

VINS TAXATION SERVICES

Registered Tax Agents & Accountants

Office: -
Suite 4, Ground Level
169 Macquarie St
Parramatta NSW 2150

Phone 61 2 98937877
Fax 61 2 9893 9566
Mobile 0413 362 797
Email taxret2002@yahoo.com.au

Dear Most Valuable Client

As the financial year-end is approaching soon, every tax payer may be thinking about tax planning. So we wish to share few moments with you regarding the tax matters and give you some hints.

1. **TAX TIPS:** To reduce your tax burden there are so many ways depending upon income and status like;
 - To contribute more money to the super (Maximum \$50000 or \$25000 depending on age from 1st July 2009)
 - To buy investment property (If there is negative gearing)
 - To make an investment in equity protection plans etc
 - To contribute to spouse's super (If taxpayer's spouse has an income of \$10,800 or less, the taxpayer can claim 18% tax offset on up to \$3000 super contribution into his / her spouse's super account)
 - To pay advance lease payments (If you are paying lease payments on your car, equipment or paying interest on your mortgage, which are producing assessable income, You can also claim advance lease payments if your Lease Company or lender permits)
 - Defer salary or wages: Salary and wage income is taxed in the year of receipt. When there is an ability to delay the date of receipt, deferring payments such as bonuses, back pay, compensation payments and retrospective award increases can save income tax.
 - The income earned by minor from the funds transferred by the parent will be taxed at the following rates (plus Medicare where applicable) Care needs to be taken not to exceed the \$2666.67 threshold for unearned income as penalty rates of tax apply.
 - Upto\$416----- Nil,
 - \$417 to \$1307 -----66% of amount exceeding \$416
 - \$1308 and above----- 45% on the entire amount
2. From 1st July 2008 families will be entitled to claim a 50% education tax refund (subject to caps) on **eligible educational expenses** (Laptops, home computers and associated costs, home internet connection, printers and papers, educational software, school text books materials, prescribed trade tools) incurred after 1st July 2008.

The ETR is available to parents that have made eligible education expenses and

- Have received Family tax benefit Part A with children attending either primary or secondary school or
- Have children that are receiving Youth Allowance or related payment.

"The difference between Tax avoidance & Tax evasion is the thickness of prison wall" -Denis Healey

The ETR is equal to 50% of eligible education expenses incurred for the income year but is limited to

- \$ 750 of eligible educational expense incurred for each child attending primary school (i.e. a maximum ETR of \$375 per primary school child per year) and
- \$1500 of eligible educational expenses incurred for each child attending secondary school (i.e. a maximum ETR of \$750 per secondary school child per year).

- 3. INCREASE YOUR WEALTH by utilizing Govt. Co Contribution:** If you are earning less than \$60,342 per year (Here income means Taxable income + Reportable Fringe Benefits) and you contribute after tax contribution to your super then the Government will co-contribute **150%** of your contribution. The eligibility for 2008-09 is as per table given below:

If you contribute	\$1000	\$800	\$500	\$200
Your income is	Government Contribution will Be			
\$30,342 or less	\$1500	\$1200	\$750	\$300
\$40,342	\$1000	\$1000	\$750	\$300
\$50,342	\$500	\$500	\$500	\$300

However the Government Co-contribution Scheme (**GCS**) will be reduced to a rate of 100% for contributed amounts for the 2009-10, 2010-11 and 2011-12 years, increasing to 125% for the 2012-13 and 2013-14 years and returning to 150% for the 2014-15 year.

- 4. First Home Saver Accounts (FHSAs):** To help first home buyers to save for their first home. The FHSA scheme allows individuals to contribute up to \$75000 (Indexed annually) towards the purchase of their first home. The earnings in the account will be taxed at 15%. Individuals will be able to withdraw amounts from the account without tax consequences provided they contribute at least \$1000 in four separate financial years. Individuals who open the account will receive a Government contribution of 17% on the first \$5000 contribution annually.
- 5. Childcare rebate** has been increased from 30% to 50% of eligible expenses from 1st July 2008. The rebate limit has also been increased from \$4,354 to 7,500 per child and will be indexed annually. Further this payment will be paid quarterly, rather than annually. Temporary residents are not eligible for this rebate.
- 6. Baby Bonus:** From 1 July 2008, the baby bonus will be increased to \$5000(indexed annually). From 1 January 2009, an income test has been introduced, which will mean that to receive the bonus, the family's adjusted taxable income must be no longer greater than \$ 75,000 in the 6 months after the birth of the child (or \$150000 annualized). The bonus will be paid in 13 fortnightly installments and will also be available to parents who adopt a child under 16 years of age.

Investment Allowance: The budget announcement increases the rate of deduction to **50% for Small business acquiring an eligible asset between 13 December 2008 and 31 December 2009 provided the asset is installed ready for use by 31 December 2010 (subject to pass the Bill in the parliament)**

"The difference between Tax avoidance & Tax evasion is the thickness of prison wall"-Denis Healey

7. The detailed changes to Private Health Rebate Rates and Medicare Levy Surcharge are summarized in the table below:

	Private Health Insurance Rebate			Medicare levy Surcharge Rates
Income levels	Below 65 years	65 years or over	70 years or over	
\$75,000 single or \$150,000 family	20%	25%	30%	1.00%
\$90,000 single or \$180,000 family	10%	15%	20%	1.25%
\$120,000 single or \$240,000 family	0%	0%	0%	1.50%

8. Tax Rates

	2008-09		2009-10		2010-11	
	Income	Tax%	Income	Tax %	Income	Tax %
	0-6000	0	0-6000	0	0-6000	0
	6001-34000	15	6001-35000	15	6001-37000	15
	34001-80000	30	35001-80000	30	37001-80000	30
	80001-180000	40	80001-180000	37	80001-180000	38
	180001 +	45	180001 +	45	180001 +	45
Low income Rebate	\$1200		\$1350		\$1500	

- **The dependent spouse rebate**, paid to the taxpayers with non working spouses, will be \$2159. But from 01/07/08 the tax payer who earns more than \$150,000 can not claim the spouse, house keeper, child house keeper, invalid relative and parent / parent-in-law tax offsets.

If you have any query, please phone or e-mail us, we will respond as quickly as possible.

The lists of deductions available are attached to this letter.

Why you should come to us only?

- 1. Experienced, reliable and expert staff**
- 2. Immediate responses to all the queries**
- 3. High confidentiality**
- 4. Friendly treatment**
- 5. Reasonable fee and easily commutable**
- 6. We open 7 days and late night during the July to October**

We also have a branch at QUAKERS HILL

WE WILL COME TO YOUR PLACE PROVIDED YOU HAVE MORE THAN 10 TAX RETURNS AT ONE PLACE.

Yours truly,

Sreenivasa Rao. Kuchi

This publication is prepared exclusively by us for the clients. Readers are kindly advised not to consider this publication as a substitute for professional advises.

“The difference between Tax avoidance & Tax evasion is the thickness of prison wall” -Denis Healey