

D.R. TIGHE & COMPANY PTY LTD

A.B.N: 88 007 082 331

ACCOUNTANTS & TAX AGENTS

ANNUAL NEWSLETTER 2010 INCOME TAX RETURN

Yes it is that time of year again! We have prepared a checklist of information required to prepare your 2010 Income Tax Return. **Please review the checklist and forward your paperwork to our office.**

ELECTRONIC LODGEMENT SYSTEM

Your 2010 Income Tax Return will be lodged electronically, meaning faster refunds. The Australian Taxation Office claim that 80% of assessments will be issued within 14 days when lodged electronically. We cannot guarantee this however.

INDIVIDUAL TAX RATES - 2010 YEAR

Taxable Income	Tax
1 – 6,000	Nil
6,001 – 35,000	Nil plus 15 cents for each \$1 over \$6,000
35,001 – 80,000	\$4,350 + 30 cents for each \$1 over \$35,000
80,001 – 180,000	\$17,850 + 38 cents for each \$1 over \$80,000
Over 180,000	\$55,850 + 45 cents for each \$1 over \$180,000

MEDICARE LEVY

Taxable Income	Levy
0 – 18,488	Nil
18,488 – 21,750	10% of excess over \$17,794
21,750 and above	1.5% of Taxable Income

MEDICARE LEVY SURCHARGE (Taxpayers with NO private Health Cover)

Rate: 1% of taxable income

Maximum single and combined incomes you can earn before incurring this surcharge.

Taxpayer Status	Income Threshold
Single, No Dependants	\$73,000
Couple, 0 – 1 Dependants	\$146,000
Couple, 2 Dependants	\$147,500
Couple, 3 Dependants	\$149,000
Couple, 4 Dependants	\$150,500
Couple, 5 Dependants	\$152,000

PRIVATE HEALTH INSURANCE

A 30% rebate of all premiums for 2010 is available to the taxpayer with Private Health Insurance. This does not apply if you have already received a reduced premium.

MEDICAL REBATE

Where net medical, hospital, chemist, dental, etc, expenses exceed \$1,500, 20% of the excess is allowed as a rebate.

No matter whether you expect a refund or expect to pay, it is equally important that you provide us with all the relevant information as soon as possible.

Please call us to make your appointment, or post/email the necessary information to us and we will telephone you to deal with any matters that require clarification.

Telephone: Melbourne (03) 9521 9588 or Sorrento (03) 5984 4499

P O Box 79 Sandringham Vic 3191

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GOVERNMENT SUPERANNUATION CO-CONTRIBUTION

If you have an income of less than **\$62,000** you will be eligible for a Government Co-Contribution of up to **\$1,000** to match your contributions of **\$1,000**. If your income is between **\$31,920** and **\$62,000** you must reduce the \$1,000 by 3.33 cents for every dollar you are over \$31,920.

MATURE AGE WORKER TAX OFFSET

This tax offset can be claimed by a person who is at least 55yo and has an amount of net income from working of less than \$63,000.

Net Income from working	Tax offset amount
\$0 - \$9,999	5% of net income from working
\$10,000 – 53,000	\$500
\$53,001 - \$62,999	\$500 reduced by 5% for each dollar of working income above \$53,000
\$63,000 +	Nil

EDUCATION TAX REFUND

From 1 July 2008, **families receiving Family Tax Benefit - Part A** with children undertaking primary or secondary studies will be eligible to claim a refundable tax offset in respect of eligible education expenses incurred from this date. The tax offset will be claimed through the recipient's individual tax return for the relevant income year; ie the person receiving the Family Tax Benefit – Part A.

If you are not entitled to received FTB Part A because of a disqualifying payment being received by a member of the family, then it is deemed that you are still eligible for the purposes of determining eligibility for the Education Tax Refund. Disqualifying payments include *Youth Allowance*, a *Disability Support Pension*, an *ABSTUDY Living Allowance*, the *Veterans' Children Education Scheme*, and the *Student Financial Supplement Scheme*.

Determining a person's eligibility for FTB Part A (at the time of lodgement) is sometimes hard to determine, particularly where the income details of the taxpayer's spouse (for the purposes of determining family income) are not readily available. The Tax Office has advised:

- If a claim for Education Tax Refund is made, the Tax Office will generally accept the claim without confirming the taxpayer's eligibility for FTB Part A.
- The Tax Office will receive information from the Family Assistance Office regarding their eligibility, and run a data matching program.
- If the Tax Office subsequently finds that a taxpayer was not eligible for the Education Tax Refund claimed on the return, they will issue an amended assessment to remove it and the taxpayer will have to pay back the Education Tax Refund that was incorrectly received.

The following **education expenses qualify** for the tax offset:

- Computers – purchased or leased, repairs etc.
- Computer-related equipment – such as printers, USB flash drives and Disability computer equipment aids for students with special needs.
- Home internet – establishing and maintaining home internet connection.
- Computer software, School stationery, textbooks, tools of trade

The following **expenses DO NOT qualify** for the tax offset:

- School Fees / Private Tuition Fees, School Uniform Expenses, Costs of Camps and Excursions, Sporting Equipment, Musical Instruments, School Photos, Tuck Shop Expenses, Transport

Eligible parents will be able to claim the following:

- A 50% tax offset each year for up to \$750 of education expenses for each child attending **primary school** (i.e., a maximum tax offset of \$375 per child, per year)
- A 50% tax offset each year for up to \$1,500 of education expenses for each child attending **secondary school** (i.e., a maximum tax offset of \$750 per child, per year)

SENIOR AUSTRALIANS TAX OFFSET ('SATO')

The amount of income a Senior Australian eligible for the senior Australians tax offset can earn before they incur an income tax liability is:

	2009-2010	2010-2011
Singles	\$29,867	\$30,685
Couples (each)	\$25,680	\$26,680