

## **IMPORTANT NEW FINANCIAL YEAR TAX MEASURES**

Assistant Treasurer Senator Nick Sherry has today outlined several key tax measures for community attention as the current financial year draws to a close.

"The end of June and the start of the new financial year are an important time for tax issues, especially during these challenging financial times."

"Lodging your tax return for 2007-08 so you can qualify for the Nation Building and Jobs Plan tax bonus must be done by June 30, so time is running out."

"The start of the new financial year sees delivery of the second round of income tax cuts promised during the 2007 election which will mean a \$300 tax cut for the new financial year for someone on \$60,000 annual income."

"The Rudd Government is also delivering on its commitment to the education revolution with the education tax refund able to be claimed for the first time in 2008-09 tax returns using receipts for expenses incurred throughout the year. The education tax refund is a major source of assistance for eligible hard-working families with children in primary and secondary schools."

"The complete removal of tax discrimination for same-sex couples takes effect from July 1, including access for the first time to the same tax concessions available to married and opposite-sex de facto couples," the Assistant Treasurer said.

### **Tax Bonus**

Eligible taxpayers must lodge their 2007-08 income tax return *before* 30 June 2009 to receive the tax bonus payment, unless they have already been granted an extension.

### **Tax cuts**

Australian workers receive the second round of tax cuts promised at the 2007 election from July 1, 2009. For example, from July 1, an Australian worker on \$60,000 annual income (close to average full-time ordinary earnings) will be entitled to a tax cut of \$300 over the new financial year.

The tax cuts from July 1, 2009 will also increase the effective tax free threshold for those on low incomes and provide incentives for more individuals, including part-time workers and senior Australians, to participate in the workforce.

The low income tax offset will increase from \$1200 to \$1350. This means the effective tax free threshold for taxpayers eligible for the full low income tax offset will increase from \$14,000 to \$15,000.

The 30 per cent marginal tax threshold will rise from \$34,001 to \$35,001 and the 40 per cent marginal tax rate will be reduced to 38 per cent.

The amount of income a senior Australian eligible for the senior Australians tax offset can earn before they incur an income tax liability will increase to \$29,867 for singles and to \$25,680 for each member of a couple.

## **Small Business**

The Government announced in the Budget that it will provide cash flow relief for small business by reducing PAYG instalments for the 2009-10 income year. It will apply to all taxpayers who pay quarterly PAYG instalments based on their previous year's tax, adjusted by GDP growth (that is clients who have chosen the amount option).

The Small Business and General Business Tax Break bonus tax deduction continues at 50% for small business until 31 December. For all other businesses, the rate drops from 30% to 10% from 1 July to 31 December 2009. Businesses – large and small – that want to claim the Tax Break as part of their 2008-09 tax return need to both invest in an eligible asset and have it installed ready for use prior to 30 June 2009.

## **Education tax refund**

The education tax refund allows eligible parents to claim a refund on some education expenses incurred on or after 1 July 2008 for their children who are in primary or secondary school.

It also allows independent students under the age of 25 who are undertaking primary or secondary school studies to claim a refund on some of their education expenses.

The education tax refund can be claimed in a tax return using receipts for expenses kept throughout the year. If you don't need to lodge a tax return you can claim the refund using the Education Tax Refund for individuals 2009 claim form available on the Tax Office website from 1 July 2009.

## **Same sex couples**

From 1 July 2009, all couples and families are to be treated the same way for tax purposes, regardless of gender.

Same-sex couples will be treated the same way for tax purposes, including the ability to access the same tax concessions available to married and opposite-sex de facto couples. The amount of tax people are liable to pay may depend on whether they are (or were) in a relationship, or whether they have dependent children or relatives.

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19 June, 2009