

## Article for 'Tax Time 2010'

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From 1 July 2009 there have been changes to the various income tests used to means test your entitlements to some rebates, tax concessions and Medicare levy surcharge as well as the repayments some students are required to make to the Higher Education Loan Program. This new test will be called your 'Adjusted Taxable Income' (ATI).

Salary sacrificed amounts paid into superannuation and losses from rental properties are now part of the revised ATI test and may result in fewer concessions being available to you this year. On this year's Payment Summary you will find that your employer will report the amount that you salary sacrificed into superannuation. This will also help the Tax Office determine your ATI. Basically, the ATO and some other agencies are making it 'harder to beat the system' and you may find that some tax concessions and other benefits will be reduced or eliminated.

Foreign earnings may not seem too interesting to many readers, but we all know friends or family who are currently working overseas. This may be for a short period, a working holiday or maybe doing casual work while backpacking. The old tax exemption rules concerning foreign earnings have changed dramatically and these people will need the help of a Registered Tax Agent.

In the Budget the government has again promised to simplify the end of year tax return. Interestingly, they propose to achieve this by removing a number of allowable deductions and rebates. That sounds simple. There is also a lot of talk about not needing to do a tax return or making some parts of a tax return optional in the future. The fact is that this has been on the agenda for over 20 years. At this stage you still need to do a tax return and even if the Budget proposals come to fruition it may still be to your advantage to continue lodging tax returns.

Don't go counting on all Budget announcements being enacted. Much of the hype on Budget night relies on the introduction of the new super tax on mining companies. If the new mining tax fails to proceed then many of the Budget announcements will need to be reviewed.

One thing is for sure. There will be a growth in ATO audit activity over the next couple of years. The ATO is very good at collecting money and the government wants to get back into surplus quickly.

Some people think that ringing the ATO will provide them with the answers they need. The good thing about ringing the ATO is that if you ring them enough times you will eventually get the answer you wanted to hear. An easier and more accurate solution is to ring your accountant and get the right answer the first time.

As always, further clarification on the above issues should be sought from your Registered Tax Agent.