

Gorrell Long Robertson

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Winter 2008

The 2008 Tax Year is almost over and it's nearly time to do your tax returns again. This newsletter contains a few tips that may help reduce that tax burden slightly. However, we would recommend planning now for 2009, since some of the Budget changes apply from 1 July 2008 and there are a number of changes that may affect you.

We are also delighted to announce that Rebekah, our Senior Accountant, has had a healthy baby boy. Mother & baby doing well

Thank you again for your support, and we look forward to seeing you soon.

- Best wishes to you all, from the team at GLR

Tax Saving Strategies Prior to 1 July 2008

Accelerating tax claims

Since the personal income tax rates have changed again for the 2009 income year, there are timing benefits to be had by accelerating any income tax deductions into the current income year.

The tax rates for the 2008/09 income year are as follows:

Income Threshold	Tax Payable
0 - \$6,000	Nil
\$6,000 - \$34,000	Nil + 15% on excess
\$34,001 - \$80,000	\$4,200 + 30% on excess
\$80,001 - \$180,000	\$18,000 + 40% on excess
\$180,000 +	\$58,000 + 45% excess

Note: The Medicare Levy of 1.5% is in addition to these rates.



Common Work Related Claims

The following outlines common types of deductible expenses claimed by individual taxpayers, such as employees and rental property owners, plus some strategies that can be adopted to increase deductions for the 2008 income year.

Equipment costing \$300 or less

Salary and wage earners and rental property owners will be entitled to an immediate deduction if plant costing \$300 or less is purchased before 1 July 2008. (For jointly owned rental properties the limit is \$600). Some purchases you might like to consider include:

- Answering machines
- Books and trade journals
- Briefcases or luggage
- Calculators
- Electronic organisers
- Software
- Stationery, and
- Tools of trade

Clothing expenses

- Purchase or pay for work related uniform expenses prior to the end of the income year.
- Dry cleaning of work related clothing.

Self education expenses

Pay for the following self-education items before the end of the income year:

- Course fees, student union fees, travel and tutorial fees
- Interest on borrowings used to pay for any deductible self-education expenses.
- PELS course expenses incurred.
- Stationery and textbooks.

Other work related expenses

Prepay any of the following expenses prior to 1 July 2008:

- Union fees
- Subscriptions to professional or business associations;
- Magazine and newspaper subscriptions;
- Seminars and conferences;
- Income protection insurance (excludes death & permanent disability)
- Interest on Rental Properties

Capital Losses

Capital losses can only be offset against capital gains. So if you have realised some capital gains this year, look at realising some capital losses before year end if possible to offset it, particularly if you have shares. However, be careful not to sell off shares you want to keep anyway.

Sunglasses, Sunscreen & Sunhats

Don't forget about this one! Remember...you need to keep the purchase invoices. There is not a set allowable amount anymore, only actual substantiated costs will be allowable.

Superannuation Deductions

Splitting superannuation guarantee contributions with your spouse

Effectively, 100% of your after tax contributions (ie 85%) can be transferred to your spouse's super account. Just put the contributions in as normal, then at the end of each tax year, the Superfund will ask you if you want any allocated to your spouse.

Transition to Retirement Pension and Contributions

You are now able to start a pension after age 55, even if you are still working. You are also able to contribute funds into your superfund more easily until age 75. The restrictions that were in place are now gone. So if you are over 55, or close to it, we strongly recommend you consult your Financial Advisor or call us for advice.

Super Co-Contribution

To be eligible for the maximum \$1,500 Super Co-Contribution in the 2008 financial year, your super fund must receive your eligible contribution by 30 June 2008.

To be eligible for the scheme for the 2007/08 year, you must have received employment or business income and your total income must be under \$58,980, or under \$28,980 to receive the full entitlement.

The contribution must go in as a non-deductible member contribution!

Spouse Super Tax Offset

The Tax Offset up to \$540 still exists. The contribution must not be tax deductible. The offset is 18% of the contribution up to \$3,000. The spouse's income must be less than \$13,800. After \$10,800, the offset is reduced by \$1 per \$1 of income.

Speedo Readings

For those of you, who use a log book for motor vehicle claims, make sure that you record your odometer reading as at 30 June. The ATO can ask for this.



LODGING TAX RETURNS

Please bring in your information ASAP if you have not lodged your 2007 and prior tax returns.

Budget Changes

There were a number of changes in the budget that will affect tax & super from 1 July 2008.

Firstly the reduction of personal income tax via increased thresholds on which you pay tax (see tables on page 1). This allows you to earn more before you are taxed at higher rates. Various tax planning strategies can be based around these thresholds.

Salary Sacrifice Super – from 1 July 2009, salary sacrificed super will be added back to your income for government benefits purposes. These benefits include Family Tax Benefit & child support.

Laptop double deduction gone! – The double deduction that applied for laptops & other FBT exempt items has been abolished from budget night. The new rule is any item purchased from 14 May 2008 must be used primarily for work purposes if it is purchased via salary packaging (FBT free). ALSO depreciation on your tax return will not be allowed if you have salary packaged the equipment.

Medicare Surcharge Threshold – From 1 July 2008 the thresholds increase to \$100,000 for individuals & \$150,000 for families. This means you do not need to have private hospital cover to avoid the Medicare surcharge if you are under these income levels. However there are other considerations to take into account so please do not base your decisions purely on the income tests.

