

## BUDGET 2010-11

### Budget Commentary – by Anthony Rogers



The 2010-11 Federal Budget handed down by Wayne Swan on May 11 included numerous changes affecting taxation and superannuation. Some of the main announcements (as a direct consequence of the recently released Henry Report) included the following:

- From 2012-13 a Resource Super Profits tax of 40% on non-renewable resource projects.
- Company tax rates to decrease from 30% to 28%. This will be phased in completely by 2014-15. From 2012-2013, small businesses will benefit with the full reduction to 28%.
- From 2012-13 small businesses will benefit from an immediate write-off of assets valued at less than \$5,000 (increased from \$1,000). In addition, all other assets will be allocated to a single depreciation pool and written off at 30%.
- From 2012-13 the annual super contributions concessional cap for workers aged 50 and above will be increased from \$25,000 to \$50,000 provided their super balances are below \$500,000.
- From 2013-14 the Superannuation Guarantee age limits will increase from 70 to 75.
- From 2013-14 the Superannuation Guarantee rate will start to increase incrementally (currently 9%) reaching a peak of 12% by 2019-20.

#### Other taxation announcements

- A 50% tax savings discount for interest income earned up to \$1,000, including interest on bank accounts, term deposits and indirectly via trust or managed investment schemes from 2011-12.

- A standard deduction of \$500 for work-related expenses and the cost of managing tax affairs from 2012-13. This will increase to \$1,000 from 2013-14. Taxpayers with greater claims can still claim a larger deduction in lieu of the standard deduction.
- The low income tax offset will rise from \$1,350 (2009-10) to \$1,500 (2010-11) effectively increasing the tax-free threshold to \$16,000 for individuals.
- There will be an increase in the medical expenses rebate threshold to \$2,000 for 2010-11. Presently taxpayers receive a rebate amount equal to 20% of all net (unreimbursed) medical expenses over \$1,500.
- The Government has allocated funds to the ATO to target the 'cash economy'. This is the situation where business operators use cash transactions to avoid paying any tax.
- The ATO will also receive funds to target taxpayers lodging fraudulent GST refunds, continual under-reporting of GST liabilities, non-lodgment of GST returns and non-payment of GST debts.

#### Other superannuation announcements

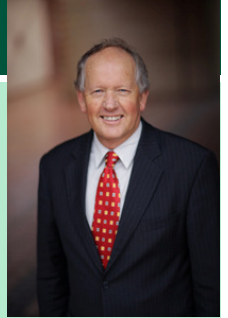
The previously announced increases in the Government Co-Contribution rates for an individual's non-concessional superannuation contributions will no longer apply. It was to increase to a maximum of 150% in 2014-15 and beyond. The Government has announced that it will now look to lock in the matching rate at 100% with \$1,000 as the maximum co-contribution they will pay.

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## JUNE NEWSLETTER

Issue 139

### A Window of Opportunity – by Will Warrick



The reduction of super contribution limits in the 2009 Federal Budget was a blow for those seeking to make large tax deductible (*concessional*) super contributions in the lead up to their retirement. Since 2009, the maximum contribution permitted for each individual where sourced from salary sacrifice; compulsory super and/or personal tax deductible contributions has been capped at \$25,000 pa (indexed).

There is good news though for people aged 50 or more who have the option of making a maximum concessional contribution of up to \$50,000 pa – ie double the normal cap. The bad news is that, under current law, this arrangement will only remain in place until 30 June 2012. However, in its recent response to the Henry Review into taxation, the government has put forward in the 2010-11 budget that this concession be extended indefinitely for individuals aged over 50 who have less than \$500,000 in super.

Anyone who turns 50 in this current financial year should immediately avail themselves of the opportunity to increase their concessional contributions up to \$50,000 pa. This may involve reviewing salary sacrifice arrangements or increasing personal contributions if self employed.

There is an important proviso though – any concessional superannuation contribution that results in the \$25,000 cap being exceeded can only take place after reaching age 50.

The \$500,000 cap rule will be introduced in the 2012-13 year onwards.

Contact your accountant if you would like more information about the concessional contribution rules.



### Economic Theory Lost in Translation – by Gavin Mettam

When did “deficit” become a bad word?

With most of the recent talk centering on Wayne Swan’s budget proposal and subsequent reply from Joe Hockey, a lot of economic principles have been lost in translation.

Swan presented a budget with no great surprises and little major spending initiatives, for a bottom line that appealed to voters – “back to surplus in three years!” It was a line that could also nullify the Liberal scare campaign of “big spending”, Labor putting us in more “debt”.

