

PERSONAL TAX TIPS 2012

Our Best Tax Tips for Individuals to help maximise your tax refund. Intended as a quick checklist only.



Basic Rules

- All deductions over \$300 need to be substantiated, and receipts or supporting documentation retained
- Most costs need to have been paid within the financial year, but reasonable estimates are allowed in some cases
- Total income under \$18,839 will generally be tax-free, without the need for further deductions or offsets

Income

1. **Defer Income** Any income not received is not usually taxable, excluding some trust and investment type income
2. **Omissions** Include all income info before lodging, as the ATO matching system can result in audits or penalties
3. **Allowances** Need to be included if on your PAYG Summary, but ensure you claim deductions against these
4. **Capital Gains** Ensure this is correctly calculated, and includes all available concessions and discounts
5. **Exempt Income** includes some government benefits, disaster payments etc. Check the documentation
6. **Foreign Income** Must be included, even if exempt, but include any related foreign tax paid and deductions

Deductions

7. **Prepaid Deductions** Any costs paid before 30 June will be deductible, if relating to the next 12 months
8. **Car Deductions** Estimate work-related car use, excluding home to work, using the estimated kilometre method
9. **Travel Expenses** Claim any travel costs, car hire, fares, tolls or parking fees where required for work
10. **Work ute/van** Claim 100% for work-specific vehicles that carry over 1 tonne or 9 passengers
11. **Uniforms** Claim compulsory uniform, protective or occupation-specific clothing. Excludes everyday clothing.
12. **Laundry** Estimate up to \$150 for weekly laundry & dry-cleaning of work uniforms and clothing
13. **Self-Education Costs** If related to current work claim all course fees, books, travel, equipment, less first \$250
14. **Fees** Claim union, professional, and trade fee & registrations. Check your PAYG Summary if these deducted from pay.
15. **Training** Claim the cost of seminars, courses, conferences & workshops, and related software
16. **Books & Mags** Claim cost of reference books, journals, trade magazines and online subscriptions
17. **Safety** Claim safety or protective items such as hats, safety glasses, sun-protection & sun-glasses if applicable
18. **Tools & Equipment** Claim a work-use proportion for your tools, computer, telephone or other equipment
19. **Depreciation** Claim 100% if item is under \$300, otherwise claim depreciation over useful life
20. **Home Office** Claim work-use proportion of telephone, internet or electricity bills, if exclusive work room at home
21. **Income Protection Insurance** Premiums are deductible, and can be prepaid. Life insurance is never deductible.
22. **Investment deductions** Claim any financial advice, transaction fees, or interest costs on loans to invest
23. **Donations** Made to an approved charity or other organisation
24. **Tax Agent Fees** Don't forget to include tax return fees paid during the year, as well as any ATO interest imposed.

Offsets note that those marked * should generate automatically from your income and details

25. **Low Income Offset*** Up to \$1500, reducing from \$30,000 to \$67,500, and not pro-rated for part-year taxpayers
26. **Spouse Offset** Up to \$2,355 for a non-working spouse under 40 with no dependants, and ATI income under \$9,702
27. **Dependant Parent Offset** Up to \$1,726 for each dependant parent, if not receiving Family Tax Benefit Part B
28. **Seniors Tax Offset*** Up to \$2,230 if aged over 64.5 years and income below 48,525 or 78,992 for couples
29. **Mature Age Worker*** Up to \$500 if aged 55 or over with work income, reducing from \$53,000 to \$63,000
30. **Entrepreneurs Offset** Up to 25% of tax on income from a business, partnership or trust with turnover < \$75,000
31. **Private Health Insurance** Provide policy details and check your 2012 statement for unclaimed rebate to offset
32. **Zone Offset** Available for you and dependants if lived in a remote area for 183 days or more, including a prior year.
33. **Medical Expenses Offset** 20% of the un-refunded family costs over \$2060 including dental, pharmacy & optical
34. **Spouse Super** An offset at 18% of Super paid for a spouse with income below \$13,800, up to \$540 available
35. **Super Co-contribution** Up to 1000 for un-deducted contributions, phasing out for incomes from 31,920 to 61,920.

