SUPERIOR
ACCOUNTING GROUP
- more money, more time, less tax -

2019/2020 TAX INFORMATION

TAX RATES 2018/19 (INDIVIDUAL)

Taxable Income[1]	Tax on this Income[2]
$0 – $18,200	Nil
$18,201 – $37,000	19c for each $1 over $18,200
$37,001 – **$90,000**	$3,572 plus 32.5% of excess over $37,000
$90,001 – $180,000	$20,797 plus 37% of excess over $90,000
$180,001 and over	**$54,097** plus **45%** for each $1 over $180,000

TAX RATES 2018/19 (GENERAL COMPANY)

Description of Taxpayer	Rate %
Corporate tax entities that are BREs[3]	27.5
Private companies (non-BRE)	30
Public companies (non-BRE)	30
Corporate Limited Partnerships (non-BRE)	30
Public Trading Trusts (non-BRE)	30
Strata Title Bodies Corporate (non-BRE)	30

3 A 'corporate tax entity' (as defined in S.960-115 of the ITAA 1997) includes companies and certain entities taxed as companies (e.g., corporate limited partnerships and public trading trusts).

Self-Education Expenses

Individuals can claim a deduction for their study expenses if they received Youth Allowance to study full time and declare it on their tax return

[1] Not including the Medicare levy of 2% (2019)

[2] Not including the 'Temporary Budget Repair Levy' which ceased from 1 July 2017

[3] Includes companies and certain entities taxed as companies

Here are some tools from the Tax Office to help you work out your self-education expense claims:

- Self-education expenses eligibility tool
- Self-education expenses calculator

Donating to Disaster Relief Funds

Gifts of $2 or more to a disaster relief fund are deductible if the appeal is endorsed by the ATO and is a Deductible Gift Recipient.

The Medicare Levy and Medicare Levy Surcharge

Medicare is the name for the scheme that gives Australian residents access to free or low cost medical and hospital care. It also allows free or subsidised treatment by practitioners such as doctors, specialists, participating optometrists and some dental services.

All Australians are entitled to receive benefits under Medicare and they are able to choose private health services. Medicare is based on the belief that everyone has a right to good quality healthcare, regardless of their ability to pay for it.

What is the Medicare Levy?

To help fund Medicare, Australian tax residents pay a levy which is calculated at a rate of 2% of a taxpayer's taxable income over a certain level. It is applied on a pro-rata basis if a taxpayer is an Australian tax resident for only part of the year.

The **Medicare Levy** is **not applicable** to:

- Non-residents
- Individual taxpayers where taxable income is under the 'threshold amount' - $21,980 (2017/18)
- Individual taxpayers eligible for Seniors & Pensioners Tax Offset where taxable income is under $37,794 (2018/19)
- Married taxpayers where family income is under the 'family income threshold' - $37,794 + $3,471 for each dependent child/student (2018/19)
- Married taxpayer eligible for Seniors & Pensioners Tax Offset where family income is under $49,304 +$3,471 for each dependent child/student (2018/19)

Note: There are 'Phase-In' Limits for single taxpayers and where taxable income falls within the Phase-In Limit, the Medicare Levy is payable at 10% of the excess over the Threshold Amount. Similarly, there are Reduced Levy ranges for families; within this range, each spouse will receive a reduction in order to cap the total levy payable to 10% of the amount of family income that exceeds their family income threshold. No Medicare Levy is payable on taxable income levels at or below the Threshold Amount.

Non-residents are not liable to pay the levy. And, even if you have private health insurance, you still need to pay the levy. You cannot generally reduce your Medicare levy with tax offsets – but if you are entitled to tax offsets, they are able to be used to reduce your overall income tax liability.

Other exemptions

Some taxpayers are exempt from paying the levy because of their circumstances. You may qualify for an exemption from paying the Medicare levy if you were in any of the following three exemption categories at any time in the year.
These categories are:

- Category 1 – medical, which applies to people such as blind pensioners
- Category 2 – foreign residents and residents of Norfolk Island
- Category 3 – people not entitled to Medicare benefits and who have obtained a Medicare levy exemption certificate from Medicare Australia.

