

“In Brief” with



Securing your financial future!

Tax Bonus for Working Australians

Did you earn less than \$100,000 in the 2007-08 financial year and paid tax?

You could be eligible to receive a bonus payment of up to \$900. Payments start from early April 2009 and are tax free.

Your tax bonus payment will be:

- \$900 if your taxable income is up to and including \$80,000
- \$600 if your taxable income is between \$80,001 and \$90,000, and
- \$250 if your taxable income is between \$90,001 and \$100,000.

Your payment will not be used to offset any of your other tax debts.

Payments will start from **early April 2009**. People who have already had their tax returns assessed will be the first to receive their payment. The fastest way to receive payment is directly into your bank account.

What do you need to do?

If you have already lodged your 2007-08 tax return, you need to **do nothing**. The Tax Office will automatically calculate your eligibility and entitlements and send your payment to you. Your payment will be deposited into the bank account you nominated in your 2007-08 tax return or sent as a cheque to your residential address on that return.

Unless you have been granted a deferred lodgment date by the Tax Office prior to 18 February 2009, you must lodge your 2007-08 tax return by 30 June 2009 to be eligible. [E-tax](#) is available to lodge your return online.

Payments administered by Centrelink

Centrelink is responsible for administering the following payments:

- Single income family bonus: **13 61 50**
- Farmers hardship bonus: **13 23 16**
- Back to school bonus: **13 61 50**
- Training and learning bonus: **13 24 90**

If you are eligible for any of these payments Centrelink will deposit them directly into your bank account.

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Important Dates

March 2009 Monthly IAS/BAS

21 April 2009

March 2009 Quarterly BAS/IAS

Self Prepared 28 April 2009
EFS Prepared 12 May 2009

April 2009 Monthly BAS/IAS

21 May 2009

FBT 2009 Return

1 May 2009

New Staff

We would like to introduce the newest staff members who have joined the team at Elite.

Michael Grill - Accountant

Robert Cignarella - Accountant

Australian Government one-off bonus payments for families

On 3 February 2009, the Australian Government announced the Household Stimulus Package as part of the Government's Nation Building and Jobs Plan to provide widespread assistance to low and middle-income households. The Household Stimulus Package includes one-off bonus payments for families, students, farmers and working Australians. These payments are non-taxable and are not considered income for social security purposes.

In most cases, to receive a bonus you must have been eligible for a qualifying Centrelink payment on 3 February 2009. If you are eligible for a bonus, it will be automatically paid into your bank account.

You do not need to contact Centrelink.

The bonus payments available for families are:



Single Income Family Bonus

The Single Income Family Bonus is a payment of \$900 per family to provide additional assistance to families with one main income earner. You can get the Single Income Family Bonus if you were eligible for Family Tax Benefit Part B on 3 February 2009.

What if I receive my Family Tax Benefit as a lump sum at the end of the financial year?

If you claim your Family Tax Benefit Part B as a lump sum at the end of the financial year, the payment will be made after your actual income for the 2008-09 year is known.

Please note: If you were eligible for Family Tax Benefit Part B on 3 February 2009 and you would like the Single Income Family Bonus earlier, you can change to fortnightly payments.

You can change the way you get your payments by:

- using [online services](#).
- visiting your nearest Family Assistance Office, located in Medicare Australia offices and Centrelink Customer Service Centres. To find your nearest office, use the [office locator](#).
- calling the Family Assistance Office on 13 61 50.

Will I get a bonus payment if I share the care of my child?

If you share the care of your child or children and have at least 35 per cent care you may be entitled to a portion of the payment. The payment will be shared based on the Family Tax Benefit percentage of each child.

When will I get the bonus?

The bonus will be paid between 11 and 20 March 2009. You can check if you have been paid the payment using the [view your payment history](#) service. If you have not received your payment by this date, and believe you are eligible, please contact the Family Assistance Office.

For more information on the Single Income Family Bonus, please visit the [Centrelink Website](#).

Back to School Bonus

The Back to School Bonus is a payment of \$950 per eligible child to assist families with the costs of school for their children. You may receive the payment if, on 3 February 2009, you were eligible to receive:

- Family Tax Benefit Part A for a child who was aged 4-18 years (inclusive) on 3 February 2009, or
- Carer Payment or Disability Support Pension and were aged less than 19 years old on 3 February 2009.