The Child Care Tax Rebate - will increase from 30% to 50% from 1 July 2008 and the limit **per child** will also increase to \$7,500. The payment will also be made quarterly direct from Centrelink.

WARNING – From July 2008 the minimum Child Care Benefit % will no longer apply for families with income over \$110,000. You may need to check with your childcare provider if your fees will therefore be increasing.

First Home Saver Account – for those saving to buy their first home. There are a few conditions but basically the government will contribute 17% on top of your first \$5,000 of contributions to the account each year, the account will have a balance cap of \$75,000, interest earned will be taxed at 15% (lowest tax rate) & money withdrawn is tax free to purchase your first house to live in. It will be available from 1 October 2008. This is a brief summary so please contact us or your bank to get full details before committing.

The Education Tax Refund - will apply from your 2009 tax return. Different levels apply for primary & secondary students and eligible expenses include computers, internet connection, education software & textbooks. **Note that School Fees do not apply.** We will advise more about this in our 2009 newsletters as it applies to the 2009 tax return, but please contact us if you wish to know more now.

RECEIVING NEWSLETTER BY EMAIL

If you wish to receive this newsletter via email, please email: admin@gorrellong.com.au

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We now offer two new services:

~ Estate Planning

~ Business Succession Planning

to keep your personal & business affairs on track!

Estate Planning

- ✓ Create a Will, Testamentary Trust or Power of Attorney
- ✓ Decide what happens to your assets
- ✓ Reduce your tax
- ✓ Protect your beneficiaries
- ✓ Keep your family members happy

Business Succession Planning—what is it?

A business succession plan is a Will / Estate Plan for your business, developed to provide a predictable outcome in the event that a business owner / principal should exit the business through:

- Sale
- Disablement
- Divorce
- Other unplanned departure events
- Death
- Medical crisis or trauma
- Bankruptcy

There are many benefits to establishing a personal or Business Estate Plan. They are interrelated & must be considered together to provide the best outcome for your family and business.

It is strongly recommended that you review your circumstances every 3 years.

Please arrange a **FREE** appointment to discuss the following services:

- Will or Testamentary Trust Business Succession Plan

Name: _____

Telephone: _____ (h) _____ (w) _____ (m)

Email: _____

* Legal services are provided by legal firm LawSource, part of the DacStar Group of Companies

Please fax, email or post your form to:

PO Box 3875

Weston ACT 2611

Phone: 02 6287 2655

Fax: 02 6287 2411

Email: admin@gorrellong.com.au



Have you reviewed your Insurance and Income Protection in the last 3 years?

If not, now is a good time to review your situation to ensure you & your family are fully protected.

Life Insurance

Life insurance provides insured persons, or their estate, with a pre-determined lump sum payout in the event of their death or major personal injury. This is important as it ensures that their financial obligations will be met without placing a financial burden on their family members.

- ✓ Life insurance generally provides a lump sum payment in the event of death or on diagnosis of a terminal illness.
- ✓ Personal injury/critical illness cover pays a lump sum if you suffer sickness, injury or major physical impairment that means you are unlikely to be able to work again.

Income Protection

Income protection insurance is a policy in which the insurer agrees to pay a specified amount of money if you become ill or injured and unable to work. Income protection allows you to cover your expenses and maintain your financial obligations as you concentrate on getting better.

It is strongly recommended that you review your circumstances every 3 years.

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Tax Return Checklist 2007/08

IF DIFFERENT TO OUR ESTIMATE:
PLEASE REMEMBER TO BRING LAST YEARS ASSESSMENT NOTICE FROM THE
ATO WHICH SHOWED YOUR REFUND OR TAX PAYABLE

(yes/no/na)

INCOME

- ◆ Group certificates (**Both copies please**) _____
- ◆ Centrelink Group Certificates/Letters _____
- ◆ ETP Group Certificates & Rollover Forms _____
- ◆ Interest received on bank accounts _____
- ◆ Business income and expenses details _____
- ◆ Shares – Dividend Slips (generally 2/year) (**Paid** between July 07 to June 08) _____
- ◆ **If any existing Investments sold: (shares, Managed Funds etc)** _____
 - Cost of shares and date purchased _____
 - Sale price and date sold _____
- ◆ Annual Trust Distribution Taxation Statements. _____
- ◆ Rental Property-
 - Income _____
 - Agent Statements _____
 - Loan Statements _____
 - Rates _____
 - Insurance _____
 - Repairs _____
 - Travel (km's travelled) _____
 - Other Expenses _____
- ◆ Foreign income details _____
- ◆ Any other income _____

DEDUCTIONS

Car expenses

- ◆ If you travelled less than 5,000 work related kms - a reasonable estimate of the number of work related kilometres you travelled during the year and the car details; _____
- or _____
- ◆ If you travelled more than 5,000 work related kms - a 12 week logbook plus the date purchased and cost of your car, lease/HP agreements, receipts for rego, insurance, repairs & services, fuel & oil. _____

Travel expenses e.g. Air Fares, Taxis , Parking _____

Uniform and compulsory clothing expenses including purchases, repairs/alterations, dry cleaning. _____