Medicare Levy Surcharge

The Medicare levy surcharge may apply where a resident taxpayer, their spouse and/or dependent children did not have the applicable level of private hospital cover and the 'income test' threshold is exceeded.

If you do not have private health cover and earn above the threshold, this may mean paying a percentage of your taxable income on top of the Medicare levy (for any period during the year when you do not have appropriate cover). See the Income for (Medicare levy) surcharge purposes calculator here.

The rate at which the surcharge is applied is based on a tiered income system. The table below sets out the thresholds and rates that apply for either single taxpayers or married/de facto taxpayers.

	Base Tier $	Tier 1 $	Tier 2 $	Tier 3 $
Medicare Levy Surcharge Income Thresholds				
Singles	$90,000 or less	90,001 – 105,000	105,001 – 140,000	140,001+
Families and Couples				
0 dependants	180,000 or less	180,001 – 210,000	210,001 – 280,000	280,001+
1 dependants	180,000 or less	180,001 – 210,000	210,001 – 280,000	280,001+
2 dependants	181,500 or less	181,501 – 211,500	211,501 – 281,500	281,501+
3 dependants	183,000 or less	183,001 – 213,000	213,001 – 283,000	283,001+
4 dependants	184,500 or less	184,501 – 214,500	214,501 – 284,500	284,501+
5 dependants	186,000 or less	186,001 – 216,000	216,001 – 286,000	286,001+
Each extra child	1,500	1,500	1,500	1,500
Medicare Levy Surcharge Rate				
Rate	0.0%	1.0%	1.25%	1.5%

The MLS only applies in respect of periods in which private hospital cover was not held for the taxpayer, their spouse and dependants (if relevant).

Note, where a taxpayer's circumstances change during the income year, for example, if the taxpayer marries, or ceases to be married, during the income year, the MLS is calculated separately for each of these periods.

When do I pay it?

The levy amount forms part of the PAYG tax that your employer withholds from your regular pay and sends to the Tax Office on your behalf. If you want to work out your Medicare levy, you can use the Tax Office's Medicare levy calculator.

Your year-end tax return will calculate your overall tax liability, including the Medicare levy, and you may have to make a top-up payment or may be entitled to a tax refund if the PAYG amounts don't tally up to the final balance.

Tax Offsets

Small Business Tax Offset (unincorporated structures)

Individual taxpayers with business income from an unincorporated business that has an aggregated annual turnover of less than $5 million will be eligible for a small business tax discount.

The discount is in the form of an offset, and is 8% of the income tax payable on the business income received from an unincorporated small business entity. The small business income tax offset can reduce the tax you pay by up to $1,000 each year, and is available from July 1, 2016.
The offset is calculated using your total net small business income, which is your:

- net small business income that you earned as a sole trader
- share of net small business income from a partnership or trust.

The offset is worked out based on the proportion of tax payable that relates to your total net small business income.

To be eligible for the offset as a sole trader, you must be a small business entity. If you have a share of net small business income from a partnership or a trust, that partnership or trust must be a small business entity.

The ATO says it will work out your offset based on the amounts you show in your income tax return.

Superannuation Spouse Contribution Tax Offset

This offset applies to non-concessional contributions made to a Complying Superannuation Fund or Retirement Savings Account in behalf of their low-income or non-working married or de facto spouse. The table below shows the amount for 2017/18.

Spouse's Assessable Income (SAI)[4,5] $	Maximum Rebatable Contributions (MRC) $	Maximum Offset $
0 – 37,000	3,000	540
37,001 – 39,999	3000 – [SAI – 37,000]	MRC x 18%
40,000 +	Nil	Nil

Zone Tax Offset

Taxpayers living in remote areas of Australia may be entitled to a Zone Tax Offset (ZTO). Generally taxpayers qualify as residents of a zone where they reside in the zone for 183 days or more.

If your usual place of residence was in a zone for less than 183 days you may be able to claim a tax offset so long as your usual place of residence was in a zone for a continuous period of less than five years and:

- You were unable to claim in the first year because you lived there less than 183 days; and
- The total days you lived there in the first year and in the current year is 183 or more.

