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Private Health Insurance rebate – 2013-14

Tier	Taxpayer	Taxable income and reportable fringe benefits ($)[1]	Rebate
1	Single Couple/Families	88,001 to 102,000 176,001 to 204,000	< 65 years = 20% 65 - 69 years = 25% ≥ 70 years = 30%
2	Single Couple/Families	102,001 to 136,000 204,001 to 272,000	< 65 years = 10% 65 - 69 years = 15% ≥ 70 years = 20%
3	Single Couple/Families	136,001 and over 272,001 and over	< 65 years = 0% 65 - 69 years = 0% ≥ 70 years = 0%

Note:
Rebate rate for singles and couples/families below the Tier 1 threshold is 30% for under 65 years, 35% for 65-69 years and 40% for 70 years and over.

1 For families with children, the thresholds are increased by $1,500 for each child after the first.

Medical expenses offset[1]

The previous government proposed that between 1 July 2013 and 1 July 2019, the medical expenses tax offset would be transitionally phased out. Only taxpayers who claimed the offset in 2012-13 would be eligible to claim the offset in the 2013-14 year.[2]

From 1 July 2013, for people with adjusted taxable income above the Medicare levy surcharge thresholds ($88,000 for singles and $176,000 for couples or families), where medical expenses paid during the year exceed $5,000, net of reimbursements, the offset was proposed to be 10c for each $1 in excess of $5,000, indexed annually thereafter.

For people with adjusted taxable income below the Medicare levy surcharge, where medical expenses paid during the tax year exceed $2,120, net of reimbursements, the proposed offset was 20c for each $1 in excess of $2,120.

1 The Coalition government has no immediate plans to implement these changes.
2 Taxpayers will still be able to claim the offset for out-of-pocket medical expenses relating to disability aids, attendant care or aged care expenses until 1 July 2019.

Tax offsets/rebates

Low income tax offset

The low income taxpayer offset for 2013-14 is provided on assessment.

Taxable income (TI) ($)	Offset ($)
0 – 37,000	445
37,001 – 66,667	445 – [(TI – $37,000) x 1.5%]
66,667 +	Nil

Shortfall interest charge

Period	SIC rate[1]%	Period	SIC rate[1]%
Oct–Dec 2012	6.62	Apr-Jun 2013	5.95
Jan-Mar 2013	6.24	Jul-Sep 2013	5.82

1 GIC rate = SIC rate plus four percentage points.

Companies

Company loss carry back

Companies can receive a refund for losses carried back and offset against previous tax paid. However, the Coalition government has signalled that it intends to abolish the loss carry back scheme.

Year	Earliest year for offset	Maximum loss offset amount	Application
2012-13	2011-12	$1,000,000	Limited to companies and entities taxed like companies
2013-14	2011-12		
2014-15	2012-13		

Note:
Limited to the lesser of the entity's revenue losses and the entity's franking account balance.
Integrity rules will apply.

Private company loans – benchmark interest

Income year	Interest rate %
2013-14	6.20
2012-13	7.05
2011-12	7.80
2010-11	7.40

PAYG quarterly instalments[1]

Instalment	Deferred BAS payers[2]	Other quarterly payers[2]
1st instalment	28.10.13	21.10.13
2nd instalment	28.02.14	21.01.14
3rd instalment	28.04.14	21.04.14
4th instalment	28.07.14	21.07.14

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 monthly instalments

From 1 January 2014 large corporate tax entities will be required to make monthly PAYG instalments. These changes will be phased in between 1 January 2014 and 1 January 2017 as follows:

Date	Type of entity	Turnover
1 January 2014	Corporate Tax Entity	> $1 billion
1 January 2015	Corporate Tax Entity	> $100 million
1 January 2016	Corporate Tax Entity Other PAYG entities	> $20 million > $1 billion
1 January 2017	Other PAYG entities	> $20 million

Note:
Other PAYG entities are all large entities in the PAYG instalment system including trusts, superannuation funds, sole traders and large investors.

Superannuation/termination

Super guarantee – quarterly regime 2013-14

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.

Superannuation guarantee – support levels

Year	Prescribed support[1]
1 July 2013	9.25%

1 Maximum contribution base for an individual employee for each quarterly contribution period is $48,040 for 2013-14.

Note:
From 1 July 2013 there is no upper age limit for making compulsory superannuation contributions for an employee.

Superannuation contributions

Contribution cap	Age of member	
Concessional contribution cap	All ages: $25,000	
Non-concessional contribution cap	Under age 65 at any time during 2013-14: $150,000 or up to $450,000 over a three-year period	Age 65 or over for all of 2013-14: $150,000 (subject to work test)

Note:
An unindexed concessional cap of $35,000 will apply from 1 July 2013 for individuals who are 59 years old or over at 30 June 2013.

