



ZEEMAN ACCOUNTING

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ZEEMAN ACCOUNTING NEWSLETTER – DECEMBER 2012



TAX TIME 2012

It has been great to catch up with a large number of clients during recent months and help with preparation of your tax returns.

I have also enjoyed meeting new clients, and appreciate your support.

For those still to provide information, I look forward to meeting with you soon.

In this edition I'll cover some issues observed during preparation of 2012 tax returns, and provide some tips for achieving the best results this financial year.

IS THE CORRECT TAX BEING WITHHELD FROM YOUR WAGES?

I have recently prepared tax returns for a small number of clients who have not had sufficient tax withheld from their wages during the year, resulting in a surprise tax liability at the end of year.

To ensure this does not occur, employees should take care when completing a Tax File Number Declaration for their employer. Further, if circumstances change a new Tax File Number Declaration can be completed.

Particular care should be taken when the following circumstances arise:

- Commencing study and accumulating a HELP debt
- Working more than one job

If you have any doubts regarding the tax being withheld from your wages, or require assistance with completing a Tax File Number Declaration, please contact our office.

SUPER CO-CONTRIBUTION

Since 1 July 2003, the Government has provided assistance to eligible taxpayers making additional contributions to their superannuation accounts by 'matching' these contributions. This Super Co-Contribution has previously been as high as \$1500 per year, but for the year ending 30 June 2013 the maximum has been reduced to \$500.

The income threshold which determines eligibility has also been reduced significantly. I suggest confirming your eligibility before making contributions to a superannuation account to avoid potential disappointment.

LOW INCOME SUPER CONTRIBUTION

From 1 July 2012 the Government will deposit up to \$500 per year into the superannuation accounts of eligible taxpayers. This will effectively refund the 15% tax collected on contributions to the superannuation account during the year.



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The income threshold is \$37000 'adjusted taxable income'.

As for the Super Co-Contribution, taxpayers are not required to submit a claim to receive the Low Income Super Contribution. The Australian Taxation Office will process your entitlement following receipt of your tax return and information from the superannuation fund.

MOTOR VEHICLE EXPENSES

To obtain the best results for clients it is important to have adequate documents to support claims for work/business expenses.

In relation to motor vehicle expenses, the highest deduction can often be claimed by using the logbook method. This method requires that a logbook be completed to record details of all vehicle use for a 12 week period, at the end of which a work/business use % can be established. Logbooks must be completed for new vehicles, vehicles being used for work/business for the first time or where the use of a vehicle has changed significantly.

Logbooks can be purchased from newsagents and remain valid for 5 years.

Logbooks can be provided at the end of financial year with other documents to claim motor vehicle expenses such as vehicle purchase invoices, finance schedules, fuel receipts, registration receipts, insurance policy documents and receipts for servicing/parts.

RECORD KEEPING REQUIREMENTS

A number of clients have reported difficulty with retaining all receipts throughout the year and/or receipts being illegible by the end of financial year.

I suggest copying or scanning the receipts regularly during the year to avoid loss of receipts or receipts which have deteriorated.

According to the Australian Taxation Office:

'Documents that you are required to keep can be in written or electronic form. If you make paper or electronic copies they must be a true and clear reproduction of the original.'

We recommend that if you store your records electronically you make a back-up copy to ensure the evidence is easily accessible if the original becomes inaccessible or unreadable - for example, where a hard drive is corrupted.'

SELF MANAGED SUPERANNUATION FUNDS

I receive enquiries regularly about the possibility of establishing a self managed superannuation fund (SMSF) as an alternative to maintaining an account with an industry superannuation fund.

Accountants are unable to provide specific advice about the suitability of an SMSF for a particular client, or the best investments to hold within an SMSF. However, I can assist with providing general information about the types of investments allowed under legislation, estimated annual costs of operation and responsibilities of trustees to ensure



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compliance with legislation and Australian Taxation Office obligations.

This is an area of particular interest for me, so I'm always happy to discuss any questions you may have about SMSF.

PRIVATE HEALTH INSURANCE REBATE CHANGES

In recent years, most private health insurance policy holders received a 30% rebate which reduced the cost of their premiums.

Since 1 July 2012, the private health insurance rebate has been income tested, resulting in a reduced rebate for singles with income above \$84,000 and families with income above \$168,000. If your income is above these thresholds, it is important to contact your private health insurer and tell them which tier you are in. They will adjust your rebate for you. This will avoid being required to repay overclaimed rebates at the end of financial year.

The following table summarises how the rebate has been calculated from 1 July 2012.

	No change	Tier 1	Tier 2	Tier 3
Singles	\$84,000 or less	\$84,001 - 97,000	\$97,001 - 130,000	\$130,001 +
Families	\$168,000 or less	\$168,001 - 194,000	\$194,001 - 260,000	\$260,001 +
Under 65	30%	20%	10%	0%
65 - 69	35%	25%	15%	0%
70+	40%	30%	20%	0%

Note: Single parents and couples are subject to the family tiers. For families with children, the thresholds are increased by \$1500 for each child after the first.

IMPORTANT DATES

Our office will close on 21 December and reopen on 7 January.

If urgent matters arise during this time I can be contacted by mobile phone or email.

Have an enjoyable and safe holiday period.

Important: This is not advice. You should not act solely on the basis of the material contained in this newsletter. Items herein are general comments only and do not represent advice. It is also important to be aware that changes in legislation may occur quickly. We therefore recommend that formal advice be sought before acting in any of the areas discussed in this newsletter.

Liability limited by a scheme approved under Professional Standards Legislation.