  The period you lived in a zone in the current income year must include the first day of the income year.

Description	Maximum Offset $
Special Area in Zone A	$1,173 + 50% of the relevant rebate amount
Special Area in Zone B	$1,173 + 50% of the relevant rebate amount
Zone A	$338 + 50% of the relevant rebate amount
Zone B	$57 + 20% of the relevant rebate amount[6]

[4] Includes reportable fringe benefits and reportable employer superannuation contributions.

[5] **No offset is available if the spouse exceeds their non-concessional contributions cap for 2018 or if their total super balance at 30 June 2017 equals or exceeds $1.6 million.**

Overseas Forces Tax Offset

You may be eligible for an overseas forces tax offset if you serve in a specified overseas locality as a member of one of the following:

- Australian Defence Force
- Australian Federal Police who are members of the United Nations peacekeeping force in Cyprus, or
- A United Nations armed force, and income relating to that service is not specifically exempt from tax.

Periods of service for which your income was exempt foreign employment income are excluded in working out your eligibility for the tax offset.
To claim the full tax offset, you must have served in an overseas locality for 183 days or more in the income year. If your overseas service was less than 183 days, you may be able to claim part of the tax offset.

If you qualify for both an overseas forces and a zone tax offset, you can claim only one of them, but you may claim the highest one.

Dependant Tax Offsets

The Dependant Tax Offset (DICTO) is a non-refundable tax offset.

A taxpayer may be entitled to this tax offset if they maintain:

- Their spouse, who is an invalid or cares for an eligible invalid;
- Their parent or their spouse's parent, who lives in Australia and is an invalid or who cares for an eligible invalid; or
- Their or their spouse's invalid child, brother or sister who is aged 16 years or older.

Note: The ATO generally refers to this offset as the Invalid and Invalid Carer Tax offset to avoid the impression that it may be claimed in respect of any dependant of a taxpayer.

Dependant (Invalid and Carer) Tax Offset

Description	Max Offset $	Max ATI $
DICTO	2,717	11,150

Notionally Retained Dependant Tax Offsets

The following dependant tax offsets have been abolished or replaced, however they have been notionally retained due to their relevance to other tax offsets.

Description	Max Offset $	Max ATI $
First child under 21 (not being a student)	376	1,786
Each other child under 21 (not being a student)	282	1,410
Each student under 25	376	1,786
Sole parent	1,607	N/A

Senior and Pensioners Tax Offset

After working (and paying taxes) for most of your life, it can be a good feeling to get to that stage of your life where it's time to get some pay back from the taxman. Your golden years can be given an extra glow by qualifying for the Senior Australian and Pensioner Tax Offset (SAPTO).

To get a tax offset is another way of saying you get to reduce your tax bill. But an offset doesn't lessen 'taxable income', just the tax owing on it. So it can reduce tax to zero in theory, but will never in itself result in a refund. Since receiving the offset will make you liable for less tax, you can earn more income before paying any tax (and Medicare levy). In fact the intention of the offset is to make it so that lower income seniors have no tax liabilities.

SAPTO is available to a taxpayer who:

- On at least one day during the year is eligible for a pension, allowance or benefit under the *Veterans' Entitlements Act 1986,* has reached pension age under that Act and is not in gaol; or
- on at least one day during the year qualified for an age pension under the *Social Security Act 1991* and is not in gaol; or
- has included in their assessable income, a social security pension, education entry payment or a service pension, carer service pension, income support supplement or Defence Force Income Support Allowance and on at least one day during the year the taxpayer is not in gaol.

The taxpayer's rebate income for the year also needs to be less than the amount detailed in the table below.

TIP: The Low Income Tax Offset (LITO) of up to $445 may also apply in conjunction with SAPTO. Its cut-off threshold is $66,667 income.

