



**BRM Holdich**



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## July 2011 Newsletter

### Various Rates and Thresholds Effective 1 July 2011

The Tax Office has released various rates and thresholds effective from 1 July 2011, those that have been updated include:

- Reasonable Allowances Determination has been released;
- The Employment Termination Payment Low Rate Cap Amount has increased to \$165,000 from \$160,000;
- The tax free limit for bona fide redundancy payments is now \$8,435 and \$4,218 for each year of completed service.
- The Depreciation Cost Limit and Luxury Car Tax Threshold are both unchanged at \$57,466.
- The Fuel Efficient Car Limit is also unchanged at \$75,375.
- The cents per kilometre rates for 2010/2011 are again unchanged.
- Taxation Ruling TR 2011/2 has been released detailing effective life estimates;
- The maximum contribution base for superannuation guarantee purposes is \$43,820 per quarter, or \$175,280 per year;
- The benchmark interest rate for the 2012 fringe benefits tax year has increased to 7.80%.
- The car parking threshold for the 2012 fringe benefits tax year has increased to \$7.71.
- Reasonable weekly food component amounts have been announced for the 2012 fringe benefits tax year.

The release of the Federal Budget confirmed that there are no changes to the individual income tax rates and thresholds.

However, the introduction of the flood levy and a further amount of the low income tax offset being brought forward have necessitated changes to the calculation of amounts withheld and / or update of payroll software utilised by businesses.

The Federal Budget also confirmed the continuation of the existing concessional and non-concessional superannuation contribution caps.

Further, the Federal Budget included a measure to reform the car fringe benefits calculation statutory formula method by replacing the current statutory rates with a single rate of 20%, this single rate will apply regardless of the annual kilometres travelled. This change will be phased in over four years, impacting contracts from 7:30pm (AEST) on 10 May 2011.

Note also that New South Wales and Northern Territory have made changes to their payroll tax rates and / or annual thresholds.

## **2011 PAYG Payment Summaries and Reportable Employer Superannuation Contributions**

The Tax Office has advised that it has become aware of employers incorrectly including superannuation contributions on employee PAYG Payment Summaries where the contributions are not in fact Reportable Employer Superannuation Contributions.

Common errors are incorrectly including superannuation guarantee contributions and industrial agreement (award) superannuation contributions as Reportable Employer Super Contributions.

Employers who made such mistakes in completing their employees' 2010 PAYG Payment Summaries were recently written to by the Tax Office.

All employers should ensure that contributions are reported correctly, this is important because incorrectly included Reportable Employer Superannuation Contributions may impact on the employee's eligibility for particular income tax concessions and government benefits, and the employee's liability for Medicare Levy Surcharge.

In summary, Reportable Employer Superannuation Contributions are generally those made by an employer on behalf of an employee in excess of that required under the Superannuation Guarantee Legislation, and that the employee had the ability to influence this amount of the contribution being paid. The most common example is therefore superannuation contributions made by an employer under a salary sacrifice arrangement with the employee.

## **New Research & Development Tax Credit Delayed for Another Year**

The proposed new research & development tax credit was to operate from 1 July 2010, replacing the existing research & development tax concession. However, this Legislation has not passed through the Senate.

Therefore, the Federal Government has announced the extension of the existing research & development tax concession until 30 June 2011, with the new research & development tax credit to then apply from 1 July 2011.

Important: This is not advice. Clients should not act solely on the basis of the material contained in this Bulletin. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. The Bulletin is issued as a helpful guide to clients and for their private information. Therefore it should be regarded as confidential and not be made available to any person without our prior approval.