Can I still claim the Education Tax Refund if I receive a bonus payment?

The Back to School Bonus is designed to help meet education costs for the 2009 academic year and is in addition to and separate from the Education Tax Refund.

For more information on the Back to School Bonus, please visit the [Centrelink website](#).

New Family Tax Benefit system

In March 2009, Centrelink will send a letter to all taxpayers who have claimed family tax benefit via the tax system. The letter will advise them that from 1 July 2009 they can no longer claim family tax benefit through the tax system; instead, they will need to apply to the Family Assistance Office.

From 1 July 2009 FTB will only be paid through Centrelink and Medicare. Eligible taxpayers have the choice of fortnightly or lump sum payments.

Continuous adjustment has been introduced to avoid overpayment in situations where the taxpayer has exceeded their estimated income. This will adjust for overpayments already made and adjust for future payments. This aims to prevent any debt at the end of the year, or reduce the debt as much as possible.

The FTB non-lodger debt has been introduced which will prohibit people from receiving FTB in installments if they have failed to lodge a tax return or not notified the FAO of non-lodgment. They will only be able to claim a lump sum payment, which will require them to lodge a tax return in order to receive the payment.

Shared care

A taxpayer must now share the care of their child/children for a minimum of 35% to receive FTB. Where one parent has 60% or more of the care, that parent will receive full payment of their FTB entitlements.

Where a parent has care for less than 35% of the time and averages less than 5 days per fortnight, they will not receive the FTB payment and will only be entitled to FTB ancillary benefits (Rent Assistance, Health Care Card, Remote Area Allowance, Child Care Benefit, Child Care Tax Rebate and lowered threshold for Medicare Safety Net).

Eligibility at a glance

Please Note: Eligibility for all bonus payments is based on your entitlement on 3 February 2009*.

Payment	Who will get it?	How much?	When will it be paid?
Single Income Family Bonus	Recipients of Family Tax Benefit Part B	\$900 per family	<p>If you get your FTB payment fortnightly:</p> <ul style="list-style-type: none"> 11 to 20 March 2009 <p>If you get your FTB payment annually:</p> <ul style="list-style-type: none"> after you lodge your FTB claim and 2008-09 tax return
Back to School Bonus	Recipients of Family Tax Benefit Part A with a child aged 4-18 years old (inclusive)	\$950 per eligible child	<p>If you get your FTB payment fortnightly:</p> <ul style="list-style-type: none"> 11 to 20 March 2009 <p>If you get your FTB payment annually:</p> <ul style="list-style-type: none"> after you lodge your FTB claim and 2008-09 tax return
	Recipients of Carer Payment or Disability Support Pension who on 3 February 2009 were aged less than 19 years old	\$950	11 to 20 March 2009
One off Training and Learning bonus	<p>Recipients of:</p> <ul style="list-style-type: none"> Youth Allowance (Students and Australian Apprentices) Austudy ABSTUDY Living Allowance (if aged 16 and over or independent) Sickness Allowance Special Benefit (who were under age pension age on 14 October 2008) 	\$950	24 March to 6 April 2009
One off Training and Learning bonus - Family Tax Benefit	Recipients of Family Tax Benefit Part A with a child aged 21-24 years (inclusive) who is a full-time student	\$950	<p>If you get your FTB payment fortnightly</p> <ul style="list-style-type: none"> 25 March to 3 April 2009 <p>If you get your FTB payment annually:</p> <ul style="list-style-type: none"> after you lodge your FTB claim and 2008-09 tax return
Education Entry Payment (EdEP) Temporary Supplement	<p>Customers who would normally qualify for EdEP, plus Youth Allowance individuals looking for work.</p> <p>The requirement for individuals to be receiving a payment for 12 months before being eligible for EdEP has also been reduced to 4 weeks</p>	\$950 - in addition to the existing EdEP of \$208	The supplement will start being paid from 24 March 2009 and will be backdated to include people eligible from 1 January 2009

Education Tax Refund

The Education Tax Refund (ETR) is a new government initiative to help with the cost of educating primary and secondary school children. It means eligible parents, carers, legal guardians and independent students could get 50% back on some education expenses. This includes items like computers, educational software, textbooks and stationery.