Family Situation	Maximum Offset $	Shade-Out Threshold $	Cut-Out Threshold $
Single	2,230	32,279	50,119
Each member of a couple (married or de facto, whether of the same or opposite sex)	1,602	28,974	41,790
Each member of a couple (married or de facto, whether of the same sex or opposite sex) separated due to illness or because one was in a nursing home[3]	2,040	31,279	47,599

Low Income Tax Offset

Resident individuals are entitled to the low income tax offset.

The threshold and offset amounts for 2017/2018 are set out in the table below.
The offset of $445 is reduced by 1.5 cents for every dollar of taxable income over $37,000.

Taxable Income $	Tax Offset
0 – 37,000	$445
37,001 – 66,666	$445 – [(Taxable Income - $37,000) x 1.5%]
66,667+	Nil

Low and middle income tax offset

If your taxable income is less than $126,000, you will get some of the low and middle income tax offset.

The amount of the offset you are entitled to will depend on your individual circumstances, such as your income level and how much tax you have paid throughout the year.

The maximum offset is $1080 per annum. The base amount is $255 per annum.

It doesn't mean that you will get an extra $1,080 in your tax return.

If your taxable income:

- does not exceed $37,000, you will be entitled to an offset amount of $255 on your tax payable.
- exceeds $37,000 but is not more than $48,000, you will be entitled to an offset amount of $255, plus 7.5% of the excess above $37,000 to a maximum offset of $1,080 on your tax payable.
- exceeds $48,000 but is not more than $90,000, you will be entitled to the maximum offset amount of $1,080 on your tax payable.
- exceeds $90,000 but is not more than $126,000, you will be entitled to an offset amount $1,080 less 3% of your taxable income above $90,000

Australian Super Income Stream Tax Offset

If you receive income from an Australian super income stream, you may be entitled to a tax offset equal to:

- 15% of the taxed element, or
- 10% of the untaxed element.

The tax offset amount available to you will be shown on your payment summary.
You're not entitled to a tax offset for the taxed element of any super income stream you receive before you reach your preservation age unless the super income stream is either a:

- disability super benefit, or
- death benefit income stream.

You're not entitled to a tax offset for the untaxed element of any super income stream you receive before you turn 60 years old **unless**:

- the super income stream is a death benefit income stream; **and**
- the deceased died after they turned 60 years old.

Tax offset for super contribution on behalf of your spouse

If you make contributions to a complying superannuation fund or a retirement savings account (RSA) on behalf of your spouse (married or de facto) who is earning a low income or not working, you may be able to claim a tax offset.

You will be entitled to a tax offset of up to $540 per year if you meet all of the following conditions:

- the sum of your spouse's assessable income, total reportable fringe benefits amounts and reportable employer super contributions was less than $13,800
- the contributions were not deductible to you
- the contributions were made to a super fund that was a complying super fund for the income year in which you made the contribution
- both you and your spouse were Australian residents when the contributions were made
- when making the contributions you and your spouse were not living separately and apart on a permanent basis.

The tax offset for eligible spouse contributions can't be claimed for super contributions that you made to your own fund, then split to your spouse. That is called a rollover or transfer, not a contribution.

Private Health Insurance Tax Rebate

To ensure that everyone has enough access to healthcare, and to reduce the pressure on the public health system, the government encourages people to take out private health insurance cover. This takes people who *can* afford private health cover out of the public system, and leaves the public system able to provide for people who *cannot* afford it. The private health insurance (PHI) rebate is an amount that the government contributes towards the cost of premiums.

An individual's entitlement to the rebate is based on income levels. Taxpayers will not be entitled to a rebate if their income for Medicare levy surcharge purposes is either:

- a single income of $90,001 or more
- a combined family income of $180,001 or more.

This incentive gives a percentage of the cost of private health insurance back to you.

