



Taxation & Financial Planning Newsletter for FY2023/24

Resident Individual Tax Rates 2024

Taxable income	Tax on this income
\$0 – \$18,200	Nil
\$18,201 – \$45,000	19% of excess over \$18,200
\$45,001 - \$120,000	\$5,092 + 32.5% of excess over \$45,000
\$120,001 – \$180,000	\$29,467 + 37% of excess over \$120,000
\$180,001 and over	\$51,667 + 45% of excess over \$180,000

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

Resident Individual Tax Rates 2025

The govt has reduced tax slightly to ease cost of living pressure.

Thresholds in 2024–25 (\$)	Rates in 2024–25 (%)
0 – 18,200	Tax free
18,201 – 45,000	16
45,001 – 135,000	30
135,001 – 190,000	37
Over 190,000	45

- ❖ 2023-24 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 \$66,668 & above.
- ❖ Medicare levy of up to 2% is normally payable for income above \$26,000 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. For FY2023/24, below \$51,550 repayment rate is NIL and maximum will be 10% for income from \$151,201 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 FY2023/24, otherwise general company tax rate is 30%. Fringe Benefits tax rate is 47% for FBT year ended 31 March 2024. It will be same for year ending 31 March 2025.

'Cents per Km Rates' to claim car expense up to 5000 km: The rate is 85 cents (increased to 88cents from 1st July 2024) per kilometre for assessable travel for FY2023/24.

Work from Home Expenses: The per hour rate is 67 cents. This rate is inclusive of all running costs such as electricity, gas, phone, internet etc. You can additionally claim depreciation on equipment according to the usage.

Medicare levy Surcharge:

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 2023 is shown in the table below. *The offset entitlement for those below age 65

Income for surcharge purposes	Single	\$93,000 or less	\$93,001-\$108,000	\$108,001-\$144,000	Over \$144,001
	Couple (combined)	\$186,000 or less	\$186,001-\$216,000	\$216,001-\$288,000	Over \$288,001
Medicare levy surcharge		0%	1%	1.25%	1.5%

Superannuation:

Minimum withdrawals from super pension account

The minimum annual payment required from account-based pension is back to normal from 1st July 2023. Please call us to discuss if more information is required

Super Contribution Cap: The concessional (i.e., tax deductible) contribution of \$27,500 (increased to \$30,000 from 1st July 2024 FY) continues to apply for people aged 75 or less. With some scope for additional catch-up contributions if meet certain conditions.

Maximise non-concessional contributions: Personal contributions, where no tax deduction is claimed, count towards the non-concessional contributions cap. This cap is \$110,000 (increased to \$120,000 from next year) 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 January 2023, if you are over **55** 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 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 50% of the contribution made capped at \$500 for FY 2023/24 for those who earn up to \$43,445 and make a personal contribution. The co-contribution decreases on a sliding scale and ceases at \$58,445.

Spouse contributions tax offset: If you make a personal contribution on behalf of your spouse (spouse's total income must be less than \$40,000) 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 \$700 directly to your super fund.

From 1 July 2024, **Super Guarantee** rate will increase to 11.5% (previously 11%).

Budget Changes:

The following are some Budget highlights:

Energy Bill relief: The Government has announced it will provide a non-means tested \$300 energy bill rebate to all Australian households. \$325 rebate for eligible small businesses.

Student Debt: Reducing Indexation rate to be the lower of either the Consumer Price Index (CPI) or the Wage Price Index (WPI) with effect from 1 June 2023.

Business at Palani & Associates:

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

<i>For tax planning, financial planning & mortgage advice on creating and maximizing your wealth for the future please do not hesitate to contact us.</i>		
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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.