THINGS TO DO BEFORE JUNE 30

GOODMAN
CHARTERED ACCOUNTANTS

16 June 2017, Volume 5, Page 1

Topics:

- *Concessional Super Contributions Cap*
- Self-Employed Concessional Super Contributions
- Spouse Super Contributions
- *Government Co-Contributions*
- *Excess Concessional Contributions Refund*

Office Hours:

8:30am to 5:00pm

Monday to Friday

Closed Public Holidays

INDIVIDUALS

These year-end tax tips are designed to provide tax-payers, Businesses and Individuals, with a list of key issues that they should consider in preparing their income tax returns for the year ended 30 June.

The list is not exhaustive and if there is anything we can assist you with, or you are concerned about, please contact us today to discuss.

CONCESSIONAL SUPER CONTRIBUTIONS CAP

The concessional contribution caps for the 2016/2017 financial year are:

- $35,000 if turning 49 or older during 2016/2017 financial year
- $30,000 if under 49 years in 2016/2017 financial year.

It is important to review any contribution strategies you may have and adjust in line with the above caps before 30 June 2017.

We note that from 1 July 2017 this cap has reduced to $25,000 regardless of age and is now also available as a deduction to employees who make post salary contributions. If you have in place salary sacrifice, the tax savings can be wasted if you then incur excess contribution tax by exceeding the concessional contribution cap so be mindful of the limits.

Any contributions in excess of these limits can be taxed at a rate of 49%.

Warning:
Any contribution must be received by the superfund before 30th June. This year 30th June is a Friday. It is therefore recommended that any contribution is paid by 23rd June 2016. Please ensure that you contact your superannuation fund to complete a 'Notice of Intention to claim or vary a deduction for personal super contributions' as this needs to be completed and returned to your superannuation fund before you lodge your return.

SELF-EMPLOYED CONCESSIONAL SUPER CONTRIBUTIONS

Eligible self-employed persons and substantially self-employed persons can make personal contributions to superannuation and claim 100% tax deduction for the contributions. Again, be mindful of the limit for concessional contributions for this financial year.

SPOUSE SUPER CONTRIBUTIONS

Does your spouse earn less than $13,800 in a financial year? If yes, you could make a superannuation contribution on their behalf and claim a tax rebate of up to $540. We note for the 2017/2018 year the spouse income threshold increases to $40,000 meaning this offset is now available for more taxpayers.

GOVERNMENT CO-CONTRIBUTIONS

Employees and self-employed individuals earning less than $36,021 this financial year may be eligible for the government co-contribution payment of $500 if a personal (after tax) contribution of at least $1,000 is made into superannuation. If you earn more than $36,021 but less than $51,021 this financial year you could still be eligible for a pro rata amount.

EXCESS CONCESSIONAL CONTRIBUTIONS REFUND

If you exceed your concessional contributions cap during the 2016/2017 financial year and onwards, you can withdraw any excess contributions made from 1 July 2016 from your Super Fund. These excess contributions will then be taxed at the individual's marginal rate, plus an interest charge (as would happen for income tax paid late to the ATO), rather than the top marginal tax rate.

THINGS TO DO BEFORE 30 JUNE

16 June 2017, Volume 5, Page 2

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PROPERTY DEPRECIATION REPORT

If you have an investment property, a Property Depreciation Report (prepared by a Quantity Surveyor) will allow you to claim depreciation and capital works deductions on the property assets.

The cost of this report is generally recouped several times over by the tax savings in the first year of property ownership. Please see the Rental Property Investment Sheet for important changes to deductibility of depreciation on investment properties.

MOTOR VEHICLE LOG BOOK

Ensure that you have kept an accurate and complete Motor Vehicle Log Book for at least a 12-week period. The start date for the 12-week period must be on or before 30 June 2017. You should make a record of your odometer reading as at 30 June 2017, and keep all receipts/invoices for your motor vehicle expenses.

INSURANCE PREMIUMS

Income protection insurance replaces up to 75% of your salary if you are unable to work due to sickness or an accident. The insurance premium is generally tax deductible.

WORK RELATED EXPENSES

Don't forget to keep any receipts for work-related expenses such as uniforms, training courses and learning materials, as these may be deductible for tax purposes. Please refer to the 'Individual Tax Checklist 2017' for more information regarding work related deductions.

NEGATIVELY GEARED INVESTMENTS

Consider the use of negatively-geared investments to generate excess deductions that can be offset against current year income.

PREPAY EXPENSES AND INTEREST

Expenses relating to investment activities can be prepaid before 30 June 2017. You can prepay up to 12 months of interest (subject to your loan conditions) before 30 June on a loan for a property or share investment and claim a tax deduction this financial year. Also, other expenses in relation to your investments can be prepaid before 30 June, including rental property repairs, memberships, subscriptions, and journals.

DONATIONS

Consider making deductible gifts before year's end.

MEDICAL EXPENSES

Ensure that all deductible expenses are made by the spouse with the higher tax bracket to maximise the benefit of the deduction. Note that for the year ended 30 June 2017, this deduction is limited to disability aids, attendant care and aged care expenses. General medical expenses are no longer deductible.

MEDICAL TAX OFFSET PHASED OUT

Remember from 1 July 2013 the net medical expenses tax offset is to be phased out. The net medical expenses tax offset will continue to be available for taxpayers for out-of-pocket medical expenses relating to disability aids, attendant care or aged care expenses until 1 July 2019.

Taxpayers who have out of pocket expenses relating to the above will be eligible to claim the offset in 2016/17 if they have eligible out-of-pocket medical expenses above the $2,299 or $5,423 (if adjusted taxable income over $90,000 for singles or $180,000 for families plus $1,500 for each dependent child) expenses threshold.