	Base Tier $	Tier 1 $	Tier 2 $	Tier 3 $
Income Thresholds				
Singles	90,000 or less	90.001 – 105,000	105,001 – 140,000	140,001+
Families/Couples				
0 dependants	180,000 or less	180,001 – 201,000	210,001 – 280,000	280,001+
1 dependants	180,000 or less	180,001 – 201,000	210,001 – 280,000	280,001+
2 dependants	181,500 or less	181,501 – 211,500	211,501 – 281,500	281,501+
3 dependants	183,000 or less	183,001 – 213,000	213,001 – 283,000	283,001+
4 dependants	184,500 or less	184,501 – 214,500	214,501 – 284,500	284,501+
5 dependants	186,000 or less	186,001 – 216,000	216,001 – 286,000	286,001+
Each extra child	1,500	1,500	1,500	1,500
Rebate 1 July 2017 to 31 March 2018				
Aged under 65	25.934%	17.289%	8.471%	0%
Aged 65-69	30.256%	21.612%	12.966%	0%
Aged 70 or over	34.576%	25.934%	17.289%	0%
Rebate 1 April 2018 to 20 June 2018				
Aged under 65	25.415%	16.943%	8.471%	0%
Aged 65-69	29.651%	21.180%	12.707%	0%
Aged 70 or over	33.887%	25.415%	16.943%	0%

See the website of the Private Health Insurance Ombudsman for more details.

The families' threshold is increased by $1,500 for each dependent child after the first. Families include couples and single parent families.

The rebate can only be claimed by individuals; however, even where an employer pays the private health insurance premiums as part of a salary sacrifice arrangement, the employee is entitled to claim the rebate.

The rebate is based on your "income for surcharge purposes", which is your:

- taxable income (your assessable income minus deductions)
- reportable fringe benefits amount, as reported on your payment summary
- total net investment loss (includes both net financial investment loss and net rental property loss)
- Reportable super contributions (includes both reportable employer super contributions and deductible personal super contributions).

If you are eligible for the rebate, there are two ways you can claim:

- Through a reduced premium; or
- Through your tax return with Tax Office.

TIP: For cash flow reasons, many people find it is better to reduce the health insurance premiums up front, i.e. at time of paying, rather than paying a higher amount to get the refund at the end of the financial year.

You will not be covered by a family policy if you are:

- a student 25 years or older
- a person 18 years or older who is not in full-time education, and a
- a person 18 years or older who is a partner of another person.

If you do not receive a statement from your private health insurance fund, make sure you contact them to get all the information you need to be able to calculate your entitlement to the tax offset.

Taxable Income that can be earned before paying tax

For the 2018/19 year, the tax free threshold is $18,200 of your income. You will be able to earn up to $20,542 before paying any tax when taking into account the low income tax offset.

Minor's unearned income

Minors can earn up to $416 before paying tax.

Motor Vehicles

The two methods available are:

Cents per kilometre method @ $0.68

- You can claim a maximum of 5,000 business kilometres per car
- You don't need written evidence but you need to be able to show how you worked out your business kilometres (for example, by producing diary records of work-related trips).

Where you and another joint owner use the car for separate income-producing purposes, you can each claim up to a maximum of 5,000 kilometres.

Logbook method

- Your claim is based on the business-use percentage of the expenses for the car.
- Expenses include running costs and decline in value but not capital costs, such as the purchase price of your car, the principal on any money borrowed to buy it and any improvement costs.
- To work out your business-use percentage, you need a logbook and the odometer readings for the logbook period. The logbook period is a minimum continuous period of 12 weeks.
- You can claim fuel and oil costs based on either your actual receipts or you can estimate the expenses based on odometer records that show readings from the start and the end of the period you had the car during the year.
- You need written evidence for all other expenses for the car.

Depreciation Cost Limit

The 2018/19 motor vehicle depreciation cost limit is $57,581.

HELP Repayment Thresholds – 2019/20

The Higher Education Loan Programme ('HELP') offers Commonwealth loans to eligible students to assist them with paying their higher education fees and to study overseas. A HELP debt is repaid through the taxation system, based on a taxpayer's HELP 'repayment income'. HELP repayment income is the sum of the taxpayer's:

- Taxable income;
- Total net investment loss
- Reportable fringe benefits;
- Exempt foreign employment income; and
- Reportable superannuation contributions

HELP Repayment Income Thresholds and Rates[1,2]

