



BRM Holdich



**BRM
Holdich**

**Chartered
Accountants**

March 2012 Quarter Newsletter

Minerals Resource Rent Tax passes the Senate

Note that the Minerals Resource Rent Tax passed the Senate on 19 March 2012, this brings into play a number of other introduced measures that were reliant on the passing of this and the previously passed Carbon Scheme Bills.

These other measures include:

- Increasing the small business immediate asset write off threshold from the existing \$1,000 to \$6,500 (originally proposed as \$5,000 in the 2010 Federal Budget), effective 1 July 2012.
- Allowing small businesses to claim an upfront deduction of \$5,000 for motor vehicles purchased from 1 July 2012, with the balance of the cost depreciated in the single pool.
- Reductions to the company tax rate.
- Phased increase of the superannuation guarantee levy to 12%.
- Abolition of the superannuation guarantee age limit.

Please refer to previous editions of this Newsletter, or contact our office, for further information on these items.

Where small businesses have the flexibility to manage their depreciable asset purchases and requirements consideration should be had to the timing of such purchases in light of the availability of these effectively accelerated depreciation write offs.

Update on Superannuation Changes

Superannuation Contribution Concessional and Non-Concessional Caps

The Federal Government has announced that it intends to pause the indexation of the superannuation concessional contributions cap for one year in the year ended 30 June 2014. This means that this cap will remain at \$25,000 for that year, with the indexation of the cap then occurring for the year ended 30 June 2015, when it is expected to rise to \$30,000.

It was also clarified that this will also result in a pause in the indexation of the concessional contributions cap for individuals aged 50 and over (currently \$50,000), and the non-concessional contributions cap (currently \$150,000).

Further to the concessional contributions cap for individuals aged 50 and over, the Federal Government intends to undertake further consultation on compliance cost issues raised by industry in relation to the higher concessional contributions cap for these individuals.

Superannuation Co-contribution

The Federal Government has announced that it will reduce the matching rate and maximum payment of the voluntary superannuation co-contribution effective from 1 July 2012. This change will result in the matching rate reducing to 50%, and a maximum co-contribution of \$500.

Minimum Pension Payments

The Federal Government has announced that it will extend the current drawdown relief for minimum payment amounts for account-based, allocated and market linked pensions into the year ended 30 June 2013.

This means that the minimum drawdown for these pensions will be 75% of the required amount for the years ended 30 June 2012 and 2013.

Stamp Duty Abolition

The South Australian Government released its 2011-12 Mid Year Budget Review on 16 December 2011. It had previously been announced that stamp duty on unlisted financial products and non-real non-residential conveyances would be abolished from 1 July 2012.

In the 2011-12 Mid Year Budget Review it was announced that:

- Abolition of stamp duty on unlisted financial products will still occur on 1 July 2012; however
- Abolition of stamp duty on non-real non-residential conveyances will be delayed by one year to 1 July 2013.

Transition to Retirement Pensions: Summary

Transition to Retirement (TTR) pensions allow persons who have reached their preservation age (presently 55 years) to access their superannuation without a condition of release being met.

Up to age 60 the TTR pension is assessable income to the member, but the tax payable is reduced by a 15% tax rebate. Further, a salary sacrifice arrangement can be entered into to access associated tax benefits. For members over 60 the TTR is exempt from tax.

Further, in 'pension mode' the superannuation fund's earnings generated by the assets set aside to provide the TTR are exempt from tax in the fund.

Please contact us if you require more information on this strategy.

Private Health Insurance Rebate Changes

The package of Bills to means test the 30% private health insurance rebate has made their way through Parliament.

The changes mean that the amount of rebate available is dependent on an income test for individuals and families (thresholds are doubled for families). The changes will apply from 1 July 2012 and will introduce three new "Private Health Insurance Incentive Tiers". The tiers start to reduce the rebate from \$84,000, phasing it out to nil at \$130,000.

Further, the rate of Medicare Levy Surcharge for individuals and families without private hospital cover will increase based on their level of income. The Surcharge commences at 1% at income of \$84,000, increasing to a maximum of 1.5% when income is over \$130,000.

Congratulations and Best Wishes from us all to Len Frankham

After many years of wonderful service Len Frankham is retiring on 30 March 2012.

Len commenced with the firm over seven years ago and has been an important part of BRM Holdich, especially in the provision of our superannuation related services.

His strong sense of commitment, professionalism and constant good humour have been very positive influences on us and our clients.



Len has contributed greatly to the growth and continuous improvement of the services we provide. His retirement has not been without planning, we are fortunate that he has been a good teacher and our team is ready and able to continue the provision of these superannuation services.

In the first instance, please contact Aaron Read as the need arises and he will ensure that your matters will continue to be promptly and expertly attended to.

Len, from all of us, thank you again for your efforts, we have greatly enjoyed working with you, and all the best for this next exciting phase of your life.

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.