

PALMER & ASSOCIATES

CERTIFIED PRACTISING ACCOUNTANTS

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We are very happy to welcome you to the first edition of our Palmer & Associates Newsletter. It is our aim to help keep you informed.

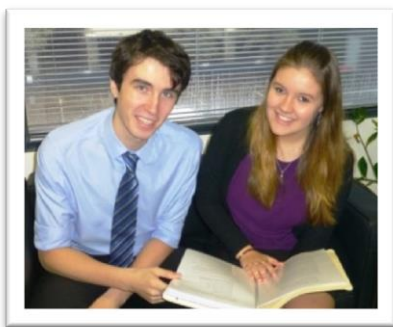
As you are aware, our new firm was established in March and even though we have a new name and address, the office is full of familiar faces as well as a couple of new ones to welcome you.

Our philosophy at Palmer & Associates is to provide you with forward thinking accounting to assist you in achieving your personal, business and retirement goals. Our team will help you to be proactive rather than reactive in relation to all your taxation matters.

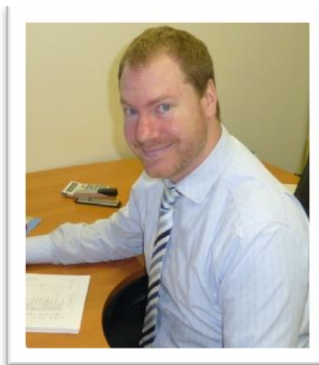
In the following pages we have compiled some general information for you in relation to the recent Federal Budget. Please do not hesitate to contact us if you require further information regarding the content of this newsletter and how it may impact on you.

Regards

Lloyd & the Team



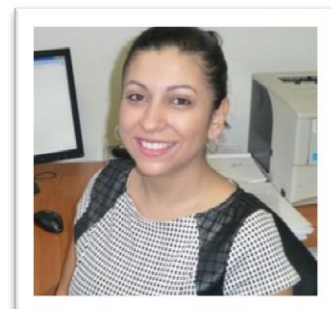
Sam Palmer & Gemma Smith



Matthew Henshall



Lloyd Palmer



Natasha Dawson



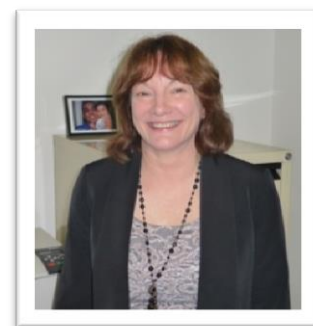
Lissa Marshall



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Katie Capel



Linda Van Dinter

2014 / 2015 FEDERAL BUDGET UPDATE

Federal Treasurer Joe Hockey has handed down the Government's first budget, confirming a number of previously announced measures.

These included the introduction of a Temporary Budget Repair Levy on high income earners, an increase in the pension age to 70, and the option to withdraw excess non-concessional contributions from superannuation.

There are few people who won't be directly impacted by some of the measures announced. Having said that, it is important to note the Budget announcements are still only proposed at this stage and need to be legislated.

So what does it all mean for you? We have summarized some of the changes we feel may be relevant to you in this newsletter.

Temporary Budget Repair Levy

From 1 July 2014, a levy of 2% will apply to an individual's taxable income over \$180,000 per annum for three years. Below is an indication of the amount of the levy for people on different incomes:

Taxable Income	Temporary Budget Repair Levy
\$200,000	\$400
\$250,000	\$1400
\$300,000	\$2,400

It's also important to note that while this Levy is proposed to apply to high income earners, it could also potentially apply to people with income below \$180,000 where they:

- Sell an asset and realise capital gains, or
- Take a superannuation lump sum benefit consisting of a taxable component between the age of 55 and 59, as this amount will be included in the taxpayer's taxable income and could push them over the \$180,000 threshold.

Therefore, taxpayers considering selling assets or taking superannuation lump sums between 1 July 2014 and 30 June 2017 may need to take into account any additional levy they incur as a result.

Things to note:

Fuel Excise Increase -Indexation of the fuel excise will increase in line with inflation twice a year starting on 1 August 2014.

GP Co-Payment – Those who are bulk billed when they visit a general practitioner or get pathology or imaging services will pay \$7 every time they go, capped at 10 visits for children under 16 or concession card holders. Those who pay for these services will now pay \$5 more commencing July 2015.

Pension Age Raised -The pension entitlement age will be increased to 70 from 2035. While the current pension age for both men and women is 65, it has already been legislated that from 1 July 2017, the qualifying age for the Age Pension will increase from 65 years to 65.5 years for both men and women. The qualifying age will then rise by six months every two years, reaching 67 by 1 July 2023.

Increase in the Medicare Levy – from 1.5% to 2%.

Increase of the Medicare Levy Low-Income thresholds for families -The levy will increase to \$34,367 (from \$33,693 in 2012-13) for couples with no children and the additional amount of threshold for each dependent child or student will be increased to \$3,156. There will be no increase for individuals (\$20,542) and pensioners (\$32,279 individual/\$46,000 married or sole parent) will remain at 2012-13 levels.

Fringe Benefits Tax Rate Increase

Tying in with the 2% debt tax, the Government has announced that the FBT rate will increase from 47% to 49% from 1 April 2015 until 31 March 2017.

Superannuation....

Superannuation Guarantee rate increase rephasing

The Government has announced that the Superannuation Guarantee rate will increase from 9.25% to 9.5% from 1 July 2014. However, the Superannuation Guarantee will stay at 9.5% until 30 June 2018 before it will increase gradually each financial year by 0.5% until it reaches 12% on 1 July 2022.

Year	Superannuation Guarantee Charge %
1 July 2013 – 30 June 2014	9.25%
1 July 2014 – 30 June 2018	9.5%
1 July 2018 – 30 June 2019	10%
1 July 2019 – 30 June 2020	10.5%
1 July 2020 – 30 June 2021	11%
1 July 2021 – 30 June 2022	11.5%
1 July 2022 onwards	12%

Managing Excess Contributions

As previously announced by the Government, for any excess contributions made after 1 July 2013 which breach the non-concessional contributions cap, the Government will allow individuals to withdraw those excess contributions and associated earnings.

If an individual chooses this option, no excess contributions tax will be payable and any related earnings will be taxed at the individual's marginal tax rate.

Individuals who leave their excess contributions in the fund will continue to be taxed on these contributions at the top marginal rate.

Concessional contribution cap changes. From 1 July 2014, the concessional contribution cap for taxpayers up to the age of 50 is \$30,000. And for those 50 and above, the cap is \$35,000.

Non-concessional contribution cap changes. The non-concessional contributions cap from 1 July 2014 is \$180,000 (up from \$150,000) or \$540,000 over 3 years.

DID YOU KNOW.... There are new SMSF trustee penalties. From 1 July 2014 the ATO has greater powers to enforce the superannuation rules by levying financial penalties directly on trustees.

Changes to the Commonwealth Seniors Health Card

The Government has announced a number of changes to tighten eligibility for the Commonwealth Seniors Health Card (CSHC) the CSHC allows self-funded retirees to gain access to medicines listed on the Pharmaceuticals Benefits Scheme at a concessional rate, as well as other concessions.

Currently to qualify for a CSHC, an eligible person must have an adjusted taxable income (ATI) of \$50,000 (singles) or \$80,000 (couples, combined)

The Government has proposed the following changes to the CSHC:

- Annual indexation of the income thresholds to Consumer Price Index from September 2014.
- From 1 January 2015, the deemed income from account based pensions (ABPs) will be included in the CSHC income test. This assessment of ABPs will be the same for CSHC holders as for Age Pensioners. However, grandfathering applies to holders of a CSHC on 1 January 2015 with an ABP commenced prior to that date.
- Holders of the CSHC will cease to receive the Seniors Supplement beyond June 2014. The Seniors Supplement is currently \$876.20 pa (singles) or \$660.40 pa (couples, each).

Our aim is to provide relevant information to inform and help create opportunities for our clients. Please note: many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation of the information's applicability to their particular circumstances. If you require further information regarding the contents of this newsletter please do not hesitate to contact our office.