

NEWSLETTER

RKO ACCOUNTANTS

****END OF FINANCIAL YEAR TIPS****

SUPER - CO-CONTRIBUTION

****Last Reminder**** to contribute extra [after-tax] contributions to your super before 30 June 2008 so as to qualify for the government co-contribution. Remember, these amounts are calculated on **ASSESSABLE** annual income including reportable fringe benefits (and not taxable income).

Table below at ATO website~

Super co-contribution Super co-contribution thresholds

The way your co-contribution is determined will depend on the income year in which you made your personal superannuation contributions.

	Lower income threshold	Higher income threshold	What will I receive for every \$1 of personal superannuation contributions?	What is my maximum entitlement?
From 1 July 2007	\$28,980	\$58,980	\$1.50 for every \$1 up to a maximum co-contribution of \$1,500 a year.	Your maximum amount is \$1,500. However, you must reduce this by 5c for every dollar you earn over \$28,980 up to \$58,980.

Modified: Wednesday, 14 May 2008

Last

TAX TIPS FOR SMALL BUSINESS - PRIOR TO JUNE 30

Superannuation

****Last Reminder**** Employer to contribute additional super before 30 June 2008.

Pre Paid Expenses

The following actions can help minimise tax expense and decrease business taxable profits:

- Prepayments of up to 12 months rent can be claimed
- Prepayments of up to 12 month loan interest can be claimed
- Businesses must qualify to be in STS (simplified Tax System)

-Equipment, tools & office furniture - purchasing these depreciable items prior to year end if your business is in the STS system, may allow you to obtain full-year depreciation expense on this.

-Items purchased with a value under \$1000.00 and again if your business is on the STS system, can be claimed fully. Businesses can purchase smaller items such as printers, scanners, coffee machines, office equipment and tools if cost of item is under \$1000.00 then these can be fully tax deductible.

These tips are general in nature and if you have any queries, you should contact us for specific advice. *We disclaim responsibility of any party relying on information reported in this newsletter*.

NEWS

RKO are getting a new web site. Our clients will be able to access fast links to many Tax Office sites and information sites relevant to their business needs.

Also our future newsletters can be viewed or accessed on the site and also archived for future reference if necessary. Stay tuned for further information soon.

In our newsletter last year, we asked clients who were interested - to forward their business contact details to us if they'd like to be included in our client business directory. We have now put together a listing which will be available on our new website so if you're looking for a business service or product - check out our client business directory. We have listed a few of these in our newsletter.

INDIVIDUAL TAX RATES - RESIDENTS

Tax Rates 2007-08

<i>Taxable income</i>	<i>Tax on this income</i>
\$1 – \$6,000	Nil
\$6,001 – \$30,000	15c for each \$1 over \$6,000
\$30,001 – \$75,000	\$3,600 plus 30c for each \$1 over \$30,000
\$75,001 – \$150,000	\$17,100 plus 40c for each \$1 over \$75,000
\$150,001 and over	\$47,100 plus 45c for each \$1 over \$150,000

*Plus Medicare Levy of 1.5% of taxable income.

MEDICARE LEVY SURCHARGE & PRIVATE HEALTH INSURANCE

In the recent budget, the government are looking at increasing the earnings threshold of singles and families before a MCL surcharge is payable. Remembering, these changes must first be passed in parliament before they take affect. The proposed increases to the thresholds are:

Singles \$100,000

Families \$150,000

In general, these thresholds will apply from 1 July 2008 if the law is passed.

One of the common questions which we are being asked already, is "Will I cancel my Health Insurance Cover now that the surcharge limit has been lifted?" We would point out the following in making this decision:

1. There will still be a Government rebate offered of 30% for private health insurance, 40% for senior individuals.
2. The Lifetime Health Cover - LHC still remains in force by the Government. Following an individual's 31st birthday, a 2% loading for a health premium for private hospital cover is added up to the maximum amount of 70%.

So taxpayers need to consider the above and also that the government uses these methods to encourage an individual to obtain private health insurance before 1 July once an individual turns 31 years of age on his/her last birthday.

The public system may not offer the same service time frames and assistance as can be offered through the private health system.

COST OF LIVING PRESSURES

Current inflationary pressures in the Australian economy is directly putting pressure on household finances. We have a few suggestions to assist in these difficult times.

- Higher debt levels and interest rates on these higher debt levels are increasing monthly repayment commitments. If possible, look at reducing debt levels. In particular credit card debt.
- Consolidation of credit cards with home loan financing may be beneficial.
- If a default on your home loan seems imminent, then talk to a finance broker or your banking institution prior to any default occurring. Their advice may be able to assist you in a re-negotiation of an affordable repayment arrangement. For example, they may be able to extend the loan term and reduce the repayment.
- In serious hardship matters, an application can be made to withdraw all or part of your superannuation. Again, talk to a financial planner regarding whether this is possible with your superfund and if it would be financially beneficial.

- Examination of your finances and investments with a licensed financial planner who may provide financial advice on changing your investments to relieve your financial commitments.
- If you haven't done a Personal Household Budget, do so. Set one up, examine it and reduce non-essential spending. A personal household budget is a simple but very effective technique. In difficult inflationary times an examination of non-essential item spending and reducing this is important.

Samples from our Client Business Directory

AUSSIE Taigum

Contact Tony or Nicole Rummeny if you require home loan assistance, personal or business financing need - they have a huge selection of Lenders and can offer you the best solution for your personal and business needs - When it comes to finance or re-financing.

Tony, Nicole and their fabulous team are located at Taigum, Centro shopping centre Beams Road, contact number 3624 3333

CONNECT Works

Are you building a house and/or want home automation? Maybe you're a project builder or simply interested in the latest technology available for your own Home or Business... Please contact Colin Lewis who can show you some amazing state of the art devices available to make life much more simple and exciting.

Colin's contact number is 0408 712 027. Visit the website on

www.connectworks.com.au

MM CONSULTING Services Pty Ltd

Do you require the services of an IT consultant? Mitch McGregor has been working in IT for many years and offers great IT service. Mitch can also fit out your office with the best equipment to suit your needs, budget and system requirements. We are happy to recommend his services and he is a valuable support to our own accounting software and server requirements here at RKO Accountants.

His contact number is 0419 771 756

FINANCIAL Services Network -

Peter Mackay is a financial planner who can offer you some very timely advice on investing, planning for retirement and superannuation - which you will agree are all very hot topics in our current economic climate Contact Peter on 3863 1033 at the CBA building Aspley

MORTGAGE Power

Matt Berridge can assist with your home loan and personal and business financing requirements. For a professional and personal service for the best solution of your finance or refinancing requirements, give Matt a call and see what Mortgage Power can do for you. Located at Pick 'n' Pay Hypermarket, Aspley

Contact Matt on 3263 4680