

# David J. Gibney Pty Ltd



## May 2009 Gibney Newsletter

Welcome to our second and last newsletter for the 2009 financial year. This edition also contains some important changes proposed in the 2009/2010 Budget. We are delighted to introduce our team and have listed a brief profiles of their backgrounds below so that you are able to identify with them when you phone or call into the office.

**Andy Roosvanto** has an accountancy degree from the University of New England. Prior to joining the firm, he worked with a regional practice in Mildura, dealing with a diverse client group from primary production to the transport and building industries. His previous work experience includes audit, taxation and business services in Singapore and Indonesia. He is currently working toward full member status of CPA Australia. He has settled in Sunbury with his wife.

**Joedy Brown** started with us as a part-time office administrator/manager in May 2008. She came to us with a wealth of experience in management of software programs, workflow systems and customer service. A self starter she previously ran a local book-keeping business as well as managing three children (including twins) under 7. Now full time, she has motivated us to achieve our goals and is always coming up with new ideas to improve operations and minimise costs for our clients.

## Information for Individuals

### Resident Individual Income Tax Rate for 2009/2010

The changes in individual tax rate legislated after 2008 Budget has been left unchanged.

## Information for General Businesses

### Small Business and General Business Tax Break

The proposed investment tax break as outlined in our last newsletter is now waiting for royal assent, meaning its waiting on the Governor General's approval after going through Parliament. Below are some key changes to the original proposal:

- ⊙ Small business (annual turnover of \$2 million or less) will be able to claim additional deduction of 50% of eligible depreciating assets costing \$1,000 or more acquired between 12 December 2008 and 31 December 2009.
- ⊙ Larger business (annual turnover more than \$2 million) will be able to claim additional deduction of 30% of eligible depreciating assets costing \$1,000 or more acquired between 12 December 2008 and 30 June 2009. Where the eligible asset is acquired between 1 July 2009 and 31 December 2009, the additional deduction available is 10% of the asset cost.

This is a huge tax break for small business. If you are looking at purchasing any capital items in the next 18 months it may be worthwhile to bring forward the expenditure. Please contact us if you need more clarification on items of eligibility or planning options.

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## Selected Proposed Changes from 2009/2010 Federal Budget

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### Superannuation

The amount of tax deductible (concessional) contributions that can be made to a super fund will be halved from 1 July 2009. This reduces the amount of concessional contributions from \$50,000 to \$25,000. The interim concession will allow higher contributions for people aged 50+ will be reduced from \$100,000 to \$50,000. This only applies to 30 June 2012.

There is speculation of further changes in December 2009 when the Henry Tax Review is finalised.

### Limitation of Use of Non-Commercial Losses

Taxpayers with adjusted taxable income of more than \$250,000 will not be able to claim losses from non commercial business activities against their income, other sources such as employment income or investment income. There could be some further changes to this area in December 2009 when the Henry Tax Review is finalised.

### Deemed Dividend for Discounted Use of Private Company Property and Chattels

This measure will be applied to shareholders or their associates who use company's property or chattels (cars, boats) for less than market value. Any discount on the charge for use of such property will be deemed as unfranked dividend to the user.

### Foreign Employment Income

Australian residents working overseas for more than 90 days will no longer be exempted from Australian income tax. Exemption is only available for some employees (e.g. aid workers, defence personnel). This measure does not apply to Australian citizens who are permanent residents of foreign countries.

### Extension of Pension Draw Down Relief

The current pension draw down relief provided to self-funded retirees will be available for 2009-2010 income year.

### HELP Debt Reduction for Certain Graduates

For education and nursing graduates working in those professions, the HELP (formerly HECS) will be reduced by \$1,536 for each year the graduates work in those profession up to maximum five years.

### Tiered Private Health Insurance Rebates and Medicare Levy Surcharge

		<i>Tier 1</i>	<i>Tier 2</i>	<i>Tier 3</i>
Taxable income - Singles	\$0 - \$75,000	\$75,001 - \$90,000	\$90,001 - \$120,000	\$120,001 and above
Taxable income - Families	\$0 - \$150,000	\$150,001 - \$180,000	\$180,001 - \$240,000	\$240,001 and above

Medicare Levy Surcharge	Nil	1%	1.25%	1.5%
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#### Private Health

##### Insurance Rebate:

< 65 years	30%	20%	10%	Nil
65 - 69 years	35%	25%	15%	Nil
70 years or over	40%	30%	25%	Nil

It is quite possible that this measure will not get through based on what the opposition has been saying.

### **Increased Medicare Levy Threshold**

Medicare Levy will not apply for individuals with taxable income below \$17,795 and for families with combined taxable income below \$30,025. Additional threshold amount for each dependent child will increase to \$2,757.

For pensioners below Age Pension age, the Medicare Levy will not apply if their taxable income below \$25,230.

### **Changes to Government Superannuation Co-contribution**

This is a temporary measure to increase the government coffers and reduce the amount that can be put into a superannuation account. If you qualify for a co-contribution scheme and want to get the current 150% co-contribution rate, you need to act before 30 June 2009.

### **First Home Owner Grant (FHOG) – Victoria**

The table below summaries combined first home owner payment amounts as proposed in the Federal and Victorian budget:

Contract Date Homes		Established	Newly Constructed Metropolitan	Newly Constructed Regional
14/10/08 to 30/06/09	(Existing)	\$17,000	\$26,000	\$29,000
1/07/09 to 30/09/09		\$16,000	\$32,000	\$36,500
01/10/09 to 31/12/09		\$12,500	\$25,000	\$29,500
01/01/10 to 30/06/10		\$9,000	\$18,000	\$22,500

### **Information for Primary Production Businesses**

#### **FarmReady Reimbursement Grant**

The Department of Agriculture, Fisheries and Forestry offers \$1,500 reimbursement grants for Primary Producers to assist them to attend approved training courses. The aim is to improve the capacity of primary producers to adapt to climate change and to increase their self-reliance and preparedness.

For information regarding eligibility criteria and a list of approved courses, please contact our office or visit [www.farmready.gov.au](http://www.farmready.gov.au).

#### **Farm Tax Seminar – Mark your diary**

Our firm would like to invite our existing and prospective clients to attend FREE Farm Tax Seminar being presented by David Gibney. If you have friends or family members who are new to or considering going into the primary production business, this seminar would also be beneficial to them. This is a wonderful opportunity to learn about interaction between primary production business and the opportunities & implications for taxation. The seminar will be held in small groups in an informal setting where participants are invited to join discussion and raise issues of concern to them. The first seminar will be held on Thursday 25<sup>th</sup> June 2009 at 6 pm. Light refreshments and an information pack will be provided. Further seminars will be scheduled subject to demand. Please contact Joedy to register your booking.

**If you need further information or to discuss your specific circumstances, please call David or Andy at our office.**

The material in this newsletter is for general information only. Independent advice applicable to any specific circumstance must be sought. While all reasonable care has been taken, no liability is accepted for incompleteness or inaccuracies of the information contain in this newsletter.

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