Changes to the contributions tax for high-income earners

From 1 July 2012, individuals with income in excess of $300,000 will face a reduction in the tax concession on their concessional contributions from 30% to 15% (excluding Medicare levy).

Contributions above the annual contributions cap will be subject to excess contributions tax levied at the following rates:

Contribution type	Within cap tax rate	Exceeding cap
Concessional – annual income $300k or below	15%	Additional 31.5%
Concessional – annual income above $300k	30%	Additional 16.5%
Non-concessional	0%	Additional 46.5%

Note:

Concessional contribution amounts exceeding both the concessional and non-concessional caps are effectively taxed at 93%.

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. Excess concessional contributions also count towards the non-concessional contributions cap.

Income is defined as including taxable income, reportable fringe benefits, total reportable superannuation contributions, total net investment losses less any superannuation lump sum amounts entitled to a tax offset for the income year.

Superannuation lump sums – 2013-14[6]

Age of recipient	Lump sum paid from taxed fund[1]	
	Tax-free component[2]	Taxable component[3]
60+	Tax-free[5]	Tax-free[5]
55[4]-59	Tax-free[5]	0% – $0 - $180,000 15% – $180,001+
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 55 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.

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Tax guide 2013/2014

Post September 2013 election update

Minimum pension benefits

A further extension of the minimum pension benefits discount has not been announced. This means from 1 July 2013 the following minimum pension benefits will apply.

Age	Minimum % withdrawal for the 2008-09, 2009-10 and 2010-11 years for certain pensions and annuities	Minimum % withdrawal for the 2011-12 and 2012-13 years for certain pensions and annuities	Post 30 June 2013
Under 65	2%	3%	4%
65-74	2.5%	3.75%	5%
75-79	3%	4.5%	6%
80-84	3.5%	5.25%	7%
85-89	4.5%	6.75%	9%
90-94	5.5%	8.25%	11%
95 or more	7%	10.5%	14%

Redundancy/early retirement - limits for 2013-14

Tax-free	$9,246 + ($4,624 x years of service)
Excess	Taxed as Employment Termination Payment

Employment termination payments – 2013-14[1]

Age of recipient	Lump employment termination payment[2]	
	Tax-free component[3]	Taxable component[3]
55+	Tax-free	15% – $0 - $180,000 45% – $180,001+
0-54	Tax-free	30% – $0 - $180,000 45% – $180,001+

1 Table excludes Medicare levy.
2 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.
3 Includes the pre-July 1983 segment and invalidity segment.

Note:
Existing arrangements will be retained for certain ETPs relating to genuine redundancy (including 65+ recipients), invalidity, compensation due to an employment related dispute or death.

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-17.8.93	100%	Marginal rate	30%

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

Depreciation/cars

Car depreciation cost limit 2013-14

The 2013-14 motor vehicle depreciation cost limit is $57,466.

Car expenses – per kilometre rates – 2013-14

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 where construction commenced after 26 February 1992. Structural improvements where construction commenced 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 2013 is 46.5%.

However, the FBT rate will increase to 47% from 1 April 2014.

Fringe benefit type	FBT gross-up rate 1 April 2013	FBT gross-up rate 1 April 2014
Type 1 – input tax credit available	2.0647	2.0802
Type 2 – all other cases	1.8692	1.8868

FBT – benchmark interest rate

The statutory benchmark interest rate for the year commencing 1 April 2013 is 6.45%.

FBT – car statutory percentages

Distance travelled during the FBT year (1 April - 31 March)	Statutory rate (multiplied by the cost of the car to determine an employee's car fringe benefit)		
	Existing contracts	New contracts entered into after 7:30pm (AEST) on 10.5.11	
		From 1 April 2013	From 1 April 2014
0 - 15,000 km	26%	20%	20%
15,001 - 25,000 km	20%	20%	20%
25,001 - 40,000 km	11%	20%	20%
More than 40,000 km	7%	17%	20%

Note:
The previous government planned to remove the statutory formula method for any new arrangement entered into after 16 July 2013. This change was proposed to be effective 1 April 2014. The Coalition government has stated that it will not enact this initiative.

Research and development tax incentive[1]

Aggregate Turnover per annum ($)	Type of tax offset	Rate %
< 20 million[2]	Refundable	45
All other eligible entities	Non-refundable [3]	40

1 The Coalition government has not stated its position in regard to the proposed changes.
2 Provided they are not controlled by income tax exempt entities.
3 Entities may be able to carry forward unused offset amounts to future income years.

The previous government had proposed that from 1 July 2013 companies with annual aggregate Australian turnover of $20 billion or more would not be eligible for the R&D Tax Incentive. Further, it was proposed that entities eligible for the 45% refundable tax offset would be able to claim the offset on a quarterly basis from 1 January 2014.

Proposed changes to the Thin Capitalisation rules

The previous government had proposed the following changes to the thin capitalisation regime with effect from 1 July 2014. The Coalition government is yet to decide if it will endorse these changes.

