



## YEAR END TAX PLANNING TIPS – 30 JUNE 2009

As per previous years, we thought it prudent to compile a non exhaustive checklist of issues which may require your attention before 30 June 2009. We have been pleased that we have been able to touch base with so many of our clients face to face for tax planning for 30 June 2009 and look forward to seeing many more of you before year end!

- Determine whether you can decrease the amount of income derived in the 2009 income tax year by deferring derivation of assessable income to the 2010 income year (especially when there is a change in marginal tax rates for 30 June 2010). This means with the shift in tax rates that you may be able to be taxed on this income at a lower rate if the change in the bracket results in you falling to a lower marginal tax rate.
- Determine whether you can increase the amount of deductions in the 2009 income tax year by bringing forward deductions from a later income tax year e.g repairs, etc bearing in mind that marginal rates move for 30 June 2010 and accordingly a deduction in 2009 will be worth more than in 2010.
- Prepay interest if cash flow permits (we do not recommend prepaying interest if you have to borrow to do so). Note once you prepay, you must prepay each year in order to get the interest deduction i.e. the first year you get a double deduction and every year after it is the regular deduction.
- Time the disposal of CGT assets to defer the making of a capital gain till 30 June 2010.
- Ensure superannuation contributions have been received by the complying superannuation fund by 30 June 2009 (whether in cash or in kind). Note that this is the last year where you can make deductible contributions of \$100,000 if you are 50 or over or \$50,000 if you are under 50 (from all sources). We are encouraging clients to maximize contributions if they can this year, as with contributions in the future being halved, it is going to be difficult in some instances for clients to build up their superannuation to have a comfortable nest egg in retirement.
- Ensure contribution caps have not been breached i.e. \$50,000 for any person under 50 as at 30 June 2009 or \$100,000 for any person turning 50 by 30 June 2009 for concessional (deductible) or \$150,000 per income tax year or \$450,000 over a three year period for non concessional (undeducted) contributions. If the concessional (deductible) cap has been breached, a tax of 31.5% will be levied on contributions over the cap. If the non concessional cap has been breached, tax of 46.5% will be levied on contributions over the cap. NOTE THAT CONCESSIONAL/DEDUCTIBLE CONTRIBUTIONS ARE LIMITED TO \$50,000 (FOR THOSE UNDER 50) AND \$100,000 (FOR THOSE 50 OR OVER BY 30 JUNE 2008) FROM ALL SOURCES E.G. DIFFERENT EMPLOYERS AND IF YOU ARE MAKING LIFE CONTRIBUTIONS VIA SUPER.



- Remember the Government co-contribution where if your assessable income is \$30,342 or under and 10% or more consists of salary or wages income, if you put \$1,000 undeducted into super before 30 June 2009, the Government will co contribute \$1,500. This applies to those over or under 18. For example my daughter Jasmin who is 13 assists me in the office, photocopying, binding and collating and helps with my power point presentations in relation to various talks I give. I pay her commensurate with work performed, write a PAYG summary and deposit \$1,000 into my self managed super fund (can be done into an industry fund if preferred). The government co contributes \$1,500 (and the first year I applied this for her 30 June 2006, the government co contributed \$3,000 as a bonus that year!). The work can just be casual (re full time work for minors they have to be 14 years and 9 months).
- Remember the investment allowance/tax break that may be applied for 30 June 2009. A separate email elaborating on this was sent to all of you last week.

Wishing you all the best for a successful and healthy financial 2009/10!

*The contents of this article are general in nature and are not advice that applies to any particular client situation. Whilst every care has been taken in preparing the article, specific advice should be obtained before proceeding with any suggestion or recommendation made*

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