Most people are eligible for the ETR because they receive Family Tax Benefit (FTB) Part A. However, there are some payments that prevent you from receiving FTB Part A, but which still entitle you to receive the refund. You can also claim the refund if you are an independent student.

You can claim the ETR each financial year for children in primary and/or secondary school, or if you are an independent student. You will be able to claim the refund from 1 July 2009 for the 2008/09 financial year. This means you can claim for items purchased from 1 July 2008. Remember to **keep your receipts** as they will help you calculate your entitlement and you may be required to produce them as proof of purchase.

What is an eligible education expense?

An eligible education expense is:

- incurred by an eligible person
- relates to a child or independent student's education
- an item that is specified in the legislation as an eligible education expense, and
- incurred on a day when the child or independent student satisfied the [schooling requirement](#).

You cannot claim the Education Tax Refund (ETR) for an expense if:

- it is an allowable tax deduction or subject to another tax offset, **or**
- you received or are entitled to receive payment or property as reimbursement or payment for the expense under a Commonwealth Government or legislative prescribed benefit, grant or subsidy.

What items can I claim?

Eligible expenses include the cost of buying, establishing, repairing and maintaining any of the following items:

- laptop computers and home computers
- computer-related equipment such as printers, USB flash drives, as well as disability aids to assist in the use of computer equipment for students with special needs
- computer repairs
- home internet connections
- computer software for educational use
- school textbooks and other printed learning material, including prescribed textbooks, associated learning materials, study guides and stationery, and
- prescribed trade tools for secondary school trade courses.

What items can't I claim?

The type of items you **can't** claim include:

- school fees
- school uniform expenses
- student attendance at school-based extra curricular activities such as excursions and camps
- tutoring costs
- sporting equipment
- musical instruments
- school subject levies - for example, payment for consumables for particular subjects such as woodwork, art or home science
- building levies
- library book fees
- school photos
- donations
- tuck shop expenses
- waiting list fees
- transport
- membership fees, and
- computer games and consoles.

How much can I claim?

Maximum claimable amounts

The ETR entitles you to claim 50% of [eligible education expenses](#) up to the maximum claimable amounts. These are:

- \$750 for each primary school child – that's a maximum **refund** of \$375 for each primary school child you have, and
- \$1,500 for each secondary school child – that's a maximum **refund** of \$750 for each secondary school child.

If you share care of a child, the amount you can claim under the ETR depends on the shared care percentage you have for Family Tax Benefit (FTB) Part A for that child.

If you share the care of a child with a person who is not your current partner and a payment was made for that child that prevented you receiving FTB Part A, you will need to calculate your ETR based on the percentage of nights during the year that the child was in your care.

An ETR calculator will be available from 1 July 2009 to help you calculate your refund.

Tax Cuts

Previously announced election cuts to personal income tax rates and increases in thresholds as follows:

From 1 July 2009:

- The 30 per cent income threshold will be raised to \$35,001
- The Low Income Tax Offset will be increased to \$1,350
- The 40 per cent tax rate will be reduced to 38 per cent.

Medicare Levy Surcharge Changes

On 16 October 2008, proposed changes to the Medicare Levy Surcharge (MLS) thresholds were passed in parliament. The MLS income threshold for singles has been increased from \$50,000 to \$70,000 per annum, and from \$100,000 to \$140,000 per annum for couples and families (the family threshold increases by \$1,500 for each child after your first).

The changes are to take effect as of 1 July 2008 for the 2008-09 financial year upon receipt of Royal Assent from the Governor General.

Importantly, if after 1 July 2008 you have dropped, or avoided applying for, health insurance due to the initial proposed changes to the MLS thresholds (singles \$100,000, couples/families \$150,000), a transitional provision has been created by government to help ensure that you are not disadvantaged. Under the provision, persons earning above the new MLS thresholds will not incur the Surcharge so long as they have purchased an appropriate level of hospital cover with a private health insurance fund before 1 January 2009 and maintained this cover for the rest of the 2008-09 financial year.

Investment Allowance: small business and general business tax break

The Government has announced an investment tax break for business.

