

1st July 2022

Taxation & Financial Planning Newsletter for 2022/23

Resident Individual Tax Rates for 2021/22 & 2022/23

Taxable income	Tax on this income
\$0 – \$18,200	Nil
\$18,201 – \$45,000	19c for each \$1 over \$18,200
\$45,001 - \$120,000	\$5,092 plus 32.5c for each \$1 over \$45,000
\$120,001 – \$180,000	\$29,467 plus 37c for each \$1 over \$120,000
\$180,001 and over	\$51,667 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.

- ❖ 2021-22 Low Income Tax Offset of \$700 applies income up to \$37,500 and income between \$37,501 and \$45,000 offset will be \$700 minus 5 cents for every \$1 in excess over \$37,500. Between \$45,001 and \$66,667 offset will be \$325 minus 1.5 cents for every \$1 in excess over \$45,000. Offset will not be applicable for income above \$66,667.
- ❖ Increase Low- and middle-income tax offset. This offset has been increased for the 2021–22 income years. **Maximum offset is \$1500** and is scheduled to cease at 30 June 2022

Taxable income	Offset
\$37,000 or less	\$675
From \$37,001 to \$48,000	\$675 plus 7.5 cents for every dollar above \$37,000, up to a maximum of \$1,500
From \$48,001 to \$90,000	\$1,500
From \$90,001 to \$126,000*	\$1,500 minus 3 cents for every dollar of the amount above \$90,000

- ❖ Medicare levy of 2% is normally payable for income above \$23,226 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 vary between 1%-10% depending on your income. Below \$47,014 repayment rate is NIL and maximum will be 10% for income from \$137,898 and above

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 25% for Base rate entities (turnover threshold < \$50M) for 2022 FY, otherwise general company tax is 30%. Fringe Benefits tax rate is 47% for FBT year ended 31 March 2022. It will be same for year ending 31 March 2023.

'Cents per Km Rates' to claim car expense up to 5000 km: The rate is **72 cents** per kilometre for assessable travel for 2022 FY. This rate is increased to 78 cents for 2023 FY.

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 2021 is shown in the table below. *The offset entitlement for those below age 65

	Single	\$90,000 or less	\$90,001-\$105,000	\$105,001-\$140,000	Over \$140,001

Income for surcharge purposes between	Couple (combined)	\$180,000 or less	\$180,001-\$210,000	\$210,001-\$280,000	Over \$280,001
Medicare levy surcharge		0%	1%	1.25%	1.5%
Private health insurance offset (PHI)					
1 July 2021 to 31 March 2022		Offset entitlement 24.608%*	Offset entitlement 16.405%*	Offset entitlement 8.202%*	No offset
1 April 2022 to 30 June 2022		24.608%*	16.405%*	8.202%*	

Superannuation:

Minimum withdrawals from super pension account

The minimum annual payment required from account-based pensions was reduced by 50% for the 2021-22 financial year and this concession has been extended to the 2022/23 year. Please call us to discuss if more information is required

Super Contribution Cap: The concessional (i.e tax deductible) contribution of \$27,500 continues to apply for people aged 65 or less. With some scope for additional catch-up contributions if meet certain conditions. People over 65 may be able to make deductible superannuation contributions (please contact us to clarify any of these matters).

Maximise non-concessional contributions: Personal contributions, where no tax deduction is claimed, count towards the non-concessional contributions cap. This cap is \$110,000 from 1 July 2021 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.

Downsizer contribution. From 1 July 2022, if you are over 60 years old and selling your family home that you have owned for more than 10 years you may be able to contribute up to \$300,000 from the proceeds of the sale (or part sale) of your home into your superannuation fund. If interested, please call to discuss your eligibility.

Super Co-Contribution: The maximum co-contribution from the Government is \$500 for financial year 2022/23 for those who earn up to \$42,016 and make a personal contribution of \$1000. The co-contribution decreases on a sliding scale and ceases at \$54,837.

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.

Budget Changes:

The following are some Budget highlights:

Temporary full expensing of assets purchased by a business continues for small business in 2022/23.

The **minimum amount of earnings before an employer must pay** superannuation (previously \$450 per month) has been removed and will come to effect from 1 July 2022.

From 1 July 2022, **Super Guarantee** rate will increase to 10.5% (previously 10.0%).

Small business 20 per cent deduction boost for skills training and digital adoption - businesses with turnover less than \$50 million will receive a 20 per cent uplift on deductions for eligible expenditure on external training courses and digital technology. The 20 per cent boost will apply to eligible expenditure incurred from 7:30pm on 29 March 2022 until 30 June 2024 (for skills training) and 30 June 2023 (for digital adoption). (Note : *this is yet to be legislated*)

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, Luzcel & 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.**

Ramiah Palani	ramiah@palani.com.au	Call us on 8332 2177
Arjun Palani	arjun@palani.com.au	
Luzcel Camacho	Luzcel@palani.com.au	
David Beasley	david@palani.com.au	

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.