Current thin capitalisation rules	Proposed thin capitalisation measures
De minimis threshold of $250,000 of debt deductions	Proposed de minimis threshold of $2 million of debt deductions
Debt to equity ratio of 3:1 for general entities	New debt to equity ratio of 1.5:1 for general entities
Worldwide gearing ratio of 120% for outward investors	New worldwide gearing ratio of 100% for outward investors
Capital limit at 4% RWA[1] for ADIs	New capital limit at 6% RWA[1] for ADIs
Worldwide gearing test not applicable to inward investors	Worldwide gearing test now applicable to inward investors

1 Risk-Weighted Assets.

CGT calculation methods

Method	Acquisition date	Period of ownership	Description
CGT Discount[2]	Acquired after 19 September 1985	Asset held for 12 months before CGT event	Discount available for certain taxpayers[1]
Indexation	20 September 1985 – 21 September 1999		Increases cost base by applying an indexation factor[3]
Other	Acquired after 19 September 1985	Asset held for < 12 months before CGT event	Subtracting cost base from capital proceeds

1 50% discount for individuals, partners in partnerships and trusts; 33.3% discount for complying super funds. No discount is available for companies.
2 Need a CGT event after 11:45am AEST 21/9/1999.
3 Frozen at 30/9/1999. Can only use indexation if choose not to use discounting.

Non-residents are not entitled to the 50% discount on capital gains accrued after 8 May 2012 on taxable Australian property, such as real estate and mining assets. They are still entitled to a discount on capital gains accrued prior to 8 May 2012 (after offsetting any capital losses), provided they choose to value the asset as at that time.

CGT small business concessions

Taxpayers must satisfy the basic conditions[3] that apply to all of the four concessions as well as the specific conditions (if any) that apply to each concession.

CGT Concession	Application	CGT Treatment
15 Year exemption	Business has continuously owned an asset for 15 years and the taxpayer is 55 years or over and is retiring or is permanently incapacitated[4]	No assessable capital gain upon sale of the active asset
50% active asset reduction	Asset has been owned for 12 months or more	The capital gain on the active asset is reduced by 50%[5]
Retirement exemption	Lifetime retirement exemption limit of $500,000	Exempts all or part of a capital gain on a business asset[1]
Rollover	Disposed of active asset	Capital gain on disposal can be rolled over or deferred for a maximum of 2 years[2]

1 If taxpayer is under 55 years old the exempt amount must be contributed to a complying superannuation fund or retirement savings account.
2 If a replacement asset is acquired or a capital improvement is made to an existing asset, the capital gain can be deferred until a change in circumstances causes the gain to crystallise.
3 The basic conditions are that the taxpayer must satisfy either the maximum net asset value test or the small business entity test, the CGT asset giving rise to the gain must be an active asset and the CGT event would have resulted in a capital gain.
4 The asset must have been an active asset for at least 7 ½ years during the period it was owned by the taxpayer.
5 Active asset reduction is in addition to 50% CGT discount.

Individual rates/Medicare levy

Resident tax rates – 2013-14

Taxable income ($)	Tax payable ($)
0 – 18,200	Nil
18,201 – 37,000	Nil + 19% of excess over 18,200
37,001 – 80,000	3,572 + 32.5% of excess over 37,000
80,001 – 180,000	17,547 + 37% of excess over 80,000
180,001 and over	54,547 + 45% of excess over 180,000

Non-resident tax rates – 2013-14

Taxable income ($)	Tax payable ($)
0 – 80,000	32.5%
80,001 – 180,000	26,000 + 37% of excess over 80,000
180,001 and over	63,000 + 45% of excess over 180,000

Medicare levy – 2012-13 thresholds

The general rate of the Medicare levy is 1.5% of taxable income, subject to exclusions and reduced levy as per table below. From 1 July 2014, the Medicare levy will increase to 2% of taxable income.

Taxpayer	No levy ($)
Individual:	20,542
Taxpayer with spouse and:	(family income)
0 dependants	33,693
1 dependant	36,787
2 dependants	39,881
3 dependants	42,975
Each additional dependant	3,094
Pensioner below age pension age and Senior Australians	32,279

Medicare levy – surcharge 2013-14

An additional surcharge will apply if the taxpayer, spouse and all dependants are not covered by private hospital insurance and the below thresholds are exceeded.

Tier	Taxpayer	Taxable income and reportable fringe benefits ($)[1]	Surcharge rate
0	Single Couple/Families	88,000 or less 176,000 or less	0%
1	Single Couple/Families	88,001 to 102,000 176,001 to 204,000	1%
2	Single Couple/Families	102,001 to 136,000 204,001 to 272,000	1.25%
3	Single Couple/ Families	136,001 and over 272,001 and over	1.5%

1 For families with children, the thresholds are increased by $1,500 for each child after the first.