

Last Minute Superannuation and Tax Management

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Investors,

There are some significant superannuation changes occurring after 1 July 2012 that you need to be aware of and have planned for.

Concessional cap for individuals over 50 and where their super balances < \$500k, these concessional caps have been \$50k pa. These were to be continued as announced in 2010 by the government but they have been deferred and have reverted back to \$25k pa from 1 July 2012. Concessional caps are where pre-tax dollars are paid to your super-fund, a combination of SGC paid by your employer (they receive a tax deduction for these payments) and salary sacrifice super contributions made by you (you receive a tax benefit by the salary sacrifice). If you are in a position and wanting to increase your concessional contributions or adjust so you will not pay excess on these caps, you only have a couple of days to arrange this.

Please make sure you have adjusted your salary sacrifice contributions after 1 July if appropriate.

Reduction in super co-contribution scheme, currently to 30 June 2012, a personal contribution for lower income earners (band from \$31,920 to a maximum \$61,902) of up to \$1,000 made to your super-fund is matched by the government at 100%. From 1 July 2102 the higher threshold drops to \$46,920 and the matching rate is 50%. If you are in this bracket, please consider making that personal contribution today so your super-fund has the funds by 30 June.

There are not many areas where you can get an immediate 100% return on your funds so take advantage of it. It could be to your spouse's super-fund if appropriate.

Tax offset for contribution to your spouse's superannuation, if they have an income < \$10,800, making a contribution to their fund could qualify for a maximum tax offset of \$540.

Other areas where some tax effective planning can be made include:

Investment property expenses, anything need to be done on your investment property, consider getting these done now before 30 June so you can claim the expense in this tax year. Also consider prepaying expenses or services, like insurance for instance.

Medical expenses reaching the level of \$2,060 for the year, bringing forward those additional out of pocket expenses (if you can get to see a practitioner) it may allow you to maximise the 20% tax offset.

Donations can be made before 30 June to registered charities, so if you are thinking of making a donation to your favourite charity, now is a good time to do it.

For investors who have utilised the Income Tax Variation method to reduce your normal income tax from salary, you do need to do another annual form from 1 July 2012. I will be sending a template to clients early next month but if you would like to receive this and are not yet a client, please contact me.

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If you have any questions about any of these topics, give me a call.

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