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The word "fordham" is written in a dark grey, lowercase, sans-serif font. It is partially overlaid by two thin, curved green lines that sweep across the top of the page from left to right.

*Tax facts for  
2008/2009...*

Two large, thin, curved green lines sweep across the page from the top left towards the bottom right, framing the central text.

*Fordham is Australia's leading independent specialist advisory group, providing a range of integrated, innovative and highly valued services in accounting and tax, strategy and planning and investment management...*

*...exclusively to business owners and their families.*

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# ...for individuals

## 1.1 Income tax rates

1 July 2008–30 June 2009 Current income year rates

	Resident	Non-resident
Taxable income \$	Tax payable	Tax payable
0–6,000	Nil	29%
6,001–34,000	15% of amount over 6,000	29%
34,001–80,000	4,200+30% of amount over 34,000	9,860+30% of amount over 34,000
80,001–180,000	18,000+40% of amount over 80,000	23,660+40% of amount over 80,000
180,001 and over	58,000+45% of amount over 180K	63,660+45% of amount over 180K

From 1 July 2009

	Resident	Non-resident
Taxable income \$	Tax payable	Tax payable
0–6,000	Nil	29%
6,001–35,000	15% of amount over 6,000	29%
35,001–80,000	4,350+30% of amount over 35,000	10,150+30% of amount over 35,000
80,001–180,000	17,850+38% of amount over 80,000	23,650+38% of amount over 80,000
180,000 and over	55,850+45% of amount over 180K	61,650+45% of amount over 180K

- Add 1.5% Medicare levy except for low income earners. Currently a reduced amount for income under \$20,363 and nil for income under \$17,309 (effective 1 July 2007–30 June 2008).
- Add 1% Medicare levy surcharge for high-income earners without private patient hospital cover. Currently \$70,000 for individuals or \$140,000 for families plus \$1,500 for each dependent child after the first.

## 1.2 Minor tax rates

Special rates apply to children under the age of 18 who receive “unearned” income such as investment income. Featured rates apply to minors who are residents of Australia, are not excepted persons, and have no excepted income.

### From 1 July 2008

Taxable income \$	Tax payable
0–417	Nil
417–1,307	Nil+66% of the amount over \$416
1,307 and over	45% of the total amount that is not excepted income

As a result of the low income tax offset, the maximum distribution from a trust to a minor beneficiary without incurring a tax liability is \$2,666 (2008/2009).

For 2007/2008 the tax free threshold is \$1,666.

## 1.3 Maternity payment – the new improved baby bonus

One off lump sum of \$5,000 on the birth of each child (or adoption before two years of age), occurring after 1 July 2008.

Payment is made by Centrelink into a bank or credit union account and no longer through the tax system. From 1 January 2009 a Baby Bonus Income Test will be introduced. The income limit for the six months following the birth of the child is \$75,000. Payment will generally be paid in 13 instalments of \$384.

## 1.4 Motor vehicle business deductions

Alternatives available for expense claims for individuals:

### 1 Up to 5,000 kilometres business use

Non-rotary (cc)	Rotary (cc)	Per km rates
0–1600	0–800	58 <sup>c</sup>
1601–2600	801–1300	69 <sup>c</sup>
2601+	1301+	70 <sup>c</sup>

### 2 Over 5,000 km one third of total expenses or

12% of cost of car or per km rate limited to 5,000 kms

### 3 Regardless of distance log book method

Motor vehicle depreciation cost limit \$57,180.

# ...for businesses

## 2.1 Company tax Tax Rate 30%

Division 7A benchmark interest rate 9.45%

### Pay As You Go (PAYG) instalments

	1st	2nd	3rd	4th
Pay GST quarterly	28/10/08	02/03/09	28/04/09	28/07/09
Pay GST monthly	21/10/08	21/01/09	21/04/09	21/07/09

- Instalments only payable if taxpayer has received instalment rate notice from Commissioner.
- Options available for calculating instalments and number of instalments payable each year according to Commissioner's guidelines.
- Companies with substituted accounting periods pay PAYG instalments on the 28th day after each quarter end.
- Any balance of tax payable is due on lodgement of company tax return.

