

MACBITES

BUDGET UPDATE

The aim of this edition is not to regurgitate the significant quantity of “Budget” information that has now flooded the press. It is aimed mostly at identifying some of the key tax and superannuation changes in which we believe many of our clients will be interested.

Investment Allowance

- Increased from 30% to 50% for businesses with a turnover under \$2 million
- Available for assets purchased between 13 December 2008 and 31 December 2009
- Available if installed by 31 December 2010
- No change to existing allowance for businesses with turnover exceeding \$2 million

The following tables summarise the key dates:

Small Business (turnover <\$2m)

	New Investment After 12 Dec 2008 and before 31 Dec 2009
Installed by:	
30 June 2009	50% in 2008/09
30 June 2010	50% in 2009/10
31 Dec 2010	50% in 2010/11

Larger Businesses (turnover >\$2m)

	New Investment After 12 Dec 2008 and before	
	30 June 2009	31 Dec 2009
Installed by:		
30 June 2009	30% in 2008/09	
30 June 2010	30% in 2009/10	10% in 2009/10
31 Dec 2010	10% in 2010/11	10% in 2010/11

Superannuation

- From 1 July 2009, the maximum tax deductible contributions will be \$50,000 for over 50's and \$25,000 for under 50's. After 1 July 2012, the maximum tax deductible contribution will be \$25,000 for both over and under 50's.
- There has been no change to the \$150,000 cap for non tax deductible contributions
- The Government co-contribution has been reduced from a maximum of \$1,500 to \$1,000 from 1 July, 2009, with maximum income of under \$60,342 to be eligible for part payment
- Minimum pension payments for the 2010 year will be halved. This is an extension of the 50% reduction announced for the 2009 year
- The 9% compulsory employer superannuation contributions remain unchanged. This amount had been rumoured to be increased.

Aged pension

- Eligibility for the aged pension is to be gradually increased from 65 to 67 years. This change will apply to people who are 57 years of age or younger at July 2009.

Personal Tax

Tax Rates (excluding the medicare levy)

Current taxable income	Rate (%)	From 1 July 2009	Rate (%)
0-6,000	0	0-6,000	0
6,001-34,000	15	6,001 -35,000	15
34,001-80,000	30	35,001-80,000	30
80,001-180,000	40	80,001-180,000	38
180,000+	45	180,000+	45

Paid Parental Leave

- Commences 1 January 2011
- 18 weeks postnatal leave paid by the Government at Federal minimum wage
- To be eligible, you must have worked continuously for at least 10 of the 13 months before the expected date of birth, and worked 330 hours in those 10 months
- Must have adjusted taxable income of \$150,000 or less in the financial year prior to the year of birth

Private Health Insurance

From 1 July 2010, the Government will introduce three new “Private Health Insurance Tiers” in respect of the Private Health Insurance Rebate

	Current Medicare Levy Surcharge Threshold	Tier 1	Tier 2	Tier 4
Single	>\$70,000	\$75,000-\$90,000	\$90,001-\$120,000	>\$120,001
Couples	>\$140,000	\$150,000-\$180,000	\$180,001-\$240,000	>\$240,000
Medicare Levy Surcharge	1%	1%	1.25%	1.50%
Private Health Insurance Rebate	30%	20%	10%	Nil
65-69 Years	35%	25%	15%	Nil
Over 70 Years	40%	30%	20%	Nil

Shareholders of Private Companies

Deemed Dividend – shareholder use of Company Assets

- current law – A shareholder of a company (who is not also an employee) can enjoy the free use of company assets (e.g. a holiday home, a car or a boat).
- the budget proposal is that the shareholder will be deemed to have received a dividend, with the amount being the market value for the use of the asset.

13 May, 2009