

Tax & individuals

Measures	Revenue	Details	Effective
Flood and cyclone levy	\$1.725b by June 2013	The levy will be applied to taxpayers with a taxable income of \$50,000 - \$100,000 (0.5%) and greater than \$100,000 (1%). There are exemptions for people who have been affected by natural disasters.	1 July 2011
Low income tax offset		The Low Income Tax Offset will be increased and delivered through regular salary/wage payments	1 July 2011
Increased Medicare low income thresholds		Individuals: \$18,839 Families: \$31,789 Dependent child: \$2919 Single pensioners: \$30,439	1 July 2010
Excess Contribution Tax changes	\$19.9m over 5 years	Individuals who breach the concessional contributions cap by up to \$10,000 can request excess contributions be returned to them on the first occasion it occurs. Excess concessional contributions are taxed at 31.5 per cent, in addition to 15 per cent tax when contributions are made to the fund.	1 July 2011
Higher super caps for over 55s		Higher concessional super contributions cap will apply for eligible individuals aged 50 and over with total super balances of less than \$500,000 to \$25,000 above the cap.	1 July 2011
Minimum payment amounts for account based pensions		The Government will start phasing down the minimum pension drawdown relief back to pre-GFC levels.	1 July 2011
Stronger super measures		Over \$40 million has been allocated to the ATO and \$8.4 million to ASIC to implement a range of super changes and reforms. The cost will be offset by an increase to the SMSF levy of \$30 to \$180 and the introduction of auditor registration fees from 1 July 2012	2011/2012 Tax year
The Disabled		People with a disability will face more stringent eligibility criteria to access or retain the disability pension and over Government assistance.	Refer to Centrelink

Families

Measures	Revenue	Details	Effective
Family Tax Benefit	\$29.2 m saving over 4 years	Families with children aged 16-19 will see an increase in their Family Tax Benefit A of up to \$4208. Parents will also be able to access advance payments up to \$1000 to meet unexpected family expenses. Freezes on higher income limits remain in place until 2014. Family Tax Benefit will be cut off when children turn 21, reducing the overlap between Family Tax Benefit Part A and the Youth allowance.	1 July 2011
Paid paternity leave	\$147m saving	The Government has deferred the paid paternity scheme to 1 January 2013.	
Single parents workforce participation	\$103m	The incomes test for single parents will be overhauled to enable them to earn more before their parenting benefits are cut back, however the Government is keen to get single parents back into the workforce and is providing funding to help them prepare to do so.	
Education Tax Refund	\$460m	The Education Tax Refund will be extended to cover school uniforms.	
Upfront HECS-HELP discounts		The upfront payment rate of 20% for HECS-HELP payments will be halved.	
Dependent spouse offset phased out	\$755m by 2015	The dependent spouse offset will be phased out for taxpayers with a dependent spouse born after 1 July 1971. This is intended to encourage a return to the workforce. Dependent spouses with children will not be affected because they are eligible for Family Tax Benefit Part B.	1 July 2011
Income splitting for minors	\$740m over 4 years	Minors will not be able to access the low income tax offset (LITO) to reduce tax payable on their unearned income (e.g. dividends, interest, rent, royalties and other income allocated to them by high income earners. They will still be able to use LITO to reduce income tax due on their work income.	1 July 2011
No deductions against Government assistance		The Government will amend tax legislation to ensure that taxpayers cannot claim deductions against government assistance payments. Students in receipt of Youth Allowance can still claim self-education expenses.	1 July 2011

Business

Measures	Cost	Details	Effective
Company tax rate reduction		The company tax rate will be reduced to 29% for incorporated small businesses.	2012/13
Pay as you go instalments via the GDP method	\$700m	The Government will reduce income tax instalments paid under Pay As You Go (PAYG) using the gross domestic product (GDP) adjustment method for one year.	1 July 2011
Assets up to \$5000 write off	\$1.7b	Small businesses* will be able to immediately write-off of all assets valued at under \$5,000 (up from \$1,000 presently).	2012-2013
Write off of assets (except buildings) in a single depreciation pool		Small businesses* will be able to write off all other assets (except buildings) in a single depreciation pool at a rate of 30%.	2012-2013
Accelerated deduction for motor vehicles		Small businesses* will be able to claim up to \$5000 as an immediate tax deduction for motor vehicles.	2012/13
Abolition of Entrepreneurs Tax Offset	\$365m saving by 2015	The ETO will be abolished from the 2013 tax year to make way for other small business incentives outlined above.	2013
Fringe Benefits Tax		The Government will replace statutory formula method rates to determine the taxable value of car fringe benefits with a single rate of 20% that will apply regardless of the distance travelled	New contracts from 10 May 2011
Apprenticeships	\$101m	A national mentoring program will be funded to help apprentices finish their training.	
National Workforce Development Fund	\$360m	A program designed to make 130,000 training places available.	

* Depreciation and PAYG changes will apply to all small businesses including sole traders and businesses operating through trusts, partnerships and companies.

Capital Gains Tax



2011/2012 Federal Budget

Visit www.batescosgrave.com.au to download our commentary and opinion about the 2011/12 Federal Budget.

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