

Federal Government confirms its super and tax plans

The Coalition Government has confirmed its position on a range of previously announced super and tax issues, as part of its mid-year economic and fiscal outlook.

To help you understand how this may affect you, we've summed up the key highlights below.

Super Guarantee increase to be deferred for two years

The next increase in the superannuation guarantee (SG) rate to 9.5% will be deferred for two years. The minimum SG rate will still increase gradually to 12% pa.

Key measures of Mineral Resource Rent Tax to be repealed

A range of measures relating to the Mineral Resource Rent Tax that were legislated during the previous Government's tenure will be revoked. This includes the low income super contribution, income support bonus and schoolkids bonus.

Low income super contribution - currently provides a refund of up to \$500 in contributions tax paid by lower income earners.

Income support bonus - a tax-free payment made twice a year to help people on certain income support payments deal with rising costs.

Schoolkids bonus - paid to families to help them meet the cost of certain education related expenses.

Personal tax cuts for 2015 will not proceed

This means that the tax-free threshold will remain at \$18,200, and the second personal marginal tax rate will remain at 32.5%.

Changes to payment of Paid Parental Leave

Benefits from the Government's Paid Parental Leave Scheme will generally be paid by the Department of Human Services, and not the person's employer. The only exception will be if the employer opts in and the employee agrees to be paid by their employer.

Deeming will be extended to certain income streams from 1 January 2015

This means that the income assessed by Centrelink from certain income streams will be based on a predetermined formula, in the same way as term deposits and other financial investments.

No tax on pension earnings over \$100,000

The 15% tax that was proposed to apply from 1 July 2014 to earnings exceeding \$100,000 from assets supporting superannuation pensions will not proceed.

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