



Taxation & Financial Planning Newsletter for FY2022/23

Resident Individual Tax Rates for 2022/23 & 2023/24

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. Foreign residents pay tax from the first dollar earned. Minors (under age 18) pay increased rates after \$416 for non-employment income.

- ❖ 2022-23 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.
- ❖ Low- and middle-income tax offset. This offset, which was worth up to \$1,500 ceased as of 30 June 2022.
- ❖ Medicare levy of up to 2% is normally payable for income above \$24,276 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 FY2022/23, below \$48,361 repayment rate is NIL and maximum will be 10% for income from \$141,848 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 FY2022/23, otherwise general company tax rate is 30%. Fringe Benefits tax rate is 47% for FBT year ended 31 March 2023. It will be same for year ending 31 March 2024.

'Cents per Km Rates' to claim car expense up to 5000 km: The rate is **78 cents** per kilometre for assessable travel for FY2022/23.

Work from Home Expenses: Though ATO has increased the per hour rate from 52 cents to 67 cents, the new 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.

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 2022 is shown in the table below. *The offset entitlement for those below age 65

Income for surcharge purposes between	Single	\$90,000 or less	\$90,001-\$105,000	\$105,001-\$140,000	Over \$140,001
	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 2022 to 31 March 2023		Offset entitlement 24.608%*	Offset entitlement 16.405%*	Offset entitlement 8.202%*	No offset
1 April 2023 to 30 June 2023		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 FY2022/23. This concession ceases on 30 June 2023. 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 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 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 2022/23 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 \$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.

From 1 July 2023, **Super Guarantee** rate will increase to 11% (previously 10.5%).

Budget Changes:

The following are some Budget highlights:

Temporary full expensing of assets purchased by a business cease for small business on 30 June 2023

From 1 July 2023 the government has announced it will temporarily increase the **instant asset write-off threshold to \$20,000**, from 1 July 2023 until 30 June 2024 for small businesses.

The government has announced it will reduce the tax concessions available to individuals with a **total super balance exceeding \$3 million**, from 1 July 2025. Individuals with a total super balance of less than \$3 million will not be affected. For more information, please contact us.

Business at Palani & Associates:

We are looking to grow in Tax and Financial Planning. Your referrals are most welcome. Ramiah as well as Arjun, Keshav & 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.