

## TAXATION

### Announced tax cuts from 1 July 2009

In accordance with the tax cuts announced in last year's Budget, the new personal income tax thresholds for the 2009- 2010 year will be as follows:

Income threshold	Tax rate
\$0 - \$6,000	0%
\$6,001 - \$35,000	15%
\$35,001 - \$80,000	30%
\$80,001 - \$180,000	38%
\$180,000+	45%

The new personal tax rates differ from the tax rates for 2008-2009 in that the income threshold for the 30% tax rate has been increased from \$34,000 to \$35,000 and the 40% tax rate has been reduced to 38%.

**Contact Ulton Partner, Kylie McIntosh on (07) 4154 0425 or email [kmcintosh@ulton.net](mailto:kmcintosh@ulton.net) for further information.**

### Private Health Insurance Rebate – Incentive Tiers

Effective 1 July 2010 there will be three new tiers for applying a Private Health Insurance Rebate.

Existing arrangements – a rebate of 30% of premiums – will remain unchanged for singles with less than \$75,000 per annum and families with incomes of less than \$150,000 per annum.

	Under age 65	65 to under 70	70+
Singles income < \$75,000 or families < \$150,000	30%	35%	40%
<b>Tier 1</b>			
Singles income > \$75,000 or families > \$150,000	20%	25%	30%
<b>Tier 2</b>			
Singles income > \$90,000 or families income > \$180,000	10%	15%	20%
<b>Tier 3</b>			
Singles income > \$120,000 or families income > \$240,000	No rebate. 1.5% surcharge for not taking out private health insurance (up from 1%)		

Income in this context refers to income for Medicare Levy Surcharge purposes. The income thresholds will continue to be indexed to wages and will also be adjusted for families with more than one child in the same manner as existing arrangements for the surcharge.

*From 1 July 2009, the income definition for Medicare Levy Surcharge purposes will be taxable income plus reportable fringe benefits plus salary sacrifice and personal deductible contributions plus net investment losses less the first \$145,000 of taxed superannuation lump sums for those aged 55 to 59. **In other words, high income earners won't be able to salary sacrifice their way into the rebate or out of the Medicare Levy surcharge.***

### **Increasing the Medicare levy low-income thresholds**

The thresholds will increase to \$17,794 for individuals (up from \$17,309) and \$30,025 for individuals in families (up from \$29,207) from 1 July 2008. The additional amount for each dependent child will increase from \$2,682 to \$2,757.

The Medicare levy threshold for pensioners below Age Pension age will increase to \$25,299 ensuring pensioners below Age Pension age do not pay Medicare levy when they don't have a tax liability.

*Source: Challenger 2009-2010 Federal Budget Report, and Colonial First State First Tech Budget Briefing May 2009*

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