

2010/11 Federal Budget – how are YOU affected?

If you have any questions about how the Federal Budget affects you contact us at, Kidmans Partners

Changes to Superannuation.....

- Super Guarantee will gradually increase from 9% to 12% by 2019

If you are saving for retirement, it may be worth considering providing yourself with an immediate increase to 12% by entering into a salary sacrifice arrangement, which involves your employer making additional voluntary contributions into your super account.

- Government super contribution for low income earners

If you earn \$37,000 or less, this change ensures that from 1 July 2012, Super Guarantee contributions are received by your super fund effectively tax free.

- \$50,000 Concessional Contribution Cap if over 50 and less than \$500,000 in super

While there are no further details yet of how the total super balance concept (mentioned above) will work, it may be possible to optimise your superannuation balance by splitting super contributions with your spouse or making contributions to your spouse's super fund.

- Government Super Co-contribution rate to remain at 100% into the future

This is certainly unwelcome news for employees and business owners who are taking advantage of the Government Co-contribution scheme to help fund their retirement. However, from 1 July 2012, many will instead be eligible for the Government super contribution for low income earners (see above) which provides a contribution each financial year of up to \$500.

Changes to Taxation.....

- New thresholds and tax rates effective 2011/11 financial year

Threshold	Tax Rate (ex. Medicare Levy)
Nil - \$6,000	Nil
\$6,001 - \$37,000	15%
\$37,001 - \$80,000	30%
\$80,001 - \$180,000	37%

In addition, the maximum Low Income Tax Offset will increase from \$1,350 to \$1,500.

- 50% tax discount on the first \$1,000 of interest earned

From 1 July 2011, only 50% of the first \$1,000 of interest earned on these accounts (combined) will be taxable. This represents a tax saving of up to \$150 per year if your Marginal Tax Rate is 30%.

- Standard tax deduction available for work-related expenses when completing tax return

From 1 July 2012, when completing your tax return, you will have the option of claiming a standard tax deduction for work related expenses and the cost of managing your tax affairs instead of providing evidence and claiming a deduction equal to your actual expenses.

- Increase in Net Medical Expenses Tax Offset threshold

Currently, you are able to claim a tax offset for 20% of your net medical expenses over \$1,500 in each financial year. From 1 July 2010, this threshold will increase from \$1,500 to \$2,000.

