



MAY 2009

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Look out for our Budget Special newsletter later this month. Get your family and friends to register at :

www.manugupta.com.au/newsletters.

For more information or access to previous newsletters visit

www.manugupta.com.au or write to manu@mgarthur.com.au

PLANNINGPOINT

NINE TO-DO's TO IMPROVE YOUR TAX TIME

Tax Time 2009 is just around the corner and before you know, you'd be rushing to lodge your 2009 tax return. So, *NOW* is the time to start preparing. Consider the following planning opportunities to maximise your return and save:

1. EDUCATION TAX OFFSET

Check out how to get back up to 50% refund of money spent on your child's education this year. For more information, please see AboutTax April 2009 at <http://www.manugupta.com.au/newsletters.html> or write to us. Caution - Only families eligible for FTB Part A would be eligible for this refund!

2. SUPER CO-CONTRIBUTION

The only investment in the world which gives you up to 150% return into your superannuation account with NO risk. Simply stated, for each after tax dollar you contribute into your super account, the government co-contributes up to \$1.50.

'Adjusted Taxable Income'* in 2008-09	Govt. Co-contribution for each after tax dollar contributed to your super fund (up to \$1500)
Below \$30,342	\$1.50
\$30,342 - \$60,342	Ranges from \$1.50 to Nil based on your Adjusted Taxable Income*
Above \$60,342	NIL

*Adjusted Taxable Income = Taxable Income + Net Value of Reportable Fringe Benefits + Tax Free Government Pensions and Benefits + Net Rental Property Losses added back + Foreign Income – Child Support.

TIP!

To find out whether you are eligible and what's the appropriate amount to contribute to maximise return, please check the calculator at <http://calculators.ato.gov.au> or simply contact us.

3. MINIMISE CAPITAL GAINS TAX

If you have recently sold an investment and fearing a huge Capital Gains Tax bill to arrive, there are still a few things you could do to reduce this tax bill, eg. salary sacrificing. If you haven't planned this previously with your accountant, you may still have a chance. Time is of essence and you need to act fast.

4. BRING FORWARD EXPENSES

An advise you would have heard tons of times and yet forget when it's time to implement! If there are tax deductible expenses you are thinking to spend in the next few months, this is the time to spend, before 30th June 09.

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5. PREPAY INTEREST AND OTHER EXPENSE

Prepaying tax deductible interests and other tax deductible expenses could increase your tax refund this year. For example, interest on tax deductible loan payable in tax year 2010 is pre-paid in tax year 2009 and claimed in 2009 tax return. Ensure you seek proper advise before doing so as tax rules on prepayments are tricky. This will particularly benefit those expecting a drop of income in tax year 2010 or where one of the spouse may earn less or stop work next year.

TIP! *Consider the benefit of prepaying deductible interest of \$10,000 in tax year 2009 while your income is say taxed at 40%, as compared to in tax year 2010 when due to reduced income, your income may only be taxed at 30%.*

6. APPLY FOR PAYGWV

The Pay As You Go Withholding Variation application, commonly known as 221D form. For those who have negatively geared investments, you may lodge this application to receive the tax benefit of negative gearing in form of increased salary, instead of a lump sum at the end of the year through your tax lodgement. The time to apply for 2009-2010 tax year PAYGWV is NOW!

7. GET SET BEFORE YOU GO

The good old advise to prepare early. Get your work related receipts in order. Check your bank and credit card statements. They can be used as proof of expenditure. Make a summary of items you think you can claim. If you are unsure, still include them and ask your accountant at taxtime. Don't forget to include all sources of income and capital gains in your tax return. Remember big brother is watching!

8. SALARY SACRIFICE

Salary Sacrifice into super can be used as an effective strategy to save tax and improve eligibility for some Centrelink benefits and tax offsets this year. It is all the more effective if you are approaching pension age. If you are worried about loosing money in super, you can always ask your super fund to allocate your fund in risk free investments or alternatively self manage your super fund.

9. CONSIDER AUDIT INSURANCE

With ATO increasing its review and audit activities it is but natural that you would be asked a question or clarification sometime. For a small cost, audit insurance could cover the fees of your accountant and tax solicitors (which could run in hundreds of dollars) and ensure a fair result. What's more - your yearly premium are tax deductible!

TIP! *For more information or advise on whether any of the above suit your circumstances, talk to your accountant or contact us. Remember time is of essence.*

TIP!

Should I spend money on something which is tax deductible? Would I get all of it back in tax? Is it better to claim it in tax or from employer?

Tax system only refunds the relevant applicable tax rate of your tax deductible expense. So if your tax rate is 30% and you spend \$100 tax deductible amount, you get only \$30 back (and not all of it!). So watch what you spend. Similarly it would be better to claim work related expense from work since that would get you a dollar for dollar.

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