

1st July 2019

Taxation & Financial Planning Newsletter for 2018/19

Resident Individual Tax Rates for 2018/19

Taxable income	Tax on this income
\$0 – \$18,200	Nil
\$18,201 – \$37,000	19c for each \$1 over \$18,200
\$37,001 – \$90,000	\$3,572 plus 32.5c for each \$1 over \$37,000
\$90,001 – \$180,000	\$20,797 plus 37c for each \$1 over \$90,000
Over \$180,000	\$54,097 plus 45c for each \$1 over \$180,000

The above rates do not include the Medicare levy of 2%. Foreign residents pay tax from the first dollar earned. Minors (under age 18) pay increased rates after \$416 for non-employment income.

- ❖ The new Low & Middle Income Tax Offset (LAMITO) currently stands at \$530 maximum with parliament considering \$1080. Note should you complete your Tax Return before the proposal becomes law – The ATO will automatically re-issue your reduced tax liability / additional refund.
- ❖ Medicare levy of 2% is normally payable for income above \$22,398 on top of the above tax rates. In addition, Medicare levy surcharge may be payable as per the table given below.
- ❖ HECS-HELP Repayment Rate of 2-8% for Income of \$51,957 - \$107,214 for 2018/19. In 2019/20 a 1% repayment rate from \$45,881 and a maximum 10% from \$134,573.

Taxable income = Assessable Income (less) Allowable Deductions.

Tax credits and offsets (rebates) may directly reduce the resulting tax payable

Company and Fringe Benefit Tax Rates:

- ❖ Company tax is 27.5% for small business and 30% for other companies. Fringe Benefits tax rate is 47% for FBT year ended 31 March 2019.

'Cents per Km Rates' to claim car expense up to 5000 km: This is now done at a rate of **68 cents** (increased from 66 cents) per kilometre for assessable travel.

Private Health Insurance offset & Medicare levy Surcharge:

The private health insurance tax offset is reduced, and Medicare surcharge levy may be payable (if the appropriate cover is not held). In a single year, two separate PHI rebate percentages will be applied in calculating taxpayer's whole year rebate. The impact from 1 July 2018 is shown in the table below.

Income for surcharge purposes between	Single	\$90,000 or less	\$90,001-\$105,000	\$105,001-\$140,000	Over \$140,000
	Couple (combined)	\$180,000 or less	\$180,001-\$210,000	\$210,001-\$280,000	Over \$280,000
Medicare levy surcharge		0%	1%	1.25%	1.5%
Private health insurance offset (PHI)					
1 July 2018 to 31 March 2019		Offset entitlement 25.42%*	Offset entitlement 16.94%*	Offset entitlement 8.47%*	No offset
1 April 2019 to 30 June 2019		Offset entitlement 25.06%*	Offset entitlement 16.71%*	Offset entitlement 8.35%*	No offset

*The offset entitlement for those below age 65

Superannuation:

Super Contribution Cap: The concessional contribution cap is \$25,000 for financial year 2019/20. With some scope for additional catch up contributions if meet certain conditions (please contact us).

Maximise non-concessional contributions: Personal contributions, where no tax deduction is claimed, count towards the non-concessional contributions cap. This cap is \$100,000 for 2019/20 with some bring forward provisions.

Salary Sacrifice and / or direct Member Contributions: Both reduce your assessable income & hence tax impact. Please contact us if you would like advice on these strategies.

Super Co-Contribution: The maximum co-contribution is \$500 for financial year 2019/20 for those who earn up to \$38,564 and make a personal contribution of \$1000. The co-contribution decreases on a sliding scale and ceases at \$53,564.

Spouse contributions tax offset: If you make a personal contribution on behalf of your spouse (spouse's total income must be less than \$37,000) before the end of the financial year, you will be eligible for an 18% tax off-set for contributions up to \$3,000, which means up to a \$540 tax off-set.

Low Income Superannuation Tax Off-set (LISTO): If you earn less than \$37,000, the government may pay a benefit up to \$500 directly to your super fund if set-up properly. Please contact us for advice.

Budget 2019:

The budget released in April had proposed some changes to taxation & superannuation. We'll continue to monitor which proposals pass through parliament.

Key Budget announcements include:

- Low & Middle-Income Tax Off-set to be increased from \$530 maximum towards \$1080 for those earning \$48,000 to \$90,000 (phases-out at each end).
- Stage-3 of the Tax Cuts affecting brackets from 2022.
- Small business immediate deduction extends to June 2020. A higher threshold has been legislated, now for purchases under \$30K.
- Increasing Super Contributions without work-test to age 66.

Business at Palani & Associates:

We are looking to grow in Tax, Financial Planning & Mortgage Broking. Your referrals are most welcome. Ramiah as well as Arjun, Karthik & David will effectively work for your best outcomes this Tax Season.

For tax planning, financial planning & mortgage advice on creating and maximizing your wealth for the future please do not hesitate to contact us.		
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We appreciate and value your business

As Certified Practising Accountants and Licensed Financial Advisers, we specialise in helping you, our valued client to take control of your financial future and maximise benefits.

Disclaimer

We have attempted to cover a wide range of topics in this paper. However, you should not act solely based on information contained here because points are of a general nature & tax laws may apply differently depending on circumstance.