What has been forgotten (or conveniently kept quiet) is that the main influence on the budget swing is not new policy spending or saving initiatives but the state of the economy. There are certain automatic stabilisers in the economy which affect the bottom line greater. When the economy enters a period of negative growth, unemployment rises and the government has to outlay more in unemployment benefits. In addition, less people in the workforce equates to less revenue coming in from the great government money-maker, income tax.

Don’t be fooled, it’s no coincidence that when the economy is going strong a surplus budget will appear. Weathering the GFC better than most other nations, this is the direction we are heading.

**LET US KNOW YOUR EMAIL ADDRESS**

**so we can communicate with you by email.**

**Please email us at [armidale@rm.net.au](mailto:armidale@rm.net.au), putting your name in the subject line.**

General advice warning: The advice provided in this newsletter is general advice only, as in preparing it we did not take into account your financial situation or particular taxation needs. Before making any taxation decisions on the basis of this advice, you should consider how appropriate the advice is to your particular taxation needs and financial objectives.

## Roberts & Morrow Highlights



### Campus City Canter Medal Winner

Defending their 2009 Campus City Canter title, Roberts & Morrow were the first corporate team to cross the finish line in 2010.

Anthony Rogers (team co-ordinator) led Roberts & Morrow home and an enthusiastic team of colleagues and siblings followed – Alistair Galbraith, Clint Bourke, Ted Adera, Amy Holman, Jason and Thomas Simmonds (9), Simon and Rowan Croft (9), Phil, Janelle and Thomas Gream (11).

### NSW Trainee of the Year Nomination

Ami-Lee Dawson has been nominated for the NSW Trainee of the Year Award. Ami completed her traineeship on 31 December 2009 in Roberts & Morrow Glen Innes. In 2009 Ami was also nominated for the Rotary Club of Glen Innes 2009 Pride of Workmanship Award.

### ICAA Cocktail Evening

The Institute of Chartered Accountants (ICAA) cocktail evening was held on 3 March 2010 at Booloominbah UNE. This event promotes the Chartered Accounting profession and is a networking opportunity for regional employers.

Roberts & Morrow provided two of the four speakers and four other ICAA candidates to talk to UNE students about their accounting careers. UNE graduates and undergraduates regularly join the firm through recruitment intakes throughout the year.



### Our CA's

The designation of Chartered Accountant (CA) is internationally recognised and rightly so. This esteemed qualification has recently been achieved by a number of our staff. We congratulate Leanne Dunn and Belinda Turner from Glen Innes and Robert Waters and Anthony Rogers from Armidale. We currently have five CA candidates aspiring to completion.



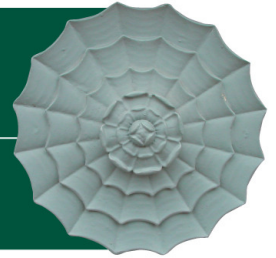
### RMT Turns Gold

RMT has been elevated to Microsoft Gold Certified status thanks to a recent assessment by their clients. This designation is the highest partner level at Microsoft and is unavailable elsewhere in the New England region.

Congratulations to our IT Partner Brad Schumacher and the staff of RMT for effectively delivering Microsoft technical expertise.

### CEO Appointment to legalsuper

Our CEO, Geoff Solomon was recently appointed Chairman of the Investment Committee of legalsuper, the \$1.4 billion super fund for the legal profession. A Law Society of NSW appointee, he is the senior NSW based director of legalsuper having been a director since 2000 and a member of its investment committee since inception.



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## Non-Commercial Losses by David Graham



If you have a net loss from a business activity you carry on either as a sole trader or in partnership, the non-commercial loss rules will apply. These rules determine whether you can use your business loss to offset income from other sources.

For the 2009-10 and later income years, you can only offset your loss against assessable income from other sources if:

- one of the exceptions for primary production or professional arts businesses apply
- you meet the income requirement (new test that requires other income to be less than \$250,000) **and** one of the four tests is satisfied (profits test,

assessable income test, other assets test, real property test)

- the Commissioner has exercised his discretion to allow you to claim the loss, or
- the loss is solely due to a deduction claimed under the small business and general business tax break.

To view the ATO non-commercial losses fact sheet visit :

<http://www.ato.gov.au/businesses/content.asp?doc=/content/13280.htm&page=1&H1>

## Software Upgrades

In order to best service the affairs of clients in the future we recommend that you upgrade or convert to the software options tabled below.

MYOB	AccountRight v19
MYOB	AccountRight Plus (Payroll) v19
MYOB	AccountRight Premier v19
BankLink	

This action is needed to ensure data protection during conversion to Roberts & Morrow systems, to aid in time saving and will also help us to reduce cost increases

from having to maintain older versions of software.

Our aim is to have all clients on updated versions of the listed software. Should you have any questions regarding this matter please contact our office.



Visit the Roberts & Morrow website at [www.rm.net.au](http://www.rm.net.au)