Rate of Repayment	HELP Repayment Income
Nil	$0 – $51,956
2%	$51,957 - $57,729
4%	$57,730 – $64,306
4.5%	$64,307 – $70,881
5%	$70,882 – $74,607
5.5%	$74,608 – $80,197
6%	$80,198 – $86,855
6.5%	$86,856 – $91,425
7%	$91,426 – $100,613
7.5%	$100,614 – $107,213
8%	$107,214+

1. From 1 July 2017, taxpayers living overseas and earning income that exceeds the minimum repayment threshold will be required to make compulsory repayments towards their debt.
2. The relevant repayment rates and thresholds outlined above have been amended to include the introduction of a lower minimum repayment threshold and a maximum repayment rate of 10%. These changes will commence in the 2019/20 income year.

Small Business Owners Accelerated Depreciation

Instant asset write-off thresholds

Using the simplified depreciation rules, assets costing less than the relevant instant asset write-off threshold are written off in the year they are first used, or installed ready-for-use. This threshold applies to each asset irrespective of whether the asset is purchased new or second-hand.

The threshold has changed over the last few years and during the current year as shown in the table below.

If you're a business with a turnover from $10 million to less than $50 million you may be eligible for the instant asset write-off for assets purchased from 7.30pm (AEDT) on 2 April 2019.

Instant asset write-off thresholds

Date range	Threshold for each asset
7:30pm (AEDT) 02/04/2019 to 30/06/2020	$30,000
29/01/2019 to before 7.30pm (AEDT) 02/04/2019	$25,000
7.30pm (AEST) 12/05/2015 to 28/01/2019	$20,000
01/01/2014 to prior to 7.30pm (AEST) 12/05/2015	$1,000
01/07/2012 to 31/12/2013	$6,500
01/07/2011 to 30/06/2012	$1,000

The entire cost of the asset must be less than the instant asset write-off threshold, irrespective of any trade-in amount. Whether the threshold is GST exclusive or inclusive will depend on your GST status, for further information about GST impacts see Cost.

In working out the amount you can claim, you must subtract any private use proportion. The balance (that is the proportion used in earning assessable income) is generally the taxable purpose proportion. While only the taxable purpose proportion is deductible, the entire cost of the asset must be less than the threshold.

Note that if you later sell or dispose of an asset for which you claimed an instant asset write-off, you include the taxable purpose proportion of the amount you received for the asset in your assessable income.

Accelerated depreciation for primary producers

From 12 May 2015, primary producers can immediately deduct the costs of:

- fencing – previously deducted over a period up to 30 years
- Water facilities – previously deducted over three years.

They can also deduct the cost of fodder storage assets over three years, instead of over a period up to 50 years.

Immediate Deductions for Start-up Costs

Small businesses can continue to immediately deduct certain start-up expenses, including costs associated with raising capital.

Reporting of Contractor Payments for Building and Construction Industry

A new reporting obligation from the 2012 -13 income tax year requires all business in the building and construction industry to report the total payments they make to each contactor. The taxable payments annual report is due on the 25th August for businesses that enlist a tax agent –a concessional lodgment arrangement is available for this year only

Working Holiday Makers

The following rates apply to the 'working holiday taxable income' of an individual who is a 'working holiday maker' ('WHM') on or after July 1 2018:

Working Holiday Taxable Income[1] $	Tax Payable[1]
0 – 37,000	15% of the entire amount
37,001 – 90,000	$5,550 + 32.5% of excess over $37,000
90,001 – 180,000	$22,775 + 37% of excess over $90,000
180,001+	$56,075 + 45% of excess over $180,000

1 Medicare levy is not payable by WHMs that are non-residents for tax purposes.

Foreign resident capital gains withholding

A taxpayer must lodge a tax return at the end of the financial year declaring their Australian assessable income, including any capital gain from the disposal of any asset that has been subject to foreign resident capital gains withholding (FRCGW). The taxpayer vendor will be able to claim a credit in their tax return for any FRCGW paid by the purchaser in relation to those assets.

There are new labels in the tax return to ensure any FRCGW credit is claimed correctly. Existing withholding label descriptions in the tax return have been modified to state that the FRCGW credit should not be claimed at those labels.