Tax Adjustments

36. **Medicare Levy** An extra 1.5% tax, unless income below \$22,828, seniors \$30,685, couples \$38,521+\$3538 per child
37. **Medicare Surcharge** An extra 1% tax applies if income is over \$80,000 and you had no Private Health Insurance
38. **Flood Levy** An extra 0.5% over \$50,000, 1% over 100,000, exempt if directly affected by a declared natural disaster
39. **Non-Residents** Pay 29% tax up to \$37,000 with no tax offsets, unless able to claim a "Resident for tax purposes"
40. **Part-Year Adjustment** Resident tax rates will be pro-rated if a "Resident for tax purposes" for only part of the year
41. **Medicare Exemptions** If a non-resident, or a "Resident for tax purposes" but not entitled to Medicare benefits
42. **Adjusted Taxable Income (ATI)** Many offsets are now being income tested against ATI including Reportable Super, Fringe Benefits, Government allowances, and excludes investment losses.

2012 & 2013 Tax Rates

Below are the tax rates that apply for this year and next, and the following table provides simple examples of tax payable at various levels of income.



Tax Rates 2011/12			Tax Rates 2012/13		
0	6000	0%	0	18200	0%
6001	37000	15%	18201	37000	19%
37001	80000	30%	37001	80000	32.5%
80001	180000	37%	80001	180000	37%
180001	plus	45%	180001	over	45%
Low Income Offset	\$1,500		Low Income Offset	\$450	
Medicare Levy	1.5%		Medicare Levy	1.5%	
Medicare Surcharge	1.0%		Medicare Surcharge	1 - 1.5%	
Flood Levy >50,000	0.5%				
Flood Levy >100,000	1.0%				

Income Examples 2011/12			Income Examples 2012/13		
Income	Tax	Average	Income	Tax	Average
20000	646	3%	20000	0	0%
36000	3780	11%	36000	3472	10%
52000	9320	18%	52000	9002	17%
80000	18900	24%	80000	18747	23%
104000	28280	27%	104000	27987	27%
150000	46450	31%	150000	45697	30%

* includes medicare & flood levy, but excludes the medicare surcharge

WHATS NEW FROM 1ST JULY 2012

- Building Industry must commence recording taxable payments for all contractor services
- Capital Gains tax – the 50% individuals discount has been removed for non-residents
- Education Tax Refund replaced by Schoolkids Bonus & limited to Family Tax Benefit A eligibility
- Eligible Termination Payments - new concessional tax treatment limits
- Entrepreneurs tax offset ends
- Individual flood levy tax ends 30 June 2012
- Individual tax low income offset reduces 1500 to 445
- Individual tax rate of 30% increases to 32.5%
- Individual tax-free threshold goes to 18200
- Medical expenses tax offset reduces to 10% over 5000 for those with 84000+ ATI income
- Medical Private Health Insurance Rebate is reduced for those with 84000+ ATI income
- Medicare Levy Surcharge increases up to 1.5% for those with no cover and 84000+ ATI income
- Super co-contribution reduces from 1000 to 500
- Super contributions for income earners over 300,000 to be taxed 30% rather than 15%
- Super deductible employer contribution limit drops from 50000 to 25000 for over 50's

Lodging returns

- Go direct to our tax submission form at <https://www.bcaccountants.com.au/taxrefund.html>
- Or visit our sister site for more options, couples & rental returns at <http://www.eto.net.au/>
- If you need help with your personal returns, email us at tax@eto.net.au
- Easiest returns at lowest flat rates, lodged overnight after your review, with refunds in 7-14 days
- Please feel free to print these tax tips or send to friends and family

Kind Regards & Happy New Financial Year!
BC ACCOUNTANTS