



CLIENT ALERT - JULY 2010

Employer super obligations

If you operate a small business and employ less than 20 staff you may now use Medicare for your super guarantee obligations.

The Taxation Office has advised that the Small Business Superannuation Clearing House (the Clearing house) has been established and this will be administered by Medicare Australia.

Any small business employer may now simply pay their superannuation contributions to a single location in one simple electronic transaction.

How do you establish this?

Small businesses must first register with the Clearing House (Medicare). Small business will then simply be able to discharge their super guarantee obligation when payment of the correct amount is accepted by the Clearing House. Of course, the super guarantee must still be paid by the super payment cut-off date and the payment must not be rejected by the Clearing House (for example a rejection may occur if the employer is not registered with Medicare).

Employers who receive an employee's choice of fund nomination also will have their choice obligation discharged if they pass the information to the Clearing house within 21 days of receiving the choice of fund nomination.

Tax Offsets

Our office frequently finds that many clients do not realise that there are a number of tax offsets that they may be eligible to receive. Like most things it is necessary to keep proper records.

When you visit our office to get your tax return completed our staff will ask a raft of questions regarding the eligibility for various tax offsets.

In this regard we have set out below a selection of these offsets for which clients may be eligible.

Education tax refund

If you are a parent that received Family Tax Benefit Part A then you may be eligible for a tax refund in respect of education expenses for each of your children at school.

Eligible education expenses include the purchase, lease, hire or hire-purchase costs, repairs and running costs of:

- laptops, home computers and associated costs
- ipads
- computer-related equipment such as printers, USB flash drives
- home internet connections
- computer software for educational use
- word processing, spreadsheet, database and presentation software
- internet filters and antivirus software
- school textbooks and other paper-based school learning material, including prescribed textbooks, study guides and stationery
- prescribed trade tools for secondary school trade courses

Common expenses that are not eligible are uniforms and school fees.

In order to receive this refund you should bring in your receipts for any of the above items. If in doubt, our staff will assist you in determining your eligible expenses.

The amount of the refund is 50% of the eligible expenses up to the maximum refund amounts. Excess amounts may even be able to be carried forward to the next financial year.

Net medical expenses offset

Many clients fail to record all their medical expenses incurred during the year. If you have paid for medical expenses during the year for yourself, your spouse and your children and the total of the non-reimbursed amounts exceeds \$1,500 then you can claim a tax offset of 20 cents in the dollar over \$1,500.

Medical expenses which qualify for the tax offset include medical, dental, orthodontic, optical (including prescription glasses and contact lenses), medical aids prescribed by a doctor, laser eye surgery and maintenance of a guide dog.

Mature age worker tax offset

One of the benefits of aging is the possible receipt of the mature age worker tax offset. If you are 55 or over on 30 June 2010 and still working you may be entitled to an offset of up to \$500.

Like all offsets, conditions apply. You must:

- be an Australian resident for tax purposes
- be aged 55 years or more at the end of the income year, and
- have received net income from working of less than \$63,000.

The maximum offset applies if your income is between \$10,000 and \$53,000. A reduced offset applies if your net income is under \$10,000 or over \$53,000.

Dependent spouse tax offset

If you provided financial support for your spouse (including de facto) throughout the year then you may be eligible to claim a dependent spouse tax offset of up to \$2,243.

The conditions for this offset are:

- Your adjusted taxable income was \$150,000 or less
- Your spouse's adjusted taxable income was less than \$9,254
- Both you and your spouse are Australian residents
- Neither you nor your spouse was eligible for Family Tax Benefit Part B (or only eligible for it at a shared-care rate).

Entrepreneurs' tax offset

This offset provides a 25 per cent tax offset for small business with annual turnover of less than \$75,000. The tax offset begins to phase out if turnover is greater than \$50,000 until it reaches zero at a turnover of \$75,000. In addition, a family income test applies. This restricts eligibility for persons where their income is more than \$70,000 or in the case of families \$120,000.

Fuel tax credits

Effective 1 July 2010, the fuel tax credit rate for fuels such as diesel or petrol used in heavy vehicles on public roads has been reduced to 15.543 cents per litre. This change is due to an increase in the road user charge.

A heavy vehicle includes a vehicle with a gross vehicle mass (GVM) of greater than 4.5 tonne or a diesel vehicle acquired before 1 July 2006 with a GVM equal to 4.5 tonnes or more.

Those clients affected need to keep records that show they purchased the fuel and how they used it. Acceptable records include fuel docketts, invoices and log books.

The 38.143 cents per litre rate for activities such as agriculture, fishing, and mining remains unchanged.