## 2.2 Fringe Benefits Tax

### For the period 1 April 2008–31 March 2009

Rate 2008/2009	46.5%
Fringe benefits gross up factor 2008/2009*	2.0647
Return and payment due**	21 May 2009
Benchmark interest rate 2008/2009	9%
Instalment threshold	\$3,000
Reportable fringe benefits threshold (per employee)***	\$2,000
Record keeping exemption threshold	\$6,766
In-house FBT-free threshold	\$1,000
Car parking threshold	\$7.07
Minor infrequent benefits^	Less than \$300

\* If an employee was entitled to an input tax credit for the benefits provided – otherwise the rate of 1.8692 will apply.

\*\* Instalment payments are due with quarterly Business Activity Statements.

\*\*\*Reportable fringe benefits threshold grossed up \$3,738.

^ Minor benefits may include welcome gifts, health assessments, or meal entertainment 2-3 times per year. The ATO warns "infrequent or irregular" should not to be equated with "isolated or rare".

## Motor vehicle statutory formula

kms per annum	FBT Value %
Less than 15,000	26
15,000–24,999	20
25,000–40,000	11
40,000 and over	7

## 2.3 Business Activity Statements (BAS)

BAS are required to be lodged by taxpayers to report and pay their tax obligations, including:

- GST
- Pay As You Go Withholding
- FBT instalments
- Pay As You Go Instalments

## 2.4 Goods and Services Tax (GST) From 1 July 2007

Tax rate <sup>^</sup>	10%
Annual turnover* threshold for registration (\$150,000 for non-profit organisations)	\$75,000
Annual turnover* for accrual accounting	\$2,000,000
Annual turnover* threshold for monthly payments	\$20,000,000**

<sup>^</sup> Calculated as 1/11th of the GST inclusive value.

\* Annual turnover includes taxable and GST free supplies connected with Australia. May choose to register if turnover is below registration turnover threshold.

\*\* If GST turnover is \$20,000,000 or more, activity statements must be lodged electronically.

## 2.5 Important due dates For period 1 July 2008–30 June 2009

Quarterly IAS & BAS		Monthly BAS & IAS
Jul–Sep	28/10/08	21/08/08, 22/09/08, 21/10/08
Oct–Dec	02/03/09	21/11/08, 22/12/08, 21/01/09
Jan–Mar	28/04/09	23/02/09, 23/03/09, 21/04/09
Apr–Jun	28/07/09	21/05/09, 22/06/09, 21/07/09

Payment Summaries

14/07/08

## 2.6 Payroll tax

	VIC	NSW	QLD	SA	TAS	WA	ACT
<b>Threshold</b> ('000)	550	600	1000	504	1010	750	1250
<b>Rate on excess</b>	4.95%	6%	4.75%	5%	6.1%	5.5%	6.85%
<b>Monthly tax liability*</b>	45833	50000	83333	42000	84167	62500	104167

\* Monthly payroll threshold. Amounts above these thresholds may be liable for payroll tax.

## 2.7 Superannuation guarantee

Minimum level of support	9%
Maximum contribution base for each quarterly period	\$38,180
Due dates for contributions	28/10/08, 28/01/09 28/04/09, 28/07/09

## 2.8 Capital allowances

Asset acquired	Rate
Pre 21/9/1999	Accelerated
Post 21/9/1999	Effective life
Cost less than \$1,000	37.5% diminishing if pooled*

- Different rates apply to Simplified Tax System taxpayers.
- Business establishment and many other business related costs are deductible over five years.
- Building write-off 2.5% per annum if construction started before 22 August 1984 or after 15 September 1987.
- Subject to certain conditions, items costing \$100 or less may be fully deducted in year of purchase.
- Diminishing value assets with a Written Down Value (WDV) less than \$1,000 can be moved to the low value asset pool and depreciated at 37.5%.

\* 18.75% for first year in pool.

