

Tax Time 2014

There goes another year, and that means it is time to start gathering the records for your income tax return preparation. To ensure speedy preparation of your income tax return try to make sure that you have documents supporting all of your income (employment, investments and Centrelink). It is also important where possible to make sure you have a receipt or invoice for any amount which you are claiming as a tax deduction.

Income Tax Rates

Listed below are the tax rates for the 2014 financial year, which has not changed from the 2013 year.

Tax rates for 2012/13 year Income range (\$)	Tax rate %	Tax rates for 2013/14 year Income range (\$)	Tax rate %
0 – 18,200	0	0 – 18,200	0
18,201 – 37,000	19	18,201 – 37,000	19
37,001 – 80,000	32.5	37,001 – 80,000	32.5
80,001 – 180,000	37	80,001 – 180,000	37
180,000+	45	180,000+	45

INSIDE THIS ISSUE

- 2** Safe Tax | Medical Expense Offset reforms
- 3** Employer Super Guarantee / Bank account details
- 4** Self education expenses | Low Income Tax Offset
- 5** Home office expenses | HELP voluntary repayment
- 6** Private Health Insurance | Medicare thresholds

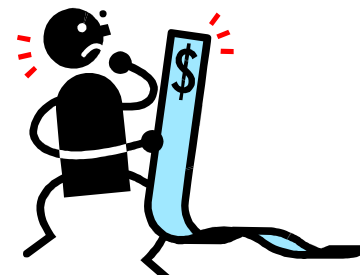
Substantiation Reminder

In order to claim a deduction for work related expenses which you have incurred, you must have written evidence to verify your claim where the **total** amount of all your tax claims exceed \$300.

Written evidence can be in a variety of forms, with both electronic and written versions equally acceptable.

Common types of such written evidence include:

- Bank and credit card statements
- BPay reference numbers
- Email receipts
- Other paper or electronic copies of documents
- Tax invoices or receipts



2014 Car Rates

For the first time in a number of years, the cents per kilometre rates have increased.

Ordinary cars	Rotary engine cars	Cents per kilometre
0cc – 1600cc	0cc – 800cc	65.0
1601cc – 2600cc	801cc – 1300cc	76.0
2601cc +	1301cc +	77.0

These rates are applicable to claims where the vehicle has travelled a maximum of up to 5,000 employment related kilometres for the year.

Employer Superannuation Guarantee increases from 1 July 2014

As part of the Governments Smarter Super initiative, your employer will have to start paying you compulsory super at an increased rate.

From 1 July 2014, your employer will be paying 9.50% superannuation on your gross wages. This rate will remain the same until 2018 when it will increase by 0.50%.



Removing the claim period for Family Assistance claims

Families that choose to wait until the end of the financial year to claim their lump sum FTB entitlement or Child Care Benefit from Centrelink will now have a grace period of 1 year instead of 2.

The change began from the 2012/13 entitlement year, meaning families have 12 months from the end of the financial year (e.g. until 30 June 2014) to claim their payments.

You will have to have your 2014 return lodged by the 30/6/2015 to be eligible to claim any lump sum FTB entitlements.

Bucket donations claimable

The Government has announced that the ATO will allow tax deductions without a receipt for donations up to \$10 made to "bucket appeals".

For donations over \$10 make sure you keep your receipts so you can claim the deduction in your tax return. For donations made via the web, a bank or credit card statement will be enough evidence to claim the deduction.

Bring your bank account details with you to your appointment...A MUST

The Australian Taxation Office has advised that no Income Tax Returns will be processed unless valid bank account details are included on the return.

To avoid any delay with receiving your tax refund, please bring your BSB and account number so that the refund can be directly credited into your account.

If your bank account details have changed since last year, please bring in your new account details.

Concessional (tax deductible) contributions cap

You may be able to claim your superannuation contributions if less than 10% of your total assessable income is from salary & wages.

Taxpayers under 60 years of age at 1 July 2013 will be eligible for the \$25,000 concessional contributions cap.

Taxpayers who are aged 60 or more from 1 July 2013 will be eligible for the \$35,000 concessional contributions cap.

If you have a salary sacrifice agreement with your employer make sure that you will not go over your appropriate cap in the 2013/14 year otherwise excess contributions will be included in your assessable income and taxed at your marginal tax rate (previously taxed at 31.5%).

Minors

Minors (children under 18) will not be taxed until their annual income from passive investments (i.e. interest & dividends) exceeds \$416 for the 2013/14 year.

Dependant Spouse Rebate

Dependant spouse tax offset is only available to those spouses who were born before 1 July 1952. Those taxpayers maintaining a spouse born on or after 1 July 1952 who is unable to work due to invalidity or carer obligations will remain to be entitled to claim the dependant tax offset.

Self education expenses

Costs that you incur to maintain a course of study at a TAFE or university could be deductible in your income tax return.

A tax deduction for your self-education expenses is available if you can satisfy the conditions below:

- You are upgrading your qualifications for your **current employment**
- You are improving your knowledge or skills for your **current employment**
- You are employed as a trainee and you are undertaking a course that forms part of the traineeship
- You can show that at the time you were working and studying your study lead to an increase in employment income in the industry you currently work in.

Remember, the costs of studying to get a job in a new career are not claimable.

If you are eligible, you can claim the following self-education expenses as a tax deduction:

- Course fees (only those not paid using HECS-HELP)
- Textbooks and professional journals
- Stationary and photocopying
- Cost of repairing a computer you use for study purposes
- Interest on borrowings to purchase a computer
- Depreciation on a computer
- Student union fees
- Meal costs if participating in your course means being away from home for more than one night
- Running costs if you have a room for work related study
- Allowable travel (including travel from home to place of education and back, work to place of education and back)

When preparing your claim for work-related self-education expenses remember that you can only claim repair or depreciation costs that relate to your study.

For example, if you use a computer 40% for study and 60% for personal purposes, you can only claim 40% of repair or depreciation costs.

Low Income Tax Offset (LITO)

For the 2014 financial year, the Low Income Tax Offset will be \$445 and starts to phase out once taxable income reaches \$37,000. The LITO reduces by 1.5cents for every dollar of taxable income over \$37,000 and completely phases out once taxable income reaches \$66,667. Taxpayers who are eligible for the full LITO will not pay any tax until their annual income exceeds \$20,542.

Employee truck drivers

Employee truck drivers who are required to sleep away from home for their work are commonly paid travel allowances to cover the cost of meal expenses. Such expenses do not need to be substantiated if they do not exceed the ATO's reasonable amounts, and the allowance meets certain requirements.

The critical point to note when it comes to allowances paid to truck drivers is that, regardless of what label is given to the allowance (travel allowance, living allowance, hardship or inconvenience allowance), the exception from the requirements to substantiate meal expenses up to reasonable amounts is available only if certain conditions are satisfied.

The truck driver must be required to sleep away from home and the allowance must be paid to cover specific travel.

For example, the following travel allowances would not qualify for the concessions:

- Where a fixed annual travel allowance is paid, regardless of how often or whether travel is actually undertaken.
- Where a travel allowance is paid at a certain rate per hour for hours worked, even if deductible work-related travel is not undertaken.

However, accommodation expenses incurred by truck drivers as part of work-related travel must always be substantiated. That is because truck drivers generally do not incur accommodation expenses when travelling from work, as they sleep in their truck. The ATO therefore takes the view that no amount of accommodation expenses incurred by employee truck drivers can be reasonable.



Home office expenses

Where part of your home is used for income earning activities, you may be eligible to claim home office expenses. Individuals who have a home office can claim running expenses for that office.

To claim this, there is a standard rate of **34 cents per hour** of usage. This rate is designed to cover the basic home office operating expenses of electricity, gas and depreciation of office furniture.



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HELP (HECS) repayment rates

The following repayment income and rates for the Higher Education Loan Programme (HELP) apply for the 2013/14 income year:

Tax payer's repayment income	Applicable repayment %
\$51,309 - \$57,153	4%
\$57,154 - \$62,997	4.5%
\$62,998 - \$66,308	5%
\$66,309 - \$71,277	5.5%
\$71,278 - \$77,194	6%
\$77,195 - \$81,256	6.5%
\$81,257 - \$89,421	7%
\$89,422 - \$95,287	7.5%
More than \$95,288	8%

There is no requirement to repay any of your HELP debt until your income exceeds \$51,309 for the 2013/14 year.

The ATO are no longer issuing paper HELP debt statements, if you wish to receive such statements you need to contact the ATO.

WHERE TO FIND US

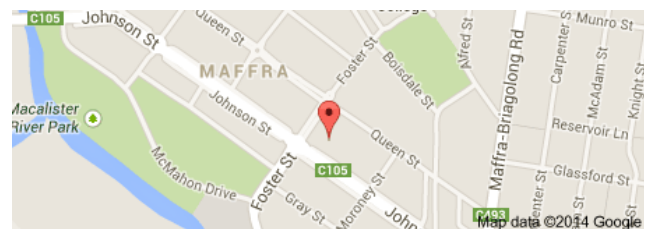
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Private Health Insurance (PHI) rebate means tested

The income tiers effectively means that higher income earners will receive less PHI rebate and can be explained as below:

Income Tiers	Income level	PHI Rebate			Medicare levy surcharge
		Below age 65	Age 65 – 69	Age 70+	
No tier	Singles \$0 - \$88,000 Families \$0 - \$176,000	30%	35%	40%	NIL
Tier 1	Singles \$88,001 - \$102,000 Families \$176,001 - \$204,000	20%	25%	30%	1%
Tier 2	Singles \$102,001 - \$136,000 Families \$204,001 - \$272,000	10%	15%	20%	1.25%
Tier 3	Singles \$136,001+ Families \$272,001+	0%	0%	0%	1.5%

You need to advise your PHI organisation of your estimated income for 2013-14 so that the correct rebate amount is taken from the premium. Once the ITR is lodged, if the ATO see that you have overestimated your income, you will receive a refund for the overpaid premium amount via your notice of assessment (NOA).

If you have underestimated your income (and therefore received more of a PHI rebate than you should have) you are liable to pay the excess to the Commonwealth via your tax refunds and it will show on your NOA of funds paid for underpaid premiums.

Medicare Levy Surcharge Thresholds

For the 2013/14 financial year the Medicare levy surcharge (additional 1%) will apply to singles earning over \$88,000 and \$176,000 for those who are members of a family. These thresholds apply to taxpayers who **do not** have private health insurance that includes hospital cover – see the table above for the rate of Medicare levy surcharge for high income earners.



Medicare Levy Low Income Thresholds

The Medicare Levy low-income thresholds for the 2013/14 year are \$20,542 for individuals and \$39,638 for families. These thresholds increase by \$3,640 per dependent child/student. The low-income threshold for Senior Australian and Pension Offset (SAPTO) claimants is \$32,279.