



## New tax rates and thresholds from 1 July 2009

*This is a snapshot of the new Individual Resident tax rates and thresholds applying from 1 July 2009, with the changes highlighted in bold.*

Taxable Income (\$)	Tax Payable
0 – 6,000	Nil
6,001 – <b>35,000</b>	15% of excess over \$6,000
<b>35,001</b> – 80,000	\$4,350 + 30% of excess over <b>\$35,000</b>
80,001 – 180,000	\$17,850 + <b>38%</b> of excess over \$80,000
180,001+	\$55,850 + 45% of excess over \$180,000

### New Association with Insurances

After reviewing many of our clients' situations, we have recognised that many do not have adequate insurance coverage for both themselves personally and for their business.

There could be some serious consequences from a cash flow point of view if serious consideration of these have not been taken into account.

Kallinicos & Associates is proud to announce an association with an insurance consultant who will assist with all manners of personal and business insurance.

Their personal service, in conjunction with their ability to review your needs to a specific cost could be of great benefit to you.

Please contact either Emanuel or John of our office to discuss how we can help you through this.

### Assistance with Salary Packaging

Salary packaging is becoming an effective vehicle for many employees these days to help with many of their day to day outlays. Usually, this will have to do with their motor vehicles, but some employers may offer other benefits as part of this (such as loan repayments, credit cards and so on...)

If your employer gives you the option for salary packaging, please call us and we will be able to refer you to our salary packaging experts, who will give you assistance in all matters relating to this. The cost for a basic consultation and advice starts from \$165.

### Having problems with Borrowing for your business – We can Assist!

We have noticed that banks are causing many hurdles recently when businesses are trying to borrow money. If you are having difficulties with this, please contact our office – We have a network of financial brokers who are willing to assist you in these matters.

### Tax Office Benchmarking

The Tax Office is developing a range of Business performance benchmarks to complement its Industry Input Benchmarks.

These benchmarks will be targeted at the cash economy, so that businesses can use them together with (soon to be launched) personal living expenses worksheets to see how likely it is that they may expect a visit from the Tax Office.

Using industry data, the ATO will calculate average Cost of Goods Sold, Labour and Rent per \$100 of sales for certain businesses, such as coffee shops and plasterers, and will then use these figures to work backwards to "guesstimate" a business's anticipated Gross Income.

### Government's "tax break": Hire purchase agreements

*The small business and general business tax break (also known as the 'tax break' or 'investment allowance') was originally announced by the Government on 12 December 2008 but went through a number of changes before the legislation was passed.*

*It basically gives small businesses a bonus deduction of 50% (30% or 10% for other businesses) for depreciating assets acquired between 13 December 2008 and 31 December 2009.*

If a taxpayer wishes to claim the tax break in respect of an asset they are acquiring under a hire purchase arrangement, it is the date of the hire

purchase contract that is the relevant date for establishing eligibility for the tax break, and not the time any purchase order for the asset is placed with the supplier.

For example, if a taxpayer placed an order with a supplier in August 2008 for a new depreciating asset, but did not enter into the hire purchase agreement with the financier until the asset was delivered in April 2009, then the relevant date for establishing eligibility for the tax break is April 2009, *not* August 2008.

### Recognising same-sex relationships

From 1 July 2009, people living in a same-sex de facto or registered relationship will be recognised as being partners for taxation, Centrelink and Family Assistance Office (FAO) purposes.

This means that same-sex couples and their families are recognised and have the same entitlements *and* obligations as other couples.

Their entitlements and payment rates will be worked out in the same way as for all couples, which may affect people who receive social security and family assistance payments and services.

Children from same-sex relationships will also be recognised by law.

### Cash-strapped small business – Help from the ATO

The ATO has announced new measures to help small businesses that are struggling to manage their tax debts in the current economic climate.

#### 12 month GIC-free payment arrangements

Businesses with an annual turnover of less than \$2 million with an activity statement debt can apply to the ATO for a GIC-free payment arrangement from now until 30 June 2010.

*'GIC' is the 'General Interest Charge', or interest payable on the debt, currently 10.13%*

They will have the GIC remitted for a maximum period of 12 months, provided the payment arrangement is maintained.

#### Car depreciation limit for 2009/10

The Tax Office has advised that the car depreciation limit for the 2009/10 financial year is \$57,180 (unchanged from the 2008/09 year).

### Work-related expenses: Back on the ATO's radar

The Australian Taxation Office (ATO) is launching a work-related expenses program telling people what they can claim in their 2009 returns.

The Tax Office looks closely at tax returns from last year and identifies occupations where:

- u average amounts of claims are high;
- u there is an increase in the number of people making claims; and
- u there are a lot of people making claims for the first time.

This year, the ATO will write to around 180,000 employees in the following occupations outlining common mistakes and providing advice on how to avoid these mistakes in this year's tax return:

- q truck drivers;
- q sales and marketing managers;
- q sales representatives; and
- q electricians.

Some of the mistakes the ATO has seen from employees in these occupations include:

- n claiming motor vehicle expenses associated with transporting bulky tools when not entitled;
- n failing to keep appropriate records to support claims for internet and mobile phone use;
- n over-claiming home office expenses such as rent, rates and electricity;
- n not keeping an up-to-date log book when required for claiming motor vehicle expenses; and
- n claiming the living-away-from-home allowance when they're not entitled to it.

#### September BAS due 28 October 2009

For those clients whom we prepare their Activity Statements, **please make sure that your information is sent to our office no later than 10<sup>th</sup> October 2009. Penalties will apply if they are not lodged by the due date.**