

Welcome to our annual tax time newsletter for individuals. Enclosed in this newsletter are the latest tax rates for 2011/12, superannuation changes, information on the new 'Paid Parental Leave' along with other tax tips. Feel free to pass this on to your friends and colleagues if you feel any of the information below might also benefit them.

2011/2012 Individual Tax Rates

Individual tax rates are not changing for the 2011/12 year, with the exception of the flood levy which applies from the 1st of July 2011. The individual tax rates (including the flood levy) are:

2011/2012 Taxable Income	Tax Rate
\$0 – \$6,000	0%
\$6,001 – \$37,000	15%
\$37,001 – \$50,000	30%
\$50,001 – \$80,000	30.5%
\$80,001 – \$100,000	37.5%
\$100,001 – \$180,000	38%
\$180,001 +	46%

*These rates do not include the Medicare levy

Education Tax Refund

If you had eligible education expenses for a child's primary or secondary education during the 2011 financial year, you can claim an education tax refund of up to 50% of those expenses if any of the following circumstances apply:

- you are eligible to receive family tax benefit (FTB) Part A; or
- the child stopped full-time school during the year and received income over the threshold, which stopped you from receiving FTB Part A.

What Education Expenses Can You Claim?

You can claim the following items:

- laptops and home computers
- computer equipment such as printers and USB drives
- home internet connections
- computer software for educational use
- school textbooks and stationery
- prescribed trade tools for secondary school courses

If you are eligible to claim the education tax refund, please bring a list of your eligible payments to your appointment.

NOTE: Uniforms will be eligible in the 2012 financial year. Please keep uniform receipts from 1st July 2011 onwards.

Paid Parental Leave (PPL)

Eligible parents who are the primary carer of a child born or adopted on or after **1st January 2011** will be entitled to receive taxable PPL payments equal to the minimum weekly wage (\$569.90 per week before tax) for a maximum of 18 weeks. Claims are to be made through the Family Assistance Office.

Criteria

- Individual must be the 'primary carer' of the child
- Individual must be an Australian resident for tax purposes
- Individual must satisfy the 'work test' – Must be engaged in qualifying work for at least 10 months of the 13 months prior to the birth of the child; or have undertaken 330 hours of paid work during a 10 month period (just over one day per week)
- Individual must satisfy the 'income test' – Must have an adjusted taxable income of less than \$150,000 in the previous tax year

If you work for a family business you can include your hours of work even if the business is not generating any income, providing you are undertaking the work for financial gain or benefit.

How to claim Paid Parental Leave

A claim for PPL payments must be lodged with Centrelink (Family Assistance Office) and can be lodged up to 3 months before the expected date of birth or adoption or **must** be lodged within 12 months after the child's birth or adoption. From 1st July 2011, the payments will be paid by the employer in most cases. The primary carer cannot return to work while they are receiving the payments; once they return to work the payments will stop.

You have the choice to receive either 'Paid Parental Leave' or the 'Baby Bonus'. In some circumstances, the baby bonus may be more beneficial than paid parental leave; therefore it is strongly recommended that you use the **Paid Parental Leave Estimator** comparison calculator at:

http://www.centrelink.gov.au/internet/internet.nsf/individuals/ppl_working_parents_estimator.htm

Superannuation

Government Co-Contribution

The government will continue their superannuation co-contribution initiative this year to assist individuals in boosting their super savings. If you are a low to middle income earner you may be eligible to take advantage of this initiative by contributing to your super, after tax, with the government matching up to \$1,000 of your contribution. The contribution table for 2011/12 is:

And your income is	If your personal superannuation contribution is:			
	\$ 1,000	\$ 800	\$ 500	\$ 200
less than \$31,920	\$ 1,000	\$ 800	\$ 500	\$ 200
\$ 33,920	\$ 933	\$ 800	\$ 500	\$ 200
\$ 37,920	\$ 800	\$ 800	\$ 500	\$ 200
\$ 41,920	\$ 667	\$ 667	\$ 500	\$ 200
\$ 45,920	\$ 533	\$ 533	\$ 500	\$ 200
\$ 49,920	\$ 400	\$ 400	\$ 400	\$ 200
\$ 53,920	\$ 267	\$ 267	\$ 267	\$ 200
\$ 57,920	\$ 133	\$ 133	\$ 133	\$ 133
\$ 61,920	\$ -	\$ -	\$ -	\$ -

Other Super Changes

- The Concessional (tax deductible) superannuation contribution limits for the 2011/12 year are as follows:
 - Under 50 years \$25,000
 - Over 50 years \$50,000
- From 1st July 2012 the amount of concessional superannuation contributions for people over 50 years of age with superannuation balances of less than \$500,000 will remain at \$50,000 per annum, otherwise the limit falls to \$25,000.

Refund of Superannuation Excess Contributions Tax

In the recent Federal Budget the government announced that from 1st July 2011 (if passed), individuals who for the first time breach the concessional contributions cap by \$10,000 or less, can request that the excess contribution be refunded to them from the superannuation fund, to be taxed only at their individual marginal tax rates.