Superannuation

Government Co-Contribution for Low Income Employees

The superannuation co-contribution was initially introduced as an incentive to encourage low income earners to save for their retirement.

If an individual satisfies the income test and other eligibility requirements and they make personal (non-concessional) superannuation contributions, the Government will match their contribution with a co-contribution.

The Government will contribute $0.50 for every $1 an individual contributes into superannuation up to the maximum co-contribution amount. From 1 July 2017 an individual is ineligible their non-concessional contributions (NCCs) exceed their NCC cap or their total superannuation balance is $1.6 million or more.

Income Year	Total Income $	Calculation of Maximum Co-contribution $
2019/2020	0 – 37,697	500
	37,698 – 52,696	500 – [3.333% x (total income – 37,697)]
	52,696	Nil

General Transfer Balance Cap

The general transfer balance cap for 2018 income year is as follows:

Income year	General Transfer Balance Cap
2019	$1.6 million

The general transfer balance cap is used for a number of purposes, including:

- To determine the total capital amount that can be transferred to the retirement (pension) phase; and
- To determine eligibility for making non-concessional contributions from 1 July 2017.

Lump Sum Superannuation Benefits – Low Rate Cap Amount

The application of the low rate threshold for superannuation lump sum payments is capped. The low rate cap amount is reduced by any amount previously applied to the low rate threshold.

Income Year	Cap Amount
2018/2019	$205,000

Concessional Contributions Caps

Concessional contributions include employer contributions and personal contributions claimed as a tax deduction by a self-employed person.

The annual cap on concessional superannuation contributions mains at $25,000 for all individuals regardless of their age.

Note that the '10% income test' has also been removed when determining whether an individual making personal (after-tax) contributions can claim further tax deduction for those contributions. Therefore any after tax contributions can be tax deductible so long as you advise the fund involved prior to 30th June each year and you do not exceed your Concessional Caps which is currently $25,000.

Individuals with superannuation entitlements of less than $500,000 are able to make additional catch-up concessional contributions of unused contribution cap amounts accruing from the 2018 income year. This will be available in 2019/2020 from the 2018 contributions made.

Non-Concessional Contribution Caps

Non-concessional contributions include personal contributions for which taxpayers do not claim an income tax deduction.

Income Year	Amount of Cap
2017/18	$0 or $100,000 annually or $200,000 over 2 years or $300,000 over 3 years
2018/19	$0 or $100,000 annually or $200,000 over 2 years or $300,000 over 3 years

Superannuation Guarantee

Employees who provide less than a prescribed level of superannuation support (the 'charge percentage', generally applied to the employee's ordinary time earnings) for their employees are liable to pay a superannuation guarantee charge based on the shortfall (calculated with reference to "salary and wages") plus an interest component and an administration charge. For the 2018/19 income year, the charged percentage is 9.50%, payable quarterly.

The maximum contribution base specifies that the maximum employee earnings per quarter is $54,030 for which the Employer has to provide superannuation support.

Super Contributions tax rate for Very High Income Earners

Individuals earning income of more than $250,000 will have their contributions tax rate increase from 15% to 30% (excluding Medicare levy).

Under this measure, the term income will include taxable income, concessional superannuation contributions, adjusted fringe benefits, total net investment loss, target foreign income, tax-free government pensions and benefits, less child support.

Where an individual exceeds the income level of $250,000 due to the inclusion of their concessional contributions, the higher tax of 30% will only apply to the excess over the income of $250,000.

Superannuation Guarantee Age Limit – No Change

Effective 1 July 2016 there is no upper age limit at which superannuation guarantee payments need to be provided for an employee.

Company

Company Tax Rates

The company tax rates for the 2018/19 year is 27.5% for all small business entities. (turnover under $50 million)

The company tax rate remains at 30% for all other companies that are not small business entities.

Company Instalments

Below is table of dates of when quarterly tax installments are due by for the 2018-19 year:

	Quarterly GST Payer 2019/2020 Other	Quarterly GST Payer 2019/20 Tax Agents
1st install	28.10.19	25.11.19
2nd install	28.02.20	28.02.20
3rd install	28.04.20	26.05.20
4th install	28.07.20	12.08.20

Increasing access to company losses

At the time of publishing, these changes had not become law.