## Changes to diminishing value method

Diminishing value method allows taxpayers a higher decline in value deduction earlier in the effective life of depreciating assets and eligible project pools. New rules apply to depreciating assets purchased on or after 10 May 2006, and to project pools that start to operate on or after that date. The new formula for diminishing value method is:

$$\text{Decline in value} = \text{Base value} \times \frac{\text{Days held}}{365} \times \frac{200\%}{\text{Asset's effective life}}$$

## 2.9 Concessions for small business entities

From 1 July 2007, small businesses with an annual turnover of less than \$2 million can be classified as small business entities and may qualify for a range of tax concessions. Eligible businesses may choose which concessions suit their circumstances, however additional conditions may apply. There are four small business CGT concessions:

### 1 Small business 15 year exemption

Provides total exemption of a capital gain if CGT asset owned for at least 15 years and significant individual is aged 55 or over and retiring, or is permanently incapacitated.

### 2 Small business 50% active asset reduction

Provides 50% reduction of a capital gain from the disposal of a CGT asset that qualifies as an active asset.

### 3 Small business retirement exemption

Provides exemption of capital gains up to a lifetime limit of \$500,000. If eligible individual is under 55 years of age, payment must be paid into a superannuation (or similar) fund.

#### **4 Small business rollover**

Provides deferral of all or part of a capital gain if you acquire a replacement asset, or you make a capital improvement to an existing asset, subject to timing conditions. For further information or advice on the small business CGT concessions, please contact your advisor.

#### **Other available concessions**

- Simplified depreciation rules
- Simplified trading stock rules
- Immediate deduction for certain prepaid business expenses
- Choice to account for GST on a cash basis
- Annual apportionment of GST input tax credits
- Choice to pay GST by instalments
- PAYG instalments based on gross domestic product (GDP) adjusted notional tax
- FBT car parking exemption

# ...for superannuation

From 1 July 2007, the superannuation system has changed. For further information or advice on superannuation please consult your advisor.

## 3.1 Income tax rates

Complying superannuation fund	15%^
Non-complying superannuation fund	45%
Tax rate non-arms length income and private company dividends	45%

^ Rate applies to superannuation funds in accumulation mode; funds in pension mode attract 0%. For funds with members in both accumulation and pension, funds in accumulation mode taxed separately.

## 3.2 Superannuation contributions

### Superannuation contribution rules

Age	Ability of fund to accept contributions
<b>Under 65</b>	All types of contributions
<b>65–69</b>	<ul style="list-style-type: none"><li>– Mandated (award and Super Guarantee) employer contributions</li><li>– or if member passes work test*:<ul style="list-style-type: none"><li>• employer contribution other than mandated</li><li>• member contributions</li><li>• spouse contributions</li></ul></li></ul>
<b>70–74</b>	<ul style="list-style-type: none"><li>– Mandated (award) employer contributions</li><li>– or if member passes work test*:<ul style="list-style-type: none"><li>• employer contribution other than mandated</li><li>• member contributions</li><li>• spouse contributions</li></ul></li></ul> <p>Contributions other than mandated employer contributions must be received by the fund no later than 28 days after the end of the month in which the member turns 75 years of age</p>
<b>75 and over</b>	Mandated (award) employer contributions only

\* To satisfy work test member must be gainfully employed during financial year for at least 40 hours in a period not more than 30 consecutive days.

**Concessional contributions cap** **\$50,000**

Concessional contributions (CC) include employer contributions (including salary sacrifice) and personal contributions claimed as a tax deduction by a self-employed person. Indexed according to AWOTE in \$5,000 increments from 2009/2010. Amount in excess of cap taxed at 31.5% (in addition to 15%) and counts toward non-concessional cap.

**Transitional arrangements for concessional contributions cap**

If age 50 or over on last day of financial year, the CC cap is \$100,000 (not indexed) until 30 June 2012.

**Non-concessional contributions cap** **\$150,000**

Non-concessional contributions (NCC) include personal contributions not claimed as a tax deduction and amounts in excess of CC cap. The non-concessional cap for an income year is three times the concessional contributions cap. Indexed according to AWOTE in \$5,000 increments from 2009/10. Under 65 years of age can make non-concessional contributions of up to \$450,000 over a three year period. Amount in excess of cap taxed at 46.5%.