The tax break, in the form of an investment allowance will provide:

- an additional tax deduction of 30 per cent of the cost of eligible new depreciating assets acquired under a contract, or started to be constructed, after 12.01am AEDT 13 December 2008 and before the end of June 2009 and installed ready for use by the end of June 2010.
- an additional tax deduction of 10 per cent of the cost of eligible new depreciating assets acquired under a contract, or started to be constructed, between 1 July 2009 and 31 December 2009 and installed ready for use by the end of December 2010.

New expenditure on existing assets may also qualify.

Examples:

- A small business that buys and installs a \$2,000 computer before the end of June 2009 can claim an additional \$600 deduction in its 2008-09 tax return.
- A business that buys and takes possession of a \$50,000 motor vehicle by the end of June 2009 can claim an additional \$15,000 deduction in its 2008-09 tax return.

Small businesses can claim an additional 30 per cent tax deduction for eligible assets costing \$1,000 or more that they acquire from 13 December 2008 to 30 June 2009, and install by 30 June 2010.

For eligible assets costing \$1,000 or more that they acquire from 1 July 2009 to 31 December 2009, they can claim an additional 10 per cent deduction where they are installed by 31 December 2010.

For both periods, small businesses will be able to claim the deduction for eligible assets costing \$1,000 or more. Small businesses must have a turnover of less than \$2 million a year to qualify.

For other businesses, a minimum expenditure threshold of \$10,000 applies

Fringe Benefits

The 31st March 2009 brings an end to another FBT year and you should have received a letter from us requesting the relevant information. There are two methods of calculating your FBT, Operating Cost Method and Statutory Method.

Operating Cost Method

This is the most common form of calculating your FBT, by applying a personal use percentage to the operating costs of your business owned vehicle. Costs include fuel, repairs and maintenance, registration, insurance, leasing or finance charges and depreciation.

A log book is required to be kept for 13 weeks of continuous use in one year, along with starting and finishing odometer readings. This is used to calculate the personal use percentage to be applied to FBT. Remember, if there is a change in circumstances, such as increased or decreased vehicle use, it is a good idea to start another 13 week period in your log book.

Statutory Method

This method is recommended for vehicles that travel a higher amount of kilometres per year with a higher level of personal use. This method allows the FBT to be valued by applying a statutory fraction to the base value of the car. The fraction varies according to the total distance travelled by the car during the period it is held by the employer. The formula reduces the benefit value to take account of any days during the year when the car was not applied to private use or taken to be available for private use. The value is also reduced by the amount of any payments for the benefit made by the recipient.

Co-contribution for self employed

Self employed people are now eligible to claim the government co-contribution if they make a personal (after tax) contribution to their superannuation fund during the income year.

This incentive is to encourage people to save for their retirement and will result in a contribution from the government up to a maximum payment of \$1,500. This benefit will assist in accumulating benefits for retirement in a tax effective environment.

Below is the requirements to qualify for the co-contribution:

Co-contribution

A Government co-contribution is payable in respect of a person for an income year if:

- The person makes one or more personal non-concessional superannuation contributions during the income year;
- The person has received at least 10% of their total income from carrying on a business, eligible employment¹ or a combination of both;
- The person's assessable income and reportable fringe benefits for the income year is less than \$60,342²;
- An income tax return for the person for the income year is lodged;
- The person is less than 71 years old at the end of the income year and
- The person does not hold an eligible temporary resident visa at any time during the income year.

¹ Eligible employment means the holding of any office or appointment; or the performance of any functions or duties; or the engaging in of any work; or the doing of any acts or things; that results in the person being treated as an employee.

² Assessable Income for the purposes of the co-contribution is assessable income (including reportable fringe benefits), less any deductions applicable as a result of carrying on a business.

Quote of the Quarter:

"If we value the pursuit of knowledge, we must be free to follow wherever that search may lead us".

You will receive the full \$1,500 co-contribution if you have made a personal non-concessional contribution and your assessable income and reportable fringe benefits is less than **\$30,343**. This amount will decrease by 5 cents for every dollar of income over \$30,343 up to \$60,342, at which point the co-contribution phases out completely.

When your income is more than \$30,342 but less than \$60,342 in a year of income, the co-contribution will be adjusted based on income and the level of contribution. The co-contribution may also be reduced if your personal non-concessional contributions during the year are less than \$1,000.

