

# Newsletter

March 2011

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## A tough start to 2011

The weather certainly has not been kind to a lot of Australians at the start of 2011.

In light of this, the ATO has provided some relief for those affected, the details of which are provided in depth in this newsletter.

Also it is the time of year to prepare for tax planning issues.

Please do not hesitate to contact us to organise an appointment to discuss any tax issues you may have prior to 30 June.

The bTa difference – providing your point of view.

The BTA Team

## Reminder of Lodgement Dates

21 April 2011 March 2011 IAS

21 April 2011 Quarterly PAYG instalment activity statement for head companies of consolidated groups

28 April 2011 March 2011 quarter superannuation guarantee contributions

28 April 2011 March 2011 quarter activity statement

15 May 2011 - Income tax return for all other entities not required earlier (including all other consolidated groups), and not eligible for the 5 June concession.

28 May 2011 – 2011 FBT returns

5 June 2011 - Income tax return for non-taxable or refund as per latest year lodged as well as actual non-taxable or refund in current year (unless due earlier) – all entities with a lodgment end date of 15 May 2011 except large/medium business taxpayers and head companies of consolidated groups.

5 June 2011 - Income tax return for individuals and trusts with a lodgment end date of 15 May 2011 provided payment is also made by this date.

21 June 2011 – May 2011 IAS

## GIC and SIC rates for quarter ended 30 June 2011

The ATO has advised that the General Interest Charge (GIC) and Shortfall Interest Charge (SIC) rates for the period 1 April 2011 to 30 June 2011 are as follows:

- GIC rate –11.92%
- SIC rate –7.92%

## Tax help for flood affected areas

The ATO are implementing a range of support strategies to help people affected by the continuing floods, including the deferral of lodgment dates and the implementation of general interest charge (GIC) stoppers for businesses, tax payers and tax practitioners.

If you reside in Queensland, the Tweed area of north-east New South Wales, or any of the other flood affected postcodes identified on the ATO website, the ATO will automatically defer the lodgment and payment date for December monthly activity statements originally due 21 January 2011 to 21 February 2011, so you do not need to apply for a deferral. If any later deferrals have already been granted, these still apply.

Other deferrals include:

- lodgment and payment of the January monthly activity statement from the original due date of 21 February 2011 to 21 March 2011
- lodgment and payment of December quarterly activity statements from the original due date of 28 February 2011 to 28 March 2011
- lodgment and payment obligations of income tax due in February 2011 for a period of one month.

Employers are also reminded that they need to continue making superannuation guarantee payments to employee's super funds on time.

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### **Reasonable estimate for documents destroyed by disaster**

The ATO has issued a form which is to be used by Tax Professionals and Tax Office staff assisting clients who have lost their tax records as a result of a natural disaster. The form is to be signed by the client making the statement.

For further details, please do not hesitate to contact us.

### **Claiming deductions for donations to flood relief**

Tax Commissioner Michael D'Ascenzo announced today that the ATO has again approved 'bucket donations' for the 2011 Queensland and Northern New South Wales floods as it did for the large number of donations made after the Victorian bushfires in 2009.

The ATO will allow deductions for donations up to \$10 made to 'bucket appeals' for the floods without needing to keep a receipt.

"It is important in tragic times like these that we support the community and make it as easy as possible for people to help," Mr D'Ascenzo said.

"While this is a difficult time, the compassion, dedication and resilience of the Australian community will hopefully ensure swift support to those affected by the floods and a speedy process of rebuilding and putting people's lives back on track."

People who give to 'bucket appeals' can claim a tax deduction equal to their contribution up to \$10 in their 2010-11 tax return without the usual need to keep a receipt.

"For those making donations through other means, such as a bank or retail outlet, make sure you are provided with a receipt in order to claim," said Mr D'Ascenzo.

"For donations made via the web, a bank or credit card statement will be enough."

People are also reminded that in order to be deductible the donation must be made to a 'deductible gift recipient' and if their donation is over \$10 then they will need to keep a receipt for tax purposes.

### **Tax exemption for assistance payments paid to flood victims**

On 21 January 2011, the Government announced that it will make clean-up and recovery grants, paid under the Natural Disaster Relief and Recovery Arrangements, to primary producers and small businesses affected by the flooding that has occurred since 29 November 2010, exempt from tax.

Such grants are normally treated as assessable income however the Government has decided to make these payments non-assessable, non-exempt income.

The Government also confirmed that it will make Disaster Income Recovery Subsidy Payments, paid to those affected by flooding events in Australia that commenced on 29 November 2010, exempt from income tax.

### **Flood levy**

The government announced on 27 January 2011 that it will introduce a flood levy for 2011-12 to assist affected communities recover from the recent floods and rebuild essential infrastructure.

The levy will not be paid by those affected by the floods, will not be paid by lower income earners, and will apply only in the 2011-12 financial year as follows:

- Anyone earning under \$50,000 will not pay the levy.
- People earning between \$50,000 and \$100,000 will pay 0.5 per cent of taxable income in excess of \$50,000.
- People earning over \$100,000 will pay 0.5 per cent of taxable income in excess of \$50,000 and 1 per cent of taxable income in excess of \$100,000.

The levy will be paid through tax taken out of regular pay, in the same way the Medicare levy is paid.