

**Simplified Tax System (STS):**

From July 1 2001, small business taxpayers that elect to enter the STS can:

- Claim an immediate write-off for assets costing less than \$1,000;
- Pool assets costing more than \$1,000;
- For assets costing more than \$1,000 depreciate them at a diminishing rate of:
  - 30%, if the assets have an effective life of less than 25 years; or
  - 5% if they have a life of greater than 25 years.

(Assets added to the pool during the year are depreciated at half the above rates. Buildings are specifically excluded from these pooling arrangements.)

- Operate on a cash basis
- Avoid conducting