

what's happened?

On Sunday 2 May, the Government responded to reform recommendations provided by the Henry Review on the Australian Taxation System.

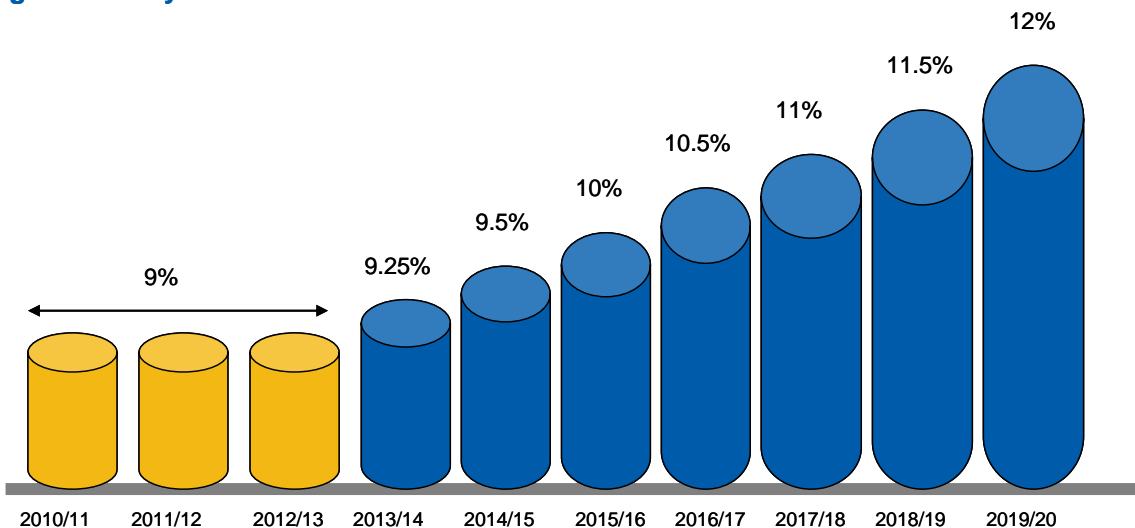
Only a handful of the 138 recommendations were adopted, with a few new ones thrown in.

changes to superannuation

- ~ Superannuation's position as the major retirement savings vehicle is strengthened.
- ~ By 2020 compulsory superannuation contributions by employers (Superannuation Guarantee) will rise to 12% (from current 9%) through a series of staggered increases starting in 2013/14 income year.

12%

**Superannuation
guarantee by 2020**



- ~ Starting in 2013/14 there will be an extension of the Superannuation Guarantee age limit from 70 to 75. This means that people aged 70 to 74 will be eligible to have Superannuation Guarantee payments made on their behalf.
- ~ Low income earners (under \$37,000 p.a.) will receive a contribution up to \$500 from the Government each year. This in effect cancels out contributions tax paid on Superannuation Guarantee contributions. This measure applies to contributions made from 1 July 2012.
- ~ If you are 50 and have less than \$500,000 in superannuation you can contribute up to \$50,000 per year. This is an extension of the contribution cap that expires 30 June 2012.

company tax changes announced affecting small businesses

- ~ Reduction in the company tax rate from 30% to 28% by 2014/15 tax year.
- ~ The lower rate applies to small businesses from 2012/13 financial year
- ~ From 1 July 2012, eligible small businesses will be able to write off assets that are worth less than \$5000 (currently \$1000).
- ~ Enabling small businesses to calculate all other depreciation deductions by allocating all depreciating assets to a single 'pool'. The pool will be subject to a 30% write off.

resource super profits tax

- ~ There will be a change to the way resource companies are taxed from 1 July 2012. The Government is introducing a "Resource Super Profits Tax" (RSPT) which means that large resource companies will pay 40% tax on profits.
- ~ The RSPT will replace the crude oil excise and operate in parallel with existing State and Territory royalty regimes

what it means for you

The Government has endorsed superannuation as the primary vehicle for retirement savings.

We encourage you to discuss your own superannuation strategies with your adviser. They can explore ways you can benefit from new opportunities that have emerged and review your current strategies in light of the upcoming Federal Budget.