TIP

Don't invest the \$1,000 into super if you are not required to do, ie if you are going to receive a reduced co-contribution. For example, if your income is \$38,000 you are entitled to a co-contribution of \$1,118. Therefore, you only need to contribute \$745 to obtain the full benefit of \$1,118.

Market News

Despite the current volatility in investment markets across Australia and the world, now may be exactly the wrong time to make significant changes to your portfolio. It may depend on your goals and financial plan, but investors should know that the influence of a volatile market doesn't reduce the quality of their chosen investments.

Short term speculators

We have all been rattled by the recent market volatility, but much of the panic has been from short-term investors.

Short-term investors, or speculators, have a very difficult task, as short-term returns can be unexpectedly volatile at any given time. However, because they are looking for a quick fix rather than good quality returns, they take more risk and financial loss can come up more frequently.

When speculators panic, they risk selling when the market hits rock bottom – losing a lot of the value on their original investment, or missing out on the market upturn that follows. This puts them at twice the risk, that is – they have to decide both when to sell, and when to buy again. On top of this, the portfolio fees associated with constant selling and buying can add up and erode savings as well.

With hindsight, many investors who play the game of market timing realize just how much better off they might have been by simply riding out the market dip.

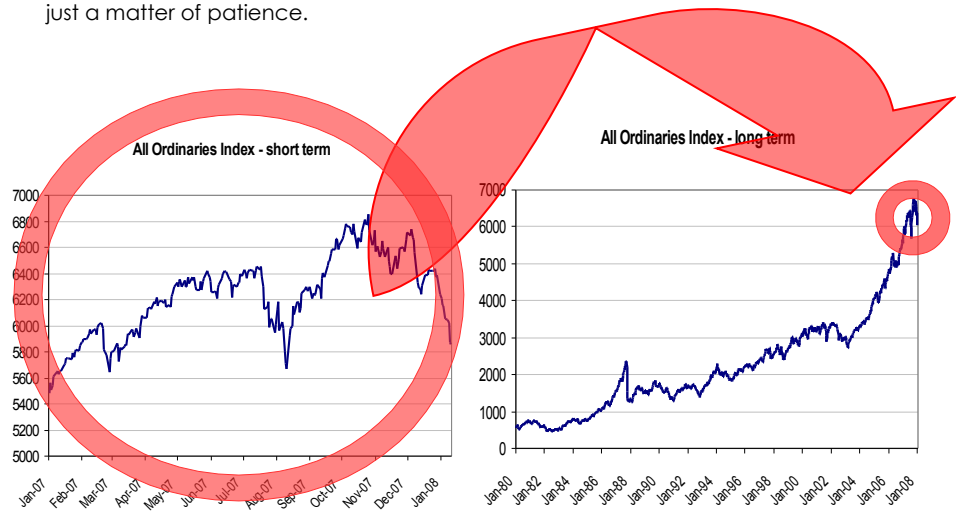
Long term investors

In contrast, long-term investors know that daily - even yearly - market ups and downs are minimised when compared with returns over a longer time.

The market has a very efficient way of transferring wealth from the impatient to the patient, according to investment sage, Warren Buffet.

Long-term investors know that everyday ups and downs don't necessarily reflect the underlying quality of a good investment. In reality, market volatility usually reflects the panic and personal choices of millions of speculators who don't want to wait, or can't wait, to see the full extent of any returns. Long-term investors tend to ride out these short-term fluctuations, allowing the quality investments to shine through and generally produce better returns.

Take a look at the graphs. The short-term volatile returns could make an investor nervous, but the long-term (patient, long-term investor) results show much smoother returns. This isn't because they are different investments, but the long-term results average out all ups and downs to give a more precise reflection of value. Sometimes it's just a matter of patience.



What history tells us

There have been a number of recessions over recent history. Some have been longer in duration than others; however history shows us that there is recovery after recessions. Whilst conditions are different at each recession, markets do improve following economic stimulus, such as a reduction in interest rates, however there is a time delay before this occurs.

What should I do?

Your investment will depend on your personal goals and time frame, so discuss your options with us before making any decisions. If you are concerned about how the recent events have impacted on your investments and/or superannuation, and what steps you should be taking, please contact Christine on 02 9868 3900 to arrange a review of your current portfolio.

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