The Australian Tax Office has now raised \$400 million through tax penalties on excess super contributions made between 2006 and 2010 with that figure likely to rise further. When the excess contributions tax was first introduced the Treasury predicted that there would be no increase in revenue under the assumption that people would comply with the rules.

Having a financial planner to help you comply with these caps and super changes will help you avoid being one of the above statistics.

Investments and Retirement Planning



Investments

Over the past 12 months our Suntax Wealth Management clients have successfully participated in the corporate buy-backs of BHP and Woolworths, which have provided excellent returns for our clients.

The overall share market is at similar levels to 12 months ago, but with increasing profits and dividends of our major companies and flat share prices, Australia shares have become a very attractive investment class. Below is a table of five major Australian companies with their 'grossed up' dividend yields as at 4th July 2011.

	Grossed Up Dividend Yield at 4 July 2011
Westpac	9.74%
ANZ	8.95%
CBA	8.33%
Telstra	13.65%
NAB	9.20%

The grossed up dividend yield includes the tax credits you receive on the dividends and this figure should be compared to interest rates on bank accounts. It is not often that the dividend yields are higher than the interest on term deposits, and they generally do not stay that way for very long. Looking at dividends compared to interest rates alone, it is currently better to 'buy the bank' rather than invest with the bank in their term deposits!

If you would like to know more or are interested in investing in the share market, please give us a call for a no obligation, free discussion with our financial planners on 9740 9989.

Save Tax – Use A Transition To Retirement Strategy

If you are over 55 years old, chances are you are paying too much tax, unless you have implemented a 'Transition To Retirement Strategy'. This strategy can reduce your tax substantially and accelerate your superannuation savings before retirement.

Many of our clients that have implemented this strategy have been saving upwards of **\$10,000 per annum** in tax. If you fit the criteria below and haven't implemented such a strategy, please give us a call to book a free appointment so we can explain how it works.

A transition to retirement strategy works best if you are:

- Over 55 years old, and
- Have more than \$200,000 in Super

Our Fees To Complete Your 2010/2011 Tax Returns

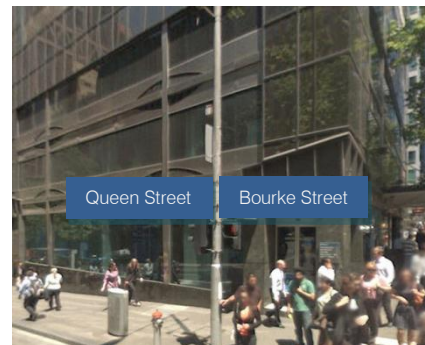
We have applied a small increase to our fees for completing your 2010/2011 individual tax returns this year. The fee for preparation of your tax return during normal business hours is \$130 if paid on the day or \$143 if the fee is deducted from your refund. The fee to prepare a rental property schedule will be \$99 per property for the first year, and \$77 in subsequent years.

IMPORTANT: The information in this newsletter is not intended to be financial advice, is by way of general summary only and has been prepared without taking into account any person's individual objectives, financial situation or needs.

There will be an \$11 surcharge per return for appointments after 5.30pm on weeknights and Saturdays. If you wish to have your fees deducted from your refund please bring your bank account details. We also have credit card and EFTPOS facilities for your convenience.

NEW CITY OFFICE Suntax – Opening New City Office!

We are very excited to announce that Suntax will be expanding its operations, into the CBD of Melbourne. The new office will be located at Level 1, 455 Bourke St (on the corner of Queen St and Bourke St). The office will operate under the banner of "Akambo Tax and Accounting", however it is owned & operated by Suntax staff, to the same professional and ethical standards which are paramount to our firm. Matthew will be the manager of the office. For any existing clients who would find it more convenient to attend the city office our number is 9605 1199, but it is recommended that bookings be made through the Sunbury office on 9740 9989.



Information To Bring To Your Appointment For 2010/2011

We require you to bring these details to your appointment:

- PAYG payment summary (group certificate)
- Interest income received
- Dividend advices for all shares you own
- Centrelink PAYG payment summary
- Education expenses for your primary or secondary school children if you are eligible for family Tax benefit Part A
- Summary of your tax deductible receipts
- Private health insurance statement (if applicable)
- Summary of your out of pocket medical expenses if above \$2,000
- Spouse's income (if applicable)
- Your 2010/11 Tax Envelope with your receipts;
- Any other information that may relate to your tax return, including details of any capital gains; and
- Your Bank account number and BSB.

Our office hours will be extended from 1st of July to 30th of September as follows:-

Monday – Wednesday - 9am - 9pm
Thursday – Friday - 9am - 5pm
Saturday – 9am - 1pm

It is noted that the after hours appointments are always booked out first, therefore if you require an after hours appointment please book early.

The team at Suntax look forward to seeing you again this year to help ensure you receive your full tax entitlements.

Yours faithfully,

Mark Lawry CPA, John Lawry CPA & Daniel Riley CPA
Suntax