Newsletter
September 2011

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Reminder to lodge outstanding prior year income tax returns

The due date of 31 October 2011 applies to 2011 returns for clients operating on a standard year (not a substituted accounting period), with one or more prior years overdue as at 30 June 2011.

If all overdue prior year returns are lodged by 31 October 2011, your 2011 income tax returns will be due according to your normal lodgement program.

You won't need to apply for a deferral of the 2011 return, provided all overdue prior years are lodged by 31 October 2011.

Overdue prior year returns may incur penalties and interest when lodged.

The bTa difference – providing your point of view.

The BTA Team

Reminder of Lodgement Dates

21 October 2011 September 2011 monthly activity statement
28 October 2011 September 2011 quarter superannuation guarantee contributions
31 October 2011 Income tax returns for all entities where one or more prior years were outstanding as at 30 June 2011
21 November 2011 October 2011 monthly activity statement
25 November 2011 September 2011 quarter activity statement
21 December 2011 November 2011 monthly activity statement

GIC and SIC rates for quarter ended 31 December 2011

The ATO has advised that the General Interest Charge (GIC) and Shortfall Interest Charge (SIC) rates for the period 1 September 2011 to 31 December 2011 are as follows:

- GIC rate – 11.86%
- SIC rate – 7.86%

The fuel tax credit rate for heavy vehicles changed on 1 July 2011

From 1 July 2011, the fuel tax credit rate for fuels such as diesel or petrol for use in heavy vehicles on public roads was reduced to 15.043 cents per litre. This change is due to an increase in the road user charge.

A heavy vehicle is either of the following:
- 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 G VM equal to 4.5 tonnes or more.

Dependent spouse tax offset phase-out

From 1 July 2011, taxpayers with a dependent spouse born on or after 1 July 1971 will no longer be entitled to claim the dependent spouse tax offset. The offset will be gradually phased out as the population ages to remove disincentives, for younger dependent spouses without children, to enter the workforce.

Taxpayers who maintain an invalid or permanently disabled spouse, support a carer or who are eligible for the zone, overseas forces or the overseas civilian tax offsets are exempt from the new age limit and will still be able to claim the value of the dependent spouse tax offset via an expanded invalid spouse, zone, overseas forces or overseas civilian offset.

Research and development tax incentive

The research and development (R&D) tax incentive replaces the R&D tax concession from 1 July 2011 and has two core components:

- a refundable tax offset for certain eligible entities with an aggregated turnover of less than $20 million
- a non-refundable tax offset for all other eligible entities.

This tax incentive provides generous benefits for eligible R&D activities and is targeted toward R&D that benefits Australia.

If you are eligible for the R&D tax incentive, you can claim the offset in your tax returns. However, you must register your activities and obtain your unique registration number from AusIndustry before you can lodge a claim with us.

Small business: instant asset write off and simplified depreciation

On 2 May 2010, the government announced instant asset write off and simplified depreciation changes for small business.

The changes will enable small businesses to write off all depreciable assets where the taxable purpose proportion is less than $5,000 in the income year in which they start to use the asset, or have it installed ready for use.

This amount was subsequently increased to $6,500 as part of the carbon pricing announcements.

It will also allow most other assets to be depreciated in a single pool at a 30% rate. The change will apply from the 2012-13 income year.

Super contributions caps

There are limits on the amounts that can be contributed into your superannuation each financial year before you have to pay extra tax. If more is contributed to your super than the cap amount, you may have to pay extra tax.

Concessional contributions

Concessional contributions are generally the before-tax contributions that you or your employer make to a super fund.

Your concessional contributions cap depends on your age and the year in which the contributions are made.

TABLE: Concessional contributions caps

Financial year	Under 50	Over 50
2011-12, 2010-11 and 2009-10	$25,000	$50,000

Non-concessional contributions

Non-concessional contributions are generally the after-tax contributions you make to a super fund.

The yearly non-concessional contributions cap is now six times the amount of the (indexed) concessional contributions cap in that year. This means that the non-concessional contributions cap in 2011-12 remains at $150,000.

If you are under 65 years old, you can 'bring forward' two years worth of non-concessional contributions. This means you can contribute up to three times the yearly non-concessional cap at once, or at any time during a three financial year period. The three-year period starts with the year that you first contribute more than the non-concessional contributions cap.

Contributions in excess of the respective caps are taxed at different rates. The amount of tax you pay on the excess amount depends on which cap you exceed.

TABLE: Tax rates for contributions caps

Cap	Tax rate
Concessional contributions cap	31.5% (in addition to the 15% paid by the super fund)
Non-concessional contributions cap	46.5%

Any concessional contributions made into your super fund over the concessional cap will also count towards your non-concessional contributions cap.