On 30 March 2017, legislation was introduced into parliament that will supplement the current 'same business test' for company losses with a more flexible 'similar business test'. The new test will enable greater access to past year losses when companies enter into new transactions or business activities.

The similar business test will allow a company to access losses following a change in ownership where its business, while not the same, is similar.

As a test for accessing past year losses, the 'similar business test' will only be available for losses made in income years starting on or after 1 July 2015.

The 'same business test' and the 'similar business test' will be collectively known as 'business continuity test'.
This measure is expected to take effect in relation to income years starting on or after 1 July 2015.

Private Company Loans

Below is a table showing the interest payable on private company loans:

Year of income ended 30 June	%
2020	5.37
2019	5.20
2018	5.25
2017	5.65
2016	5.45
2015	5.95
2014	6.20
2013	7.05
2012	7.80
2011	7.40
2010	5.75

Fringe Benefits Tax

Below is a brief summary of Fringe Benefits Tax rates and thresholds for the 2018/19 year:

FBT Rate for the 2018/2019 year	**47%**
FBT Rate for the 2019/2020 year	**47%**

Benefit Value Gross – Up

	Gross-up Rate	
FBT Year Ended	**Type 1**	**Type 2**
31 March 2019	2.0802	1.8868
31 March 2020	2.0802	1.8868

Car Fringe Benefits – Statutory Formula Method – Statutory Fraction

Annualised Kilometers	**Statutory Fraction**	
	Agreements in existence before 7:30pm 10 May 2011	Agreements entered into from 7:30pm 10 May 2011
Less than 15,000	0.26	0.20
15,000 to 24,999	0.20	0.20
25,000 to 40,000	0.11	0.20
More than 40,000	0.07	0.20

Payroll Tax rates and thresholds

State/Territory	Rate (%)	Annual Threshold ($)
NSW	5.45	750,000
ACT	6.85	2,000,000
VIC	4.85	575,000
QLD	4.75	1,100,000
TAS	6.1	1,250,000
SA	4.95	600,000
WA	5.5	850,000
NT	5.5	1,500,000

Buying or selling all property worth $2 million or more (including the family home)

Property buyers and sellers have been hit with an additional paperwork burden that will make them play a direct role in the collection of capital gains tax for the Australian Taxation Office. A change introduced on 1 July 2016 requires the sellers of properties worth $2 million or more to obtain a clearance certificate from the ATO to confirm the buyer does not need to withhold from the seller the 10% withholding tax.

What Property is the Certificate needed for?

It will apply to residential, commercial or industrial property with a market value of $2 million or more that is the subject of a transaction on or after the start of the 2016-2017 tax year and is designed to ensure that foreign residents meet their Australian capital gains tax liabilities on the sale of property.

Australia's withholding tax has been in place for some years now and is a requirement that applies if a party receiving taxable funds does not have a company number or a tax file number, or has not provided that number to a dispensing party. Essentially, it requires the party receiving the funds to substantiate that a person or an entity is a taxpayer.

Thus, a company paying dividends to its shareholders must withhold 10% of the sum being dispersed if the shareholder has not provided it with such information.

Where to get the form

The form to be completed to obtain a clearance certificate has been made available on the ATO website at no cost. It can be completed and lodged by the seller or by a third party, such as a solicitor or accountant. Clearance certificates will be valid for 12 months, and penalties will apply for sellers who make false or misleading declarations, or where the buyer fails to withhold when it is required.

Sums withheld will be credited against foreign residents' income tax liabilities. Sellers claim the credit for the withheld amount paid to the ATO by lodging an annual tax return.

Why it's Important

While the additional paperwork is a burden that will not be welcomed by buyers and sellers, it is nevertheless important that overseas investors meet their tax obligations. This is of particular significance at the present time given the impact of the resources downturn on the tax-take of our governments and the difficulties federal and state governments face in funding health, education and welfare services and much-needed infrastructure.

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