

Tax highlights 2010/2011



Individual rates / Medicare levy

Resident tax rates – 2010-11

Taxable income (\$)	Tax payable (\$)
0 – 6,000	Nil
6,001 – 37,000	Nil + 15% of excess over 6,000
37,001 – 80,000	4,650 + 30% of excess over 37,000
80,001 – 180,000	17,550 + 37% of excess over 80,000
180,001 and over	54,550 + 45% of excess over 180,000

Non-resident tax rates – 2010-11

Taxable income (\$)	Tax payable (\$)
0 – 37,000	29%
37,001 – 80,000	10,730 + 30% of excess over 37,000
80,001 – 180,000	23,630 + 37% of excess over 80,000
180,001 and over	60,630 + 45% of excess over 180,000

Medicare levy – 1% surcharge

Status (dependent children)	Surcharge threshold – adjusted taxable income and reportable fringe benefits
Single (no children)	\$73,000
Couple (no children)	\$146,000
Single/couple (with children)	\$146,000 (+ \$1,500 per child after 1st)

Surcharge is 1% of taxable income/reportable fringe benefits if taxpayer, spouse and all dependants are not covered by private hospital insurance and thresholds are exceeded. However, a member of a couple does not pay surcharge if his/her taxable income/reportable fringe benefits total does not exceed \$18,488 for 2009-10.

Medicare levy – 2009-10 thresholds

The general rate of the Medicare levy is 1.5% of taxable income, subject to exclusions and reduced levy as per table below.

Taxpayer	No levy \$
Individual:	18,488
Taxpayer with spouse and:	(family income)
0 dependants	31,196
1 dependant	34,061
2 dependants	36,926
3 dependants	39,791
Each additional	2,865
Pensioner below age pension age ¹	27,697
Senior Australian ²	29,867
Senior Australian w/spouse and 0 dependants	43,500
Senior Australian w/spouse and 1 dependant	46,365
Each additional dependant	2,865

¹ Entitled to pensioner tax offset.

² Entitled to SATO. Eligible seniors will not pay Medicare levy until they begin to incur an income tax liability.

Tax offsets / rebates

Dependant/concessional rebates – 2010-11

Taxpayer	Maximum rebate ⁶ \$	Maximum ATI ⁵ %
Dependent spouse ^{1,2}	2,286 ³	9,426
Child-housekeeper (no dep chd/stud) ¹	1,863 ³	7,733
Child-housekeeper (with dep chd/ stud) ¹	2,232 ³	9,209
Invalid relative	839 ³	3,637
Parent (of taxpayer or spouse)	1,676 ³	6,985
Student (notional only) ⁴	376 ³	1,785
Child under 21 years (non-student)		
– first child (notional only) ⁴	376 ³	1,785
– each additional child (notional only) ⁴	282 ³	1,409
Sole parent (notional only) ⁴	1,607	N/A
Housekeeper		
– no dependent child/student ¹	1,863	N/A
– with dependent child/student ¹	2,232	N/A

¹ Dependent spouse and housekeeper rebates generally not available for any part of the year during which taxpayer (or spouse) is eligible for Family Tax Benefit Part B, although they are notionally retained for calculating zone rebates/Medicare levy.

² Dependent spouse rebate is the same irrespective of whether the taxpayer has dependent children under 21 or students under 25. For calculating zone rebates/Medicare levy, the higher spouse (with dep) rebate (\$2,656) is notionally retained.

³ Reduced by \$1 for every \$4 by which adjusted taxable income (ATI) of dependant exceeds \$282.

⁴ Notionally retained for calculating zone rebates/Medicare levy.

⁵ ATI of dependant at which rebate is reduced to zero.

⁶ Spouse rebate not available if taxpayer's ATI exceeds \$150,000; child housekeeper, parent, parent-in-law and housekeeper rebates not available if combined ATI of taxpayer and spouse exceeds \$150,000.

Low income taxpayers – offset

The low income taxpayer offset for 2010-11 is provided on assessment.

