Newsletter

September 2009

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Reminder to lodge prior year income tax returns by 31 October 2009

The due date of 31 October 2009 applies to 2009 returns for clients operating on a standard year (not a substituted accounting period), with one or more prior years overdue as at 30 June 2009.

If all overdue prior year returns are lodged by 31 October 2009, your 2009 income tax returns will be due according to your normal lodgement program.

You won't need to apply for a deferral of the 2009 return, provided all overdue prior years are lodged by 31 October 2009.

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

Please do not hesitate to contact us for any clarification.

The bTa difference – providing your point of view.

Warmest Regards

The BTA Team

Reminder of Lodgement Dates

28 October 2009 September 2009 quarter superannuation guarantee contributions
31 October 2009 Income tax return for all entities where one or more prior year income tax returns were outstanding as at 30 June 2009.
21 November 2009 October 2009 Monthly Activity Statement
25 November 2009 September 2009 quarter activity statement
21 December 2009 November 2009 Monthly Activity Statement

GIC and SIC rates for October to December 2009

The ATO has advised that the General Interest Charge (GIC) and Shortfall Interest Charge (SIC) rates for the period 1 October 2009 to 31 December 2009 are as follows:

- GIC rate - 10.30%
- SIC rate - 6.30%

Contributions to Super Funds under Scrutiny

The transfer of assets into a superannuation fund by a member is an in-specie contribution. The amount of the contribution is generally the market value of the assets reduced by any consideration given for the transfer.

Where a member transfers assets other than cash into their superannuation fund, trustees need to make sure that the fund accurately reports the market value of the assets and considers any relevant regulatory issues.

The Tax Office is warning trustees and members of self managed superannuation funds about making transactions where the market value of the assets being transferred is not properly accounted for in an attempt to avoid paying excess contributions tax.

The Tax Office is also concerned that some members may be trying to avoid excess contributions tax by paying expenses on behalf of their fund or making improvements to a fund asset without reimbursement for the expenditure.

Trustees and members are reminded that superannuation funds that breach the contributions caps are liable to pay excess contributions tax.

In addition, taxpayers should consider any income, capital gains and fringe benefits tax implications when transferring assets.

Superannuation Guarantee & Back Payment of Wages

Employers who fail to make the superannuation guarantee contributions (SGC) by the quarterly cut off date are required to pay the superannuation guarantee charge to the Tax Office.

Employers are required to make superannuation guarantee contributions on payments of salary or wages they pay to their current and former employees.

Following some uncertainty, the Tax Office has recently confirmed that the law requires employers to make superannuation contributions on back payments of salary or wages to former employees.

Salary Sacrifice and Child Support

As a result of recent legislative changes, income for the purposes of child support payments will be calculated using a new formula.

Voluntary salary sacrificed superannuation contributions will now be included in the calculation of child support income.

Compulsory superannuation contributions, such as employer contributions made under superannuation guarantee requirements, will continue to be disregarded in the computation of child support income.

In addition, net losses from financial investments will now be added to a parent's adjusted taxable income for child support purposes.

The changes will take effect from 1 July 2009 and will affect child support assessments for the periods after 1 July 2010

Changes to Medicare Levy Surcharge

The Medicare Levy Surcharge is an additional 1% levy on taxable income imposed on "high income" taxpayers who do not have adequate private patient hospital cover for themselves and their dependants.

Currently, the Medicare levy surcharge thresholds applicable to both individuals and families are as follows:

a. $70,000 for individuals; and
b. $140,000 for families [adjusted for the number of dependant children].

From 1 July 2009, the method of calculation of income for Medicare Levy Surcharge purposes has changed.

Income for Medicare Levy Surcharge purposes will now be calculated by adding the following items to a taxpayers modified taxable income:

- Reportable fringe benefits [as disclosed on the taxpayers PAYG payment summary];

- Total net investment losses from rental properties and financial assets; and

- Reportable superannuation contributions.

Low income earners with income above the Medicare Levy thresholds as well as high income earners who have adequate private health insurance cover will continue to only pay the 1.5% Medicare levy.

Changes to fuel tax credits

Fuel tax credits provide a credit for any fuel tax (excise or customs duty) included in the price of fuel used in business activities, machinery, plant and equipment or heavy vehicles.

The new fuel tax credit rate for heavy vehicles travelling on public roads has changed to 16.443 cents per litre.

This rate applies for fuel purchased from 1 July 2009 onwards.

This rate change is due to an increase in the road user charge which in turn decreases the fuel tax credit rate.