**Small business CGT cap amount**

Under the small business CGT cap, you can exclude from your annual non-concessional super contributions cap an amount up to the CGT cap during your lifetime. The CGT cap applies to all excluded CGT contributions, whether they were made between 10 May 2006 and 30 June 2007 or after 30 June 2007.

Income year	Amount
2008/2009	\$1.045 million

The CGT cap amount is indexed in line with AWOTE, in increments of \$5,000.

### 3.3 Government co-contributions

#### Superannuation co-contribution eligibility criteria

##### From 1 July 2008

- Eligible personal superannuation contribution by 30 June each year into a complying superannuation fund or retirement savings account (RSA).
- Total income is less than \$60,342 (indexed to reflect change in average wage).
- 10% or more of total income\* is from eligible employment, running a business or a combination of both.
- You are less than 71 years old at the end of the year of income.
- You do not hold an eligible temporary resident visa at any time during the year.

#### Superannuation co-contribution thresholds

##### From 1 July 2008

Total income* \$	Amount of co-contribution
0–30,342	\$1.50 for every \$1 up to a maximum co-contribution of \$1,500
30,343–60,342	\$1.50 for every \$1 up to a maximum co-contribution of \$1,500 reduced by 5¢ for every dollar over 30,342
60,342 and over	Nil

\* Total income equals assessable income plus reportable fringe benefits (RFB).

**Note** Superannuation contributions claimed as a tax deduction are not entitled to the co-contribution.

### 3.4 Employment termination payment (ETP)

Post-June '83 component	Under preservation age	Preservation age and over
Up to \$145,000**	30%^	15%^
Over \$145,000**	45%^	45%^

\*\* Indexed according to AWOTE in \$5,000 increments from 2009/2010. The cap amount for 2007/2008 was \$140,000.

^ Excludes Medicare levy of 1.5%.

**Note** ETP's, other than Transitional Termination Payments, cannot be rolled into superannuation but must instead be taken in cash.

### 3.5 Transitional termination payment (TTP)

Employment termination payments made after 1 July 2007 won't be able to be contributed or rolled into superannuation. However, individuals entitled to a termination payment under a qualifying contract as at 9 May 2006 may roll this payment into superannuation, and are able to access the transitional termination payments rates.

Post-June '83 component	Under preservation age	Preservation age and over
Up to \$145,000*	30%^	15%^
\$145,000*-\$1,000,000	30%^	30%^
Over \$1,000,000	45%^	45%^

Rates above apply to TTPs taken as cash. The taxable component of TTPs paid into a superannuation fund is taxed at 15%. The taxable component, up to the upper cap of \$1,000,000, is excluded from the member's concessional contributions (CC) cap. Amounts above \$1,000,000 will count towards the CC cap.

\* Indexed according to AWOTE in \$5,000 increments from 2008/09.

^ Excludes Medicare levy of 1.5%

### 3.6 Redundancy or early retirement

**Tax free amount = \$7,350 + (\$3,676 x years of service)**

The balance of a redundancy or early retirement payment is taxed as an ETP.

### 3.7 Low rate cap withdrawal amount

Income year	Amount
2008/2009	\$145,000

The low rate cap is the limit set on the amount of the taxable component of a super lump sum benefit that you can receive at a lower or nil tax rate. The low rate cap applies if you have reached your preservation age but are below 60. The cap is indexed in line with AWOTE, in increments of \$5,000 (rounded down).

### 3.8 Minimum annual pension payments

From 1 July 2007, a minimum amount is required to be paid each year. There is no maximum amount other than your superannuation balance. Pensions that began before 1 July 2007 may elect to use these new minimum amounts.

Age	Minimum % withdrawal
Under 65	4%
65-74	5%
75-79	6%
80-84	7%
85-89	9%
90-94	11%
95 and over	14%

### 3.9 Transition to retirement

A member who has reached their preservation age may commence a transition to retirement pension without having to retire. The assessable component of the income stream is taxed at marginal rates. A tax offset of 15% of the taxable component is available to the recipient. The pension can range between a minimum of 4% and a maximum of 10% of the member balance.