Taxable income (TI) \$	Rebate \$
0 – 30,000	1,500
30,001 – 67,499	1,500 – [(TI – \$30,000) x 4%]
67,500 +	Nil

Health insurance tax offset

Taxable income (TI) \$	Rebate \$
No	30% x premium ²
Yes	Greater of 30% x premium ² or incentive amount for policy (see table below)

¹ If tax offset exceeds tax liability, excess is refundable to the taxpayer.

² Premiums must generally be paid within the income year to qualify (even if coverage extends beyond the income year). Rate based on oldest insured being less than 65 (35% for 65 to less than 70, 40% for 70 and over.)

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Private health insurance – incentive amount

Persons covered Cover	Incentive amount \$		
	Ancillary	Hospital	Comb. Hosp/Anc
Individual	25	100	125
Couple	50	200	250
Family (with children)	100	350	450

Medical Expenses offset¹

Where medical expenses paid during the tax year exceed \$1,500, net of reimbursements, offset is 20¢ for each \$1 in excess of \$1,500.

¹ This threshold is proposed to be increased to \$2,000 for 2010-11, and indexed thereafter.

Superannuation / termination

Super guarantee – quarterly regime 2009-10+

Quarter ending	Employer contribution due	SGC statement and payment due ¹
30 September	28 October	28 November
31 December	28 January	28 February
31 March	28 April	28 May
30 June	28 July	28 August

¹ An employer can offset SGC against a "late" contribution made by the 28th day after the second month after the end of the quarter from 1 January 2006.

Superannuation lump sums – 2010-11

Age of recipient	Lump sum paid from taxed fund ¹	
	Tax-free component ²	Taxable component ³
60+	Tax-free ⁵	Tax-free ^{5,6}
55-59	Tax-free ⁵	0% – \$0 - \$160,000 15% – \$160,001+
0-54 ⁴	Tax-free ⁵	20%

¹ Separate tax treatment applies for lump sums paid from an untaxed source (ie an element untaxed in fund) depending on the lump sum amount and recipient's age.

² Includes the crystallised pre-July 1983 segment, undeducted contributions, CGT-exempt component and contributions not included in fund's assessable income.

³ Determined by subtracting tax-free component from total value of lump sum.

⁴ Preservation age of 56 phasing to age 60 for those born after 1 July 1960.

⁵ Non-assessable, non-exempt income (ie not counted in working out tax payable on taxpayer's other assessable income).

⁶ Table excludes Medicare levy.

Superannuation guarantee – support levels

Year	Prescribed support	Year	Prescribed support
1997-98	6%	2000-02	8%
1998-00	7%	2003+	9%

Maximum contribution base for an individual employee for each quarterly contribution period is \$40,170 for 2009-10 (\$42,220 for 2010-11).

Accrued leave

Payment type	Assess-able portion	Maximum rate of tax ¹	
		Resignation, retirement payments	Redundancy, invalidity and early retirement scheme
Long service leave			
– Pre-16.8.78	5%	Marginal rate	Marginal rate
– 16.8.78 to 17.8.93	100%	30%	30%
– Post-17.8.93	100%	Marginal rate	30%
Annual leave			
– Pre-18.8.93	100%	30%	30%
– Post-18.8.93	100%	Marginal rate	30%

¹ Only applies to payments on termination. Table excludes Medicare levy.

Redundancy / early retirement – 2010-11

Tax-free	\$8,126 + (\$4,064 x years of service)
Excess	Taxed as Employment Termination Payment

Super contributions – 2010-11

Contributions above the annual contributions caps will be subject to excess contributions tax levied on the individual.

Type of contribution	Annual contribution cap – per person \$	Excess contributions tax (%)
Concessional	25,000 ^{2,5}	31.5 ⁴
Non-concessional	150,000 ³	46.5
TFN not quoted ¹	N/A	46.5

¹ Where a member's TFN has not been quoted to a super fund by 30 June each year, this "no-TFN contributions income" is taxed at 46.5% in the hands of the receiving fund. A super fund must return non-concessional contributions within 30 days where the member has not quoted a TFN.

² For those aged 50-74, a transitional contribution cap of \$50,000 p.a. applies. Excess concessional contributions also count towards the non-concessional contributions cap.

³ Individuals under 65 may bring forward the non-concessional cap for the next two years (ie \$450,000 over three years).

⁴ Excess concessional contributions tax of 31.5% is levied on the individual (on top of the original 15% contributions tax paid by the fund).

⁵ Transitional concessional contributions cap cut to \$50,000 from 01.07.09 to 30.06.12 (not indexed).

Employment termination payments – 2010-11

Age of recipient	Employment termination payment ¹	
	Tax-free component ²	Taxable component ³
55+	Tax-free	15% – \$0 - \$160,000 45% – \$160,001+
0-54	Tax-free	30% – \$0 - \$160,000 45% – \$160,001+

¹ Payment must be received within 12 months of taxpayer's termination of employment. Cannot be rolled over to a superannuation fund. Separate transitional rules apply where entitlement to termination payment established as at 9 May 2006 and payment made before 30 June 2012.

² Includes the pre-July 1983 segment and invalidity segment.

³ Table excludes Medicare levy.

Depreciation/cars

Car depreciation cost limit 2010-11

The 2010-11 motor vehicle depreciation cost limit is \$57,466.

Car expenses – per kilometre rates – 2009-10

Rotary engines	Conventional engines	Cents per km
0 – 800 cc	0 – 1,600 cc	63
801 – 1,300 cc	1,601 – 2,600 cc	74
1,301 cc +	2,601 cc +	75

Building write-off

Type	Construction commenced	Rate %
Residential	18.7.85 – 15.9.87	4
	16.9.87 – 26.2.92	2.5
	27.2.92 onwards	2.5 or 4 ¹
Non-residential	20.7.82 – 21.8.84	2.5
	22.8.84 – 15.9.87	4
	16.9.87 – 26.2.92	2.5
	27.2.92 onwards	2.5 or 4 ¹

¹ A 4% rate applies to short-term traveller accommodation and industrial buildings commenced to be constructed after 26 February 1992. Structural improvements commenced to be constructed after 26 February 1992 also eligible for write-off.

Fringe benefits tax

FBT rate and gross-up formula

Rate of fringe benefits tax for the year commencing 1 April 2010 is 46.5%.

Fringe benefit type	FBT gross-up rate
Type 1 – input tax credit available	2.0647
Type 2 – all other cases	1.8692

FBT – benchmark interest rate

The statutory benchmark interest rate for the 2010-11 FBT year is 6.65% (5.85% for 2009-10 FBT year).

FBT – car statutory percentages

Total kilometres	Taxable value as % of original cost
0 – 14,999	26
15,000 – 24,999	20
25,000 – 40,000	11
Over 40,000	7

Shortfall interest charge

Period	SIC rate ¹ %	Period	SIC rate ¹ %
Oct-Dec 2009	6.30	Apr-Jun 2010	7.16
Jan-Mar 2010	6.95	Jul-Sep 2010	7.80

¹ GIC rate=SIC rate plus four percentage points.

Companies

Tax rate 30% – 2001-02+¹

¹ Reduction in company tax rate to 29% from the 2013-14 year. Reduction to 29% for eligible small business companies from 2012-13. No legislation introduced at time of going to press.

Private company loans – benchmark interest

Income year	Interest rate %
2010-11	7.40
2009-10	5.75
2008-09	9.45

PAYG quarterly instalments¹

Instalment	Deferred BAS payers ²	Other quarterly payers ²
1st instalment	28.10.10	21.10.10
2nd instalment	28.02.11	21.01.11
3rd instalment	28.04.11	21.04.11
4th instalment	28.07.11	21.07.11

¹ Applicable to 30 June balancers.

² If due date falls on a Saturday, Sunday or public holiday, due date is next business day.

PAYG annual instalments – 2010-11 due dates

30 June balancers – 21 October 2010. SAPs – 21st day of fourth month after end of year.