



SMITH COFFEY

VANTAGE Points

Special Edition Tax Planning 2009

The 2009 Federal Budget will have a significant impact on your existing and future tax and financial planning strategies. In particular, the changes to superannuation mean it is critical that you review your current superannuation strategy, regardless of whether you are in the accumulation or pension stage.

Superannuation — Dramatic Changes



From 2009/10, the cap on concessional superannuation contributions will be:

- Under Age 50: \$25,000 (reduced from \$50,000)
- Over Age 50: \$50,000 (reduced from \$100,000 and this cap ceases to exist after the 2011/12 financial year)

The Government Superannuation Co-Contribution matching rate will be reduced from 150% to 100% between 2009/10 and 2011/12.

Unprofitable Business Losses No Longer Deductible



Taxpayers with adjusted taxable incomes over \$250,000 may no longer be able to deduct losses from unprofitable business activities against their other income.

Instead, the losses may be quarantined to be offset against future profits from that business activity. We will need to wait until Legislation is drafted to fully understand how these changes will be applied.

Medicare Levy Surcharge



The Medicare Levy Surcharge will be increased from 1% to 1.5% for not taking out Private Health Insurance, once income exceeds the threshold amounts. From 1 July 2009, the income definitions will include taxable income plus reportable fringe benefits, plus salary sacrifice and personal deductible contributions, plus net investment losses.

Private Health Insurance

The existing 30% rebate of Private Health Insurance premiums will be means tested, phasing out completely for singles with income over \$120,000 or families with incomes over \$240,000.

If you have not already reviewed your financial position, there is still time to take action prior to 30 June. Phone your Consultant on 9388 2833

Employee Share Schemes

The current option to defer tax on employee share schemes will be abolished and the \$1,000 exemption will be means tested.

Small Business Tax Break



The proposed measure for the Small Business Tax Break will be increased to 50% from 30%. This measure is available to small businesses who acquire new assets costing \$1,000 or more and purchased after 13 December 2008 and before 31 December 2009, providing an additional tax deduction of 50% of the cost of the asset. **For a \$50,000 asset, this could result in a bonus tax deduction of \$25,000** (equivalent tax saving of up to \$11,625). A small business is one with a turnover less than \$2 million. Eligible assets include new motor vehicles used predominantly for business use. All other businesses continue to receive the proposed tax break at the existing rate of 30% for eligible assets contracted before 30 June 2009.



Contact your Smith Coffey consultant on 9388 2833 prior to the purchase to ensure assets are eligible for the Tax Break

Account Based Pensions

The minimum payment amounts for account-based pensions will again be halved for 2009/10.

Year End Tax Opportunities



- Deferring income to the following financial year.
 - Consider bringing forward deductible expenditure but beware prepayment rules.
 - In certain circumstances, deductions for prepaid expenses must be claimed over the period to which the expenditure relates, rather than in the year the expense is incurred – call your Smith Coffey Consultant prior to prepaying expenses such as Medical Defence.
- Medical companies are required to pay out the majority of profit in the form of wages or additional superannuation during the income year. Call your Smith Coffey Consultant to organise practice projections and taxation estimates.



For all enquiries call (08) 93882833

Smith Coffey Financial
Management Pty Ltd
A.C.N. 008 812 226
As trustee for the Smith
Coffey Trust
A.B.N. 28 754 975 431

Smith Coffey Pty Ltd
as trustee of the Bon Unit
Trust A.C.N. 008 819 458
A.B.N. 72 940 948 949
AFSL No: 237 972
FOS Membership Number
3557

Smith Coffey Securities Pty Ltd
A.C.N. 008 812 208
A.B.N. 19 008 812 208
AFSL No: 237 971
FOS Membership Number
1296

Smith Coffey Finance
Solutions Pty Ltd
A.C.N. 090 885 857
Licensed Finance Broker
(Lic. FB 1285)
A.B.N. 9909 088 5957

20 Nicholson Road Subiaco WA 6008
PO Box 268 Subiaco WA 6904

Telephone (08) 9388 2833
Facsimile (08) 9388 1566

Email: smith.coffey@smithcoffey.com.au

IMPORTANT NOTICE: The Smith Coffey entities distributing this document and each of their respective directors, officers and agents ("Smith Coffey"), believe that the information contained in this document is correct and that any estimates, opinions, conclusions or recommendations contained in this document are reasonably held or made at the time of compilation. However, no warranty is made to the accuracy or reliability of any estimates, opinions or conclusions, recommendations (which may change without notice) or other information contained in this document and to the maximum extent permitted by law. Smith Coffey disclaims all liability and responsibility for any direct or indirect loss or damage which may be suffered by any recipient through relying on anything contained in or omitted from this document.