# ...additional information

## 4.1 Payment and lodgement dates

	Payment	Lodge
Taxable large/medium businesses	01/12/08	15/01/09
Substituted Accounting Period (SAP) taxpayers	1st day of 6th month after year end	15th day of 7th month after year end
Individuals and Trusts (Tax level 6)		31/03/09
Other taxable business		15/05/09
Non-taxable businesses (excluding large/medium businesses)		03/06/09
Individuals and trusts (not mentioned above)		05/06/09*

\* Provided lodgement and payment is made by this date

**Note** New registrants or taxpayers with returns outstanding at 30 June 2008 may have different lodgement dates to the above.

## 4.2 Stamp Duty

At the time of publishing this document various State Governments had committed to reducing stamp duty. Please consult your advisor prior to relying on these rates.

### Transfer of shares for all states

Securities	Duty payable
Quoted	Nil*
Unquoted	60 cents for every \$100 Nil in VIC**, WA, NT and TAS

\* Abolished 1 July 2001.

\*\* Transfer of shares in land rich companies remain dutiable in Victoria.

### 4.3 Transfer of property – maximum stamp duty rates

State	Consideration	Duty payable \$
<b>VIC</b> *	Over 870,000	5.5%
<b>NSW</b> **	Over 1,000,000	\$40,490+5.5% for every \$100 excess
<b>QLD</b> ^	Over 700,000	\$23,975+4.5% for excess over \$700,000
<b>SA</b>	Over 500,000	\$21,330+5.5% for excess over \$500,000
<b>TAS</b>	Over 225,000	\$6,550+4% for excess over \$255,000
<b>WA</b>	Over 500,000	\$20,700+5.4% for excess over \$500,000
<b>NT</b>	Over 501,000	5.4%
<b>ACT</b>	Over 1,000,000	\$49,250+6.75% for excess over \$1m

\* Applies to transfer of real property.

\*\* Premium property duty of 7% is payable on excess over \$3m of residential properties.

^ Concession rates apply for home buyers.

### 4.4 Mortgage duty – maximum stamp duty rates

State	Amount secured	Duty payable \$
<b>VIC</b>	–	Abolished 1 July 2004
<b>NSW</b>	Over 16,000	\$5+0.4% for excess over \$16,000
<b>QLD</b>	–	0.2%
<b>SA</b> *	Over 6,000	\$10+0.30% for excess over \$6,000
<b>TAS</b>	Over 10,000	\$20+0.175% for excess over \$10,000
<b>WA</b>	–	Abolished 1 July 2008

\* Loans for residential homes are exempt.

## 4.5 Capital gains tax (CGT)

### Exemption/Discounts

Discount on capital gains for individuals and trusts*	50%
Discount on capital gains for superannuation funds*	33.3%
Net asset threshold for CGT small business exemptions	\$6,000,000
Turnover threshold for small business concessions	\$2,000,000
Retirement exemption on capital gains	\$500,000
Indexation frozen from 30/09/1999 at indexation number	123.4
CGT improvement threshold	\$119,594


\* Assets must be held for at least 12 months – other limitations apply. Other small business concessions may also apply.

## 4.6 AWOTE

AWOTE represents average weekly ordinary times earnings and is published quarterly by the Australian Bureau of Statistics.

## 4.7 Useful contact information

	Phone	Web address
<b>Australian Taxation Office</b>		<a href="http://www.ato.gov.au">www.ato.gov.au</a>
Super enquiries	13 10 20	
Personal tax enquiries	13 28 61	
Business enquiries	13 28 66	
<b>Centrelink Hotline</b>		<a href="http://www.centrelink.gov.au">www.centrelink.gov.au</a>
Retirement Services	13 23 00	
Family Assistance Office	13 61 50	
Business Hotline	13 11 58	
<b>APRA enquiries</b>	1300 131 060	<a href="http://www.apra.gov.au">www.apra.gov.au</a>
<b>ASIC</b>	1300 300 630	<a href="http://www.asic.gov.au">www.asic.gov.au</a>
<b>State Revenue Office (VIC)</b>	13 21 61	<a href="http://www.sro.vic.gov.au">www.sro.vic.gov.au</a>



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