

# **TAXATION GUIDE 2009**



## **A SERVICE FOR CEPU MEMBERS PROVIDED BY THE POSTAL AND TELECOMMUNICATIONS BRANCH VICTORIA**

This publication has been prepared to assist members in complying with income tax laws, particularly in relation to the deductibility of work related expense claims.

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# RULES FOR CLAIMING EXPENSES

## *Taxpayers must get written evidence of:*

- Work expenses
- Business travel
- Car expenses

## *Written evidence under the specific substantiation rules is not needed for:*

- Work expenses that total \$300 or less (laundry expenses are counted but not travel or meal allowance expenses, or expenses covered by an award transport payment)
- Laundry expenses, if they total \$150 or less.
- Sunglasses, sun hats and sunscreens up to \$85

## EMPLOYMENT RELATED EXPENSE

*These are expenses necessarily incurred in earning salary or wages. Common examples of employment related expenses are:*

- Subscriptions to trade and technical journals
- Union dues
- Trade associations
- Protective clothing/maintenance thereof/sun protection. For sun protection expenses to be claimed you must prove that you are required to work outdoors (eg posties, drivers etc)
- Safety or special footwear
- Cost of tools of trade

*For documentary evidence to be acceptable, it must be a receipt, invoice or similar document. The document must state all of the following details:*

- Date of document
- Name of supplier
- Date of expense
- Amount
- Nature of goods or services supplied

Documentary evidence must be retained for five years from the date of lodgment of the return in which the claims are made. This period is extended if at the end of five years the taxpayer is involved in a tax dispute with the Commissioner. The requirement to obtain documentary evidence does not apply where the taxpayer claims for expenses which individually do not exceed \$10 and which in total do not exceed \$200 for the year. In such cases, it is sufficient to keep a detailed diary of expenses.

## TRADE AND TECHNICAL JOURNALS

*These are deductible if you need to purchase them to keep up to date in the trade so that you can efficiently carry out the conditions of your employment.*

## UNION DUES

***Union dues are a tax deduction and should be claimed.***

As a guide, the relevant amount for members who paid their dues via direct debit during the last 12 months are as follows:

	Postal	Telecommunications
Adult Full Time (25 hours or more)	\$402	\$429
Juniors/Part Time (15 to 25 hours)	\$201	\$214.50
Part Time (less than 15 hours a week)	\$101.50	\$107.25

***Remember annual payments attracted a 10% discount so members paying in that manner should claim the above amounts less 10%.***

Members paying by credit card, direct debit or on account have been advised separately. Members paying by payroll deduction will have their union fees shown on their Group Certificates.

## TRADE ASSOCIATIONS

***Subscriptions can also be claimed in full provided that the association's activities are relevant and incidental to the production of the taxpayer's income.***

Should this condition not be met, then you are limited to a maximum claim of \$42.

## PROTECTIVE CLOTHING AND UNIFORMS

***Many of you receive allowances for shoes, pantyhose etc.***

If these allowances are shown on your PAYG payment summary (group certificate) then they must be included as taxable income. However, it does not follow that you are entitled to an offsetting tax deduction. To qualify for a tax deduction you must show that the expenditure on these items is relevant and incidental to the actual activities performed by you in gaining or producing your assessable income. For the claim to be successful, the clothing worn must form a distinctive part of a compulsory uniform of the employer's business, and the employer's uniform policy must stipulate the characteristics of the shoes, socks and pantyhose that qualify them as being a distinctive part of a compulsory uniform.

Wearing of the uniform must also be strictly enforced, with breaches of that uniform policy giving rise to disciplinary action. No claim for shoes, socks or pantyhose is allowed if those items are a part of a non compulsory uniform or as a part of a set of clothes not reserved solely for work.

## LAUNDRY OF UNIFORM/PROTECTIVE CLOTHING:

***You can now claim up to \$150 per annum without that need to provide receipts or other documentary evidence to substantiate claims.***

For claims in excess of \$150, you must be able to produce receipts and other documentary evidence to substantiate the entire claim. The Taxation Office accepts as reasonable the following rates:

- \$1.00 per load of washing made up of only protective clothing or uniforms (includes washing, drying and ironing).
- \$0.50 per load of washing if other laundry items are included.

## SHOES/SAFETY SHOES

***If not supplied by the employer, cost of these can be claimed.*** This claim can be made for replacement as well as repairs. (Also refer comments above).

## TOOLS OF TRADE

***Expenditure incurred in replacing and repairing tools can be claimed.*** In relation to larger or more expensive items, part of the original cost should generally be claimed by way of depreciation each year over the life of the tools.

# OTHER DEDUCTIONS WHICH APPLY TO EMPLOYMENT RELATED EXPENSES

## PREMIUMS FOR SICKNESS/ACCIDENT INSURANCE

Where the benefits under the policy are for the replacement or loss of income, they are a deductible expense even though no benefits are actually received in the year to which the premium related.

## TRAVEL EXPENSES

***Expenses incurred in traveling which is incidental and relevant to an employee's earning of his or her income are deductible.*** (Travel from home to work and back again is not deductible).

Travel expenses, depending on the circumstances will cover transportation costs (i.e. air, bus, train or taxi fares, car rental or the appropriate portion of motor vehicle expenses) as well as the cost of meals and lodgings.

The cost of traveling directly between two or more different places of work or business is also deductible provided that travel is undertaken for the purpose of engaging in income producing activities (eg from full time occupation and part time employment).

Substantiation requirements are that receipts are essential with regard to meals, lodgings and fares. As well, a travel diary or similar document should be maintained where the taxpayer is away from his or her ordinary residence for six or more nights in a row.

Details required are:

- (a) Date
- (b) place of activity
- (c) time activity commenced
- (d) duration of activity
- (e) nature of activity.

## MOTOR VEHICLE EXPENSES

***Generally four methods of claiming are available:***

1. Business use exceeding 5000kms
  - Log book required to be written up for a period of 12 weeks in first year, and then every 5 years or when reassessment of travel pattern is necessary
  - Odometer records required
  - Documentary evidence of expenses
2. One third of total car expenses method (Provided business use is in excess of 5000kms)
  - Documentary evidence of expenses required
  - Log book records not required
3. 12% of original value  
(No substantiation required, provided business use is in excess of 5000kms)
4. Business use of 5000kms or less  
Substantiation records not relevant. Number of business kilometers based on detailed and reasonable estimate. Claims can be made on a set rate per kilometer.

**Rates of claim are:**

Ordinary Cars (Engine)	Rotary-driven cars (Engine)	Rate (cents) per km
Up to 1600cc	up to 800cc	63c
1601 to 2600cc	801 to 1300cc	74c
2601cc & over	1301cc & over	75c

**SELF EDUCATION EXPENSES**

***Tuition fees, text books, travel and living expenses incurred in attending conferences, seminar or educational institutions may be deductible in full where the expenses have the necessary connection with the production of the taxpayer's assessable income.***

Where the taxpayer is undertaking a self-education course provided by a school, college, university or other place of education and is undertaken by the taxpayer to gain qualifications for use in the carrying on of a profession, business or trade or in the course of any employment, the claims available are as above, but the first \$250 is non-deductible.

The higher education contribution is not an allowable deduction. This is a complex area and members who have a self-education claim should seek professional advice.

**ALLOWANCES****OVERTIME MEAL ALLOWANCE**

***This allowance may be deductible without the requirement for documentary evidence, provided that it does not exceed the amount of the allowance and the allowance received is considered reasonable by the Commissioner.*** (Currently \$23.60)

An overtime meal allowance means one which is paid under the law or industrial award for the purpose of an employee to purchase food and drink at meal or rest breaks while working overtime.

**TRAVEL ALLOWANCES**

***No deduction is generally allowable for expenses incurred by an employee for the cost of food, drink, accommodation and incidentals for which a travel allowance is paid, unless written evidence is obtained and travel records (such as travel diary) are kept containing particulars of each activity undertaken on the relevant travel.***

An exception to this rule is: where a travel allowance is received relating to travel in Australia and involves an overnight stay.

If the Commissioner considers the amount of the allowances reasonable, the expenses incurred (cost of food, drink, accommodation, travel, etc) may be deductible notwithstanding evidence or diary, provided they do not exceed the amount of the allowance, otherwise the whole claim must be substantiated. (Also refer to comments under "Travel expenses" above).

## OTHER DEDUCTIBLE ITEMS

### PREPARATION OF INCOME TAX RETURN

*Costs associated with the preparation of an income tax return, in objecting or appealing against an assessment or in obtaining professional tax advice are deductible, provided they are paid to a registered Tax agent.*

### GIFTS

*Donations of \$2 or more made to approved charities are deductible.*

Membership subscriptions or contributions to registered political parties and to independent Candidates and Members are also deductible under the gifting rules limited to \$1500 per income year.

## TAX REBATES AND OFFSETS

### DEPENDANTS' REBATE

A resident taxpayer who contributes to the maintenance of a dependant may be entitled to a rebate of tax not greater than the maximum prescribed for each class of dependant (see below) and reduced by any parenting allowance payments received by the spouse.

The dependant for whom the rebate is claimed must also be a resident. The rebate may be claimed only in respect of a dependant spouse, legal or de-facto, child-housekeeper, invalid relative or parent of the taxpayer or the taxpayer's spouse.

Where the dependant derives "separate net income", the maximum rebate is reduced by \$1 for every \$4 by which the separate net income exceeds \$282.

<b>Class of dependant</b>	<b>Max. Rebate</b>	<b>Rebate cuts out where separate income exceeds:</b>
<b>Spouse (legal, de facto)</b>		
<i>With dependent children or students under 25 years of age</i>	\$2,508	\$10,313
<i>Without dependent children or students under 25 years of age</i>	\$2,159	\$ 8,917
<i>Child-housekeeper with dependent children or students under 25 years of age</i>	\$2,108	---
<i>Without dependent children or students under 25 years of age</i>	\$1,759	---
<i>Invalid relative</i>	\$792	\$3,448
<i>Parent of the taxpayer or of the taxpayer's legal or de-facto spouse</i>	\$1,583	\$6,614
<b>Note:</b> for children and students under 25 to be considered dependants, their separate net income must not exceed \$1,785		
* Entitlements to the spouse or child-housekeeper rebate is denied or reduced for periods when your spouse is eligible for family tax benefit part B.		

A rebate is not allowed for a dependant who resides overseas, except where the dependant is temporarily overseas. A dependant rebate may be claimed for the housekeeper provided she/he is engaged in full time caring for children, invalid spouse or pensioner.

A dependant rebate may be claimed for a divorced wife subject to her separate net income.

**LOW INCOME REBATE**

*A rebate of \$1,200 may be claimed by a taxpayer whose income for the year is less than \$30,000. The rebate is reduced by four cents for every \$1.00, by which the taxpayer's taxable income exceeds \$60,000.*

This rebate will be calculated automatically by the tax office.

**FIRST CHILD TAX OFFSET (“BABY BONUS”)**

*The first child tax offset (also known as the “baby bonus”) applied to the first child for whom legal responsibility is taken between 1 July 2001 and 30 June 2004.*

From 1 July 2004, the first child tax offset was phased out, with a deadline for claims set at 30 June 2014.

The offset was designed to compensate for the loss of income that generally follows the arrival of a first child. In its simplest form, the offset enables some or all of the tax paid by the mother in the income year prior to the birth to be refunded to her in installments over the next five years.

The maximum annual offset is \$2,500, but this is reduced in any particular income year where the taxpayer has taxable income. A minimum annual offset of \$500 applies if the taxable income for the year does not exceed \$25,000. Offsets are also reduced to reflect part-year entitlements. The entitlement to an offset in any particular year can be transferred to the taxpayer's spouse.

The offset is a 'refundable' tax offset, which means that it is not limited to the amount of tax otherwise payable.

Claims for the offset should be made through the taxation office either by lodging a claim in your income tax return or, separately, if no return is required to be lodged.

**NOTIONAL REBATE FOR SOLE PARENT**

*Previously, a rebate could be claimed by a resident taxpayer who had the sole care of a dependent child under 21 or a student for whom a dependant's rebate could have been claimed if those rebates had not been abolished.*

The sole parent rebate has now been replaced by family tax benefit (FTB) Part B. As a result, taxpayers are not able to claim the rebate.

However, the rebate is notionally retained for the purpose of calculating the zone and overseas forces rebates and determining entitlement to the Medicare levy family income threshold. The maximum notional sole parent rebate for 2009 is \$1652.

**EDUCATION EXPENSES TAX OFFSET**

*The education expenses tax offset (also referred to as the education tax refund) provides a partial refund of expenses incurred with the education of children.*

The offset applies from the 2008/09 year and is available to eligible individuals or approved care organizations. The offset is a refundable tax offset.

The education tax offset is calculated based on a claim limit for each eligible child. This means that the maximum offset claimable amount increases with each eligible member of the family. Couples who share care for a child have a modified test.

Eligible expenses that cannot be used in an income year are able to be carried forward and used in the next income year. If families have more than one eligible child then they are able to pool their total entitlement and apply it against all of their children's expenses. The expenses can only be carried forward to the next income year.

## AMOUNT OF THE OFFSET

*The amount of the offset is the lesser of half of the eligible expenses incurred for an eligible child each year and the claim limit.* The limit for the 2008/09 year is:

- For primary school students – up to a maximum of \$375 per child per year
- For secondary school students – up to a maximum of \$750 per child per year

The primary and secondary student thresholds are indexed each year. Students who finish primary school and commence high school in the same income year are eligible for the higher secondary rate.

## ELIGIBILITY RULES

*In order to claim the offset an individual or approved care organisation must satisfy three tests.* These tests are the eligible individual test, the schooling requirement test and the educational expenses test.

### Schooling requirement test

The offset can only be claimed for primary or secondary school students who undertake a course of study or instruction as defined under the GST Act. The Education Minister may also specify courses which satisfy this requirement.

Students will satisfy this requirement for an entire income year if they are enrolled or registered as a home school student for at least one day within the period 1 July to 31 December and at least one day for the period 1 January to 30 June. If they satisfy only one of the six-month periods then they will only be eligible for half of the rebate. A student who finishes primary school in the first six months of a tax year and then commences high school is eligible for the secondary school amount.

### Educational expenses test

Expenses incurred by the eligible entities above satisfy this test if the expenses are not deductible, subject to another tax offset or covered under a reimbursement or payment under Commonwealth benefit, grant or subsidy.

Eligible expenses for the rebate include buying, repairing or maintaining computers, computer-related equipment, printers and home internet connections; software; textbooks; & tools of trade.

Expenses incurred for the benefit of more than one child can be divided between children for the offset provided both children have access to the item and provided both were eligible for the offset when the item was purchased. Complex provisions exist for the claiming of this tax offset. For more information you should seek professional advice.

## SUPERANNUATION CO-CONTRIBUTIONS

An employee who receives employer superannuation support is generally not eligible to claim a tax deduction for personal superannuation contributions. However, for contributions made on or after 1 July 2004, the employee may be eligible for a government co-contribution to match Undeducted personal superannuation contributions, subject to an income test.

### Co-contribution table for low-income employees

Total Income	Maximum Co-Contribution
\$30,342 or less	\$1,500
More than \$30,342 (but less than \$60,342)	1,500 reduced by 5c for each \$1.00 by which your total income exceeds \$30,342

*(1) To be eligible for the co-contribution in an income year commencing on or after 1 July 2008, a taxpayer must have lodged an income tax return, made a personal superannuation contribution in a year, be under 71 years of age on 30 June of that income year, and 10% of the pension's total income must be from employment or business activities.*

## **SUPERANNUATION CONTRIBUTIONS ON BEHALF OF A SPOUSE**

***A rebate of tax may be available to members who have made superannuation contributions on behalf of their low income or non-working spouses.***

To be eligible:

- You must have a spouse
- Must make an eligible spouse contribution
- You and your spouse must be residents when the eligible spouse contribution(s) is/are made.
- Your spouse's assessable income and reportable fringe benefits are less than \$13,800.

The maximum rebate is \$540 based on 18% of maximum rebatable contributions of \$3,000 paid to any complying Superannuation Fund.

The \$3,000 rebatable contribution limit is reduced by \$1.00 for each \$1.00 that the spouse's assessable income and reportable fringe benefits exceeds \$10,800 and is fully phased out when it reaches \$13,800 or more.

## **MEDICAL EXPENSES REBATE**

***A rebate of tax is available to a taxpayer whose net medical expenses in the year of income exceed \$1,500.***

The rebate is calculated at 20% of the excess over \$1,500.

The types of expenditure to be taken into account are payments to:

- Legally qualified doctors, nurses and chemists. This excludes payments for general chemist items from retail outlets or health food stores.
- Hospital (public and private) or an approved nursing home
- Dentists for treatment and services, including the supply and alteration of artificial teeth.
- Qualified therapeutic practitioners, eg physiotherapists. The treatment must follow referral by a doctor for a claim to be allowed.
- Optometrists or eye specialists.
- Attendants to a blind person or a person permanently confined to bed are medical expenses. Payments to a public institution for the maintenance of a trained guide dog can also be included.
- Items such as artificial limb or eye qualify as medical expenses whether or not prescribed by a physician, as do hearing aids, batteries and attachments. Other medical and surgical appliances only qualify as medical expenses if they are prescribed.
- Expenses incurred for solely cosmetic options for which no Medicare benefit is payable are ineligible.

## **PRIVATE HEALTH INSURANCE**

***The private health insurance scheme provides certain taxpayers with private health insurance a tax offset or reduced health insurance premiums.***

Entitlement to the private health insurance offset is determined in accordance with the Health Act.

A person is entitled to the tax offset as follows:

- Must be covered by a private health policy providing hospital and or ancillary cover issued by an approved health fund. The amount of offset is 30% of premium paid.
- The offset is increased to 35% for persons aged 65 to 69 and to 40% for persons older than 70.

## MEDICARE LEVY SURCHARGEABLE

*Where a taxpayer, and their spouse and dependants are not covered by private health insurance, a 1% Medicare levy surcharge can apply where their single or combined taxable incomes exceed the thresholds below.*

High income taxpayers who have high excess private health insurance policies taken out after 24/05/2000 will still be liable for the additional surcharge if their annual excess is greater than \$500 for a single and \$1000 for couples/families.

Threshold	No. of dependent children or students	Single \$	Family \$
	0	70,000	140,000
	1	140,000	140,000
	2	141,500	141,500
	3	143,000	143,000
	4	144,500	144,500
	5	146,000	146,000
	Each extra child	1,500	1,500

## FAMILY

*The surcharge will apply to the combined taxable incomes\* (including reportable fringe benefits) exceeding the amount shown.*

However, where the taxable income of one taxpayer does not exceed \$17,309, the surcharge does not apply to that taxpayer, but still applies to the other.

If a taxpayer had a spouse for only part of the year the spouse's income and reportable fringe benefits are not included in determining whether the threshold has been exceeded.

*Note: (\*) with regard to a spouse's taxable income this includes any net income of a trust where the trustee is assessed under S.98 on the taxpayer's behalf.*

## MEANS TESTED FAMILY ASSISTANCE

*Four forms of family assistance, administered by the Family Assistance Office, may be available to taxpayers.*

These four forms are Family Tax Benefit Part A, Family Tax Benefit Part B, Child Care Benefit and Child Care Tax Rebate.

Most taxpayers receive family assistance as direct fortnightly payments from the Family Assistance Office or as reduced child care fees. However you can also claim family assistance on lodgment of a tax return.

## INCOME TEST

*To be eligible for family assistance, you must pass an income test which takes into account income of your family.* "Family income" for this purpose is the sum of the following amounts derived by you and your partner:

- Taxable income;
- Reportable fringe benefits adjusted down for FBT paid by the employer;
- Income from tax-free pensions and benefits from Centrelink or Veterans Affairs;
- Income from overseas that is not taxable in Australia; and
- The value of net rental property losses;

**INCOME TEST (continued)**

Minus the annual amount of any child support/child maintenance you or your partner pays. For 2008/09 family income can be \$42,559 a year before the Family Tax Benefit Part A payment is reduced. Once over \$42,559 a year the payment reduces by 20 cents for each dollar above \$42,559 up to \$94,316 at which the payment reduces by 30 cents for each dollar over that amount. Some family tax benefit part A will be paid if family income is below \$100,801 a year (for a dependent child under 18) and \$102,249 a year (for an 18-24 year old dependant child). Add \$10,281 to the above limit for each additional child under 18, and \$11,729 for each additional child 18 and 24 years of age.

Family Tax Benefit Part B is aimed at assisting sole-parent families, two parent families with one main income and is limited to families where the higher income earner in a couple, has an income of less than \$150,000. Single parents automatically receive maximum amount of Family Tax Benefit Part B if they have an income of \$150,000 or less. In two-parent families, it is the income of the lower earner that affects how much Family Tax Benefit Part B they receive. The secondary earner can earn up to \$4,256 to receive the maximum Family Tax Benefits Part B. Payments are reduced by 20 cents for each dollar of income over the amount. Eligible two-parent families can still receive some Family Tax Benefit Part B their youngest child is aged five and under and the secondary earner has income of less than \$22,995, or \$17,904 if the youngest child is between 5 and eighteen.

If family income is less than \$36,513 a year, the family may be entitled to the maximum rate of child care benefit depending on the type of care used, the hours it is used and whether the child goes to school. Part benefit may be payable in the following income ranges:

No. of Children in care	Yearly Family Income
1	\$36,573 - \$126,793
2	\$36,573 - \$131,457
3	\$36,573 - \$148,452
	+\$28,028 for each additional child in care

Families with income above the income limits will not receive any Child Care Benefits, but may be eligible for the Child Care Tax Rebate.

To apply for the family tax benefit you need to complete the relevant application form and lodge that with your tax return. The tax office will calculate your benefit based on the information you provide. This payment will only be made to one parent for all the children in the family. This entitlement cannot be split between the parents.

Families may also be entitled to receive a Child Care Tax Rebate provided they are eligible for Child Care Benefit (entitled at a rate of zero or more), using an approved child care service and pass the Child Care Benefit work, training and study test.

The Child Care Tax Rebate is 50% of out of pocket expenses up to a maximum of \$7,500, and is paid by the Family Assistance Office at the end of each quarter.

## TAXABLE INCOME

*Under the income tax act all salaries or wages (including allowances) paid to employees are taxable, whether paid under an industrial award or otherwise.*

Only a few allowances are exempt from this general requirement.

### WORKERS' COMPENSATION

*Weekly or other regular payments are fully taxable, as is a deferred lump sum payment representing the appropriate workers' compensation which was payable periodically.*

The person paying workers' compensation is required to deduct tax from the periodic payments. Check with your employer whether this tax is already included in your PAYG payment summary (group certificate) or whether you will receive an additional PAYG payment summary from your insurance company. Fixed sum awards for the loss of a finger, etc are not taxable.

### LEAVE

*Long service leave and annual leave paid regularly (eg weekly) is taxable.* If your long service lump sum payment is part of a termination or retirement package, tax on lump sum payments outlined below will apply.

### LUMP SUM PAYMENTS ON TERMINATION OF EMPLOYMENT

*Lump sum payments for unused Annual Leave and Long Service Leave between 16 August 1978 and 18 August 1993 are taxable at a concessional rate of 30% plus Medicare levy.*

For Long Service Leave accrued prior to 16 August 1978, 5% of the amount is taxable and taxed at ordinary marginal rates of taxes.

Annual Leave and Long Service Leave accrued post 18 August 1993 is taxed at ordinary marginal rates of tax.

Bonafide Redundancy payments are tax free up to the following limits: \$7,350 and \$3,676 per each completed year of service.

Other payments on termination such as golden handshakes, amounts in lieu of notice, invalidity and bonafide redundancy payments in excess of the tax-free amount are treated as a life benefit termination payment. If the recipient is aged greater than 55, and provided the amount is within the ETP cap amount, the maximum tax payable is 15% plus Medicare levy. If the recipient is less than 55 throughout the income year, the taxable component within the ETP cap is taxed at 30% plus Medicare levy. Any amounts in excess of the ETP cap are taxed at 45% plus Medicare levy. The ETP cap for 2009 is \$145,000.

### SUPERANNUATION PAYMENTS

*As of 1 July 2007 all superannuation payments received by a person aged 60 and over are tax free.*

For a person aged between 55 and 60, the taxable component of their superannuation is taxed at 0% up to \$145,000 in a person's lifetime, with the excess being taxed at 15% plus Medicare levy. For a person aged below 55, the taxable component of any superannuation lump sum payment is taxed at 20% plus Medicare levy. For a person aged below 55, the taxable component of a superannuation pension is assessable and taxed at the person's marginal rate of tax. However, if the person is aged below 55 and the superannuation pension is a 'disability superannuation benefit' a 15% tax offset applies.

## **CAPITAL GAINS**

***This tax applies to capital gains made on assets purchased after 19 September 1985.***

The date of acquisition of the asset will be the date that a legally binding contract was made. You will pay the tax (based on your ordinary tax rate) only when you sell the property, although disposal of assets by gift will also attract the capital gains tax. However, because the tax specifically exempts the family home and motor vehicles, few members should be affected. The legislation governing the tax is extensive and you should seek professional advice if you feel you are subject to the tax.

## **INTEREST**

***Any amount received from banks and financial institutions is taxable income in the year it is received or credited to your account.***

If the investment is in joint names with your spouse, then half the interest only is included in your return. There may be substantial advantages, depending on your family situation, in reconsidering the way in which family funds are invested.

*Note: banks, etc are required to send details of interest paid to the Tax Office – so make sure it is included in your return.*

## **DIVIDENDS**

***If you receive company dividends for the 2009 year, you must include the amount of the dividend in your tax return.***

The amount you need to disclose also includes the imputation credit (also referred to as the grossed up amount). The imputation credit is available as a rebate of tax and is also refundable if it exceeds your tax liability.

## FURTHER INFORMATION

This information has been prepared for CEPU members by ProAcct. ProAcct also provide financial advice including planning for retirement and redundancy, rollovers, superannuation and general investment advice.

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