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TAX AMENDMENTS 2009 - KEY CHANGES

New style TaxPack for 2009

- Improved the TaxPack using plain English, easier content and a better structure.

Eliminated Retirees TaxPack (NAT 2596) and Tax return for retirees (NAT 2597)

Education tax refund

- Ability to claim a refund of up to 50% of eligible education expenses incurred in the 2008–09 income year if both of the following apply:
    - you had a child at primary or secondary school or
    - you were an independent student you met the eligibility requirements.

First home savers account (FHSA)

- To help Australians aged 18+ to save for their first home, the government will pay a 17% contribution on up to $5,000 (indexed) of personal FHSA contributions made each year.

National rental affordability scheme (NRAS) to encourage large-scale investment in affordable housing.

- The scheme offers incentives to those providing new dwellings if the premises are rented to low and moderate income households at 20% below market rates.
- You can claim a refundable tax offset where they have a certificate from the Housing Secretary from the Department of Families, Housing, Community Services and Indigenous Affairs.

Removal of the Family tax benefit (FTB)

- From 1 July 2009 the Tax Office will not accept any family tax benefit claims, including current and earlier year claims. We will not produce FTB tax claim forms for 2009 and later years.
- You must claim FTB through the Family Assistance Office for the year starting 1 July 2008 and future years.

Foreign residents receiving distributions from Australian managed investment trusts

- New tax and withholding arrangements for Australian managed investment trust distributions to foreign residents apply for income years starting on or after 1 July 2008.

Terminal medical condition

- A super lump sum member benefit paid to a member with a 'terminal medical condition' is tax free and should not be declared in the tax return.
- Benefits transferred to another fund are not roll-over super benefits and are treated as a personal contribution for the purposes of the non-concessional contribution cap.

Foreign losses and foreign income tax offsets

- New rules for foreign income tax and losses apply for the 2008–09 and later income years.
- Quarantining of foreign tax loses
- New rules mean you no longer quarantine many foreign tax losses. The changes start in the first income year starting on or after 1 July 2008.

Super – drawdown relief for retirees with account-based pensions 2008–09

- The Superannuation Industry (Supervision) Regulations 1994 (SISR) have been amended to halve the minimum payment amounts for account-based pensions for the 2008–09 income year.
- The regulations reduce the minimum payment amounts for account-based, allocated and market-linked (term allocated) pensions by 50%.

Small business and general tax break

- Tax Laws Amendment (Small Business and General Business Tax Break) Act 2009 has introduced an investment tax break for Australian businesses. Broadly, the tax break provides an additional tax deduction for the cost of eligible new tangible assets:
    - that will be used in a business
    - that a deduction is available for under the core provisions of Division 40 of the Income Tax Assessment Act 1997.
- The tax break is:
    - 50% for small business entities
    - 30% or 10% for all other business entities
- In order to claim the tax break, certain conditions must be satisfied – for example, the eligible asset must be acquired and first used, or installed ready for use within a specified timeframe.

Medicare levy low-income thresholds

- This will be increased to $17,794 for individuals and $30,025 for families.
- The threshold increases by $2,757 for each dependent child or student.
- For pensioners below the Age Pension age the threshold will increase to $25,299.
- These changes are to apply from the 2008–09 income year. At the time of publishing, the legislation implementing these changes has not been passed.

Employee share schemes

- The election procedures have changed so that a taxpayer who wishes to make an election to be assessed under the taxed-upfront concession on qualifying shares, rights, options or stapled securities, must in their 2008-09 income tax return:
    - make the election, and
    - include the value of the discount
- If the value of the discount is $1,000 or less, and the taxpayer is eligible for the $1,000 exemption available under the taxed-upfront concession, the taxpayer will be taken to have made the election.
- If the $1,000 exemption does not apply, or the value of the discount is more than $1,000, taxpayers will be taken to have chosen to be taxed under the tax-deferred option if:
    - they do not make an election in the income tax return in the year the shares or rights are acquired, and
    - they do not include an amount in their income tax return in the year the shares or rights are acquired.

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