

TAX TIME 2017

Welcome to our 2017 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 2017/18.

We have attached some frequently used tax rates and tables to assist you with your tax planning. We also include a summary of items affecting us in the 2016/17 financial year and some bits and pieces for the 2017/18 year and beyond.

Things to consider for 2016/17

- The 37% personal marginal tax rate threshold has increased 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.
- 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 finishes 30 June 2017.
- 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 2016/17 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 2017 is \$2,627 (**Note: means test for the taxpayer claiming is \$100,000 Adjusted taxable income**).
- **Small business concessions:** The instant asset write-off threshold for assets costing less than \$20,000 has been extended to 30 June 2018. (**Note: This concession was due to expire 30 June 2017**). This now applies to businesses with sales less than \$10Mil (previously \$2Mil).
- **Small business concessions:** Small business **company** tax rate will be 27.5% in 2016/17. This applies to companies with sales less than \$10Mil.
- **Small business concessions:** Small business **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. This applies to **non-corporate entities** with sales less than \$5Mil.
- **Small business concessions:** The threshold for access to the Small business CGT concessions will remain at \$2Mil.
- **Rental properties:** Depreciation on plant and equipment (e.g. Dishwashers, Air conditioners, Carpets, Hot water systems etc.) will be limited to the taxpayer(s) who actually bought the equipment. Subsequent owners of the property will not be able to continue to claim depreciation on the existing plant & equipment, but will be able to claim depreciation on any new plant & equipment they buy. Properties owned prior to 9 May 2017 will not be affected.
- **Rental properties:** No longer be able to claim travel expenses to inspect a property or collect rent. Effective **1 July 2017**.

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business development

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

advisors 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

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- 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 2017/18 and beyond (SUBJECT TO PASSING OF LEGISLATION)

- **Superannuation:** The concessional contributions cap is 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.
- **Superannuation:** 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.
- **Superannuation:** The 10% rule for deductibility of contributions into super will be removed from 1 July 2017. The 10% rule only allowed a tax deduction for super contributions if total employment income was less than 10% of total assessable income. This will remove the need for salary sacrificing after 1 July 2017.
- **Superannuation:** Effective 1 July 2017, the non-concessional contribution cap will come down to \$100,000 from \$180,000. The three year “bring forward rule” for individuals under 65 will also be reduced to \$300,000 down from \$540,000.
- **Superannuation:** First Home Super Saver Scheme will allow first home buyers to contribute up to \$15,000 per year, with a total cap of \$30,000, into superannuation as either a concessional contribution or a non-concessional contribution. The concessional contribution will be tax deductible to the taxpayer and taxed at 15% in the super fund. This will be affective from 1 July 2017. The earnings on these contributions will be taxed at the concessional rate of 15% for super funds. Contributions and earnings can be withdrawn after 1 July 2018. The concessional contributions and accumulated earnings will be taxed at the taxpayers marginal tax rate less a 30% tax offset. Non-concessional contributions will not be taxed.
- **Superannuation:** Individuals aged 65 or over will be able to down size their principal place of residence and contribute up to \$300,000 of the proceeds of the sale into super. These non-concessional contributions will be in addition to existing cap rules and exempt from any age test, work test and the \$1.6Mil transfer cap. The residence must be owned for 10 or more years. Effective 1 July 2018.

Financial Services

Robert Gray and Gray Financial Services Pty Limited are authorised representatives of Politis Investment Strategies Pty Limited.

Politis Investment Strategies is a boutique financial planning and investment management firm. Their unique approach allows me to provide you with financial planning services on a genuine fee for service basis, with no products, platforms or commissions.



This service offered is one that I am sure will benefit you, and is aligned with the high standards and values held within our accountancy practice. As part of the Politis Investment Strategies group, our approach to financial planning, investment management and account administration is of the highest quality.

Please call for further enquiries or to book an appointment.

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
9.00am – 8.00pm*	9.00 am – 6.30pm*	9.00am – 6.30pm*	9.00am – 8.00pm*	9.00am – 5.30pm	9.30am – 3.00pm*
After 30 November 2017 Monday to Friday 9.00am to 5:00pm					