.82% (26.791%)	18.547% (17.861%)	9.273% (8.930%)	0%
65 – 69	32.457% (31.256%)	23.184% (22.326%)	13.910% (13.395%)	0%
70 +	37.094% (35.722%)	27.82% (26.971%)	18.547% (17.861%)	0%

Percentage in brackets is the new rebate percentage effective from 1 April 2016.

Medicare Levy Surcharge is as follows:

	No Change	Tier 1	Tier 2	Tier 3
Singles	\$ 90,000 or less	\$ 90,001 - \$105,000	\$105,001 - \$140,000	\$140,001 +
Families	\$180,000 or less	\$180,001 - \$210,000	\$210,001 - \$280,000	\$280,001 +
SURCHARGE				
Rates	0%	1.0%	1.25%	1.5%

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 2016/17 and beyond (SUBJECT TO PASSING OF LEGISLATION)

- The entity turnover for **Small Business Income Tax concessions** are to be increased to \$10Mil, up from \$2Mil, effective 1 July 2016. One of the main features is companies will receive a tax cut of 1% to 27.5% and non-corporate entities, ie sole traders, partnerships and trusts will receive a 8% discount on tax relating to their business profits up to a maximum of \$1,000. Other major concessions include access to the instant asset write off referred to above.
- The 37% personal marginal tax rate threshold will increase from \$80,000 to \$87,000 from 1 July 2016. This equates to a 4.5% (37% - 32.5%) tax savings on \$7,000 being \$315.
- Superannuation concessional contribution cap for the 2016/17 year will be **\$30,000** for those aged **48 or under** on 30 June 2016. For those aged **49 or over** on 30 June 2016 the cap is **\$35,000**. The concessional contributions cap is proposed to be reduced to \$25,000 for all taxpayers from 1 July 2017. Taxpayers with super balances under \$500,000 will be able to carry forward any unused concessional contributions from previous years on a 5 year rolling basis.
- Earnings within a superannuation fund from assets supporting a pension for transition to retirement income streams will no longer be exempt from tax effective 1 July 2017.
- The work test will be removed for individuals between age 65 to 74 to make contributions into super.
- All individuals up to age 75 will be able to make tax deductible concessional contributions into super (subject to the contributions cap of \$25,000) effective 1 July 2017. This will benefit all those previously affected by the "10% rule".
- Effective 1 July 2017, superannuation non-concessional contribution cap will have a life time limit of \$500,000 and will include all non-concessional contributions going back to 2007.

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

Trading Hours for July to 30 November 2017 *Note: Availability after 5pm by appointment only

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
9.00 am – 8.00 pm	9.00 am – 6.30 pm	9.00 am – 6.30 pm	9.00 am – 8.00 pm	9.00 am – 5.30 pm	9.30 am – 3.00 pm
<u>After 30 November 2016</u> Monday to Friday 9:00 am to 5:00 pm					