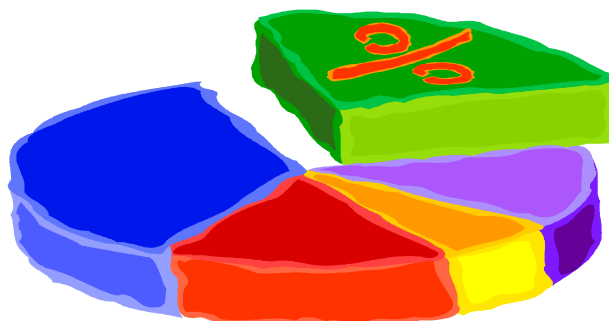


IN THIS ISSUE

- ◆ Employee Superannuation Changes
- ◆ 2008/09 Tax Rates
- ◆ MBF Entitlements
- ◆ Change to Fuel Tax Credits

2008/09 TAX RATES



EMPLOYEE SUPERANNUATION CHANGES



From 1st July 2008 you must use Ordinary Time Earnings (OTE) as defined in the *Superannuation Guarantee Act* to calculate the super contributions for your employees. The changes ensure all employees are

paid the same for superannuation guarantee purposes. OTE are generally what employees earn for their ordinary hours of work and include:-

- ✧ Over Award Payments
- ✧ Commissions
- ✧ Shift Allowances
- ✧ Paid Leave

OTE **does not** include overtime paid.

This means from 1st July 2008, you cannot use an earnings base to calculate your employees superannuation contribution which is based on:-

- ✧ An Industrial Award
- ✧ An Existing Employment Agreement
- ✧ A Superannuation Fund's Trust Deed
- ✧ A Law of the commonwealth State or Territory

From the 1st July 2008, new income tax rates apply as outlined in the table below.

The two (2) main points to note are the change in the tax rate from 15% to 30% which now starts at \$34,000 and the change from 30 cents to 40 cents in the dollar which now commences at \$80,000.

2008-09 Tax rates	
Taxable Income	Tax on this income
\$1 - \$6,000	Nil
\$6,001 - \$34,000	15c for each \$1 over \$6,000
\$34,001 - \$80,000	\$4,200 plus 30c for each \$1 over \$34,000
\$80,001 - \$180,000	\$18,000 plus 40c for each \$1 over \$80,000
\$180,001 and over	\$58,000 plus 45c for each \$1 over \$180,000

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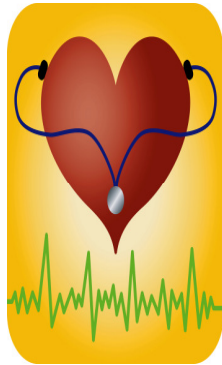
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MBF ENTITLEMENTS

Many clients would have recently received a cheque from MBF being payment for entitlements accrued since joining the organization. The payment was received in early July 2008 and there are tax consequences of receiving the entitlement.



The assistant treasurer issued a press release on 26th February 2008 announcing the government's intention to amend the income tax law with effect from 1st July 2007. The effect of this tax law change would be to ensure that private health insurers which demutualise will be afforded similar tax concession as those granted to mutual organizations that are previously demutualised.

It should be noted that the relevant legislation has not yet passed through Parliament, however provided the legislation is passed, the following should be the tax position in respect of the amounts received for the MBF entitlements:-

1. Any assessable amount will be included in the tax year ended 30th June 2008.
2. Participating contributors will be taxed on the disposal of their membership rights in MBF as a capital gain. The amount received for the entitlement will be reduced by the tax cost base.
3. Under the current tax law there would be no cost base for participating contributors. However the 26th February 2008 government announcement intends to provide participating contributors with a cost base and the tax cost base will be based on the net tangible assets of MBF. This of course

presumes that the intended legislation will be passed through government in due course.

4. For those clients who held membership prior to 19th September 1985, any net capital gain arising on disposal will not be subject to income tax.
5. For those clients whose membership commenced after 19th September 1985, the capital gain rising on disposal (entitlement less the cost base) will be subject to income tax.

We will report once the government has changed the legislation in relation to the demutualization of MBF Australia Limited.

CHANGE TO FUEL TAX CREDITS

Clients should be aware that from 1st July 2008, sugarcane growers are able to claim fuel tax credits of 38.143 cents per litre for the use of petrol (as well as diesel) in primary production activities. This rebate was previously restricted to the use of diesel fuel only.



The new changes allow fuel tax credits to be claimed for the majority of fuel (including both diesel and petrol) used in business, whether it is used in off road tractors, pumps, motor bike etc.

This new change in the fuel tax credit system does not apply to vehicles which are lighter than 4.5 tonnes gross vehicle mass (GVM) travelling on public roads.

Clients must be registered for GST and Fuel Tax Credits before making a claim on their BAS each month or quarter.

IMPORTANT: This is not advice. Clients should not act solely on the basis of the material contained in this newsletter. Items herein are general comments only and do not constitute or convey advice per se. The newsletter is issued as a helpful guide to clients and is for their private information. Every effort is made to ensure the contents are accurate at the time of publication. We take no responsibility for any subsequent action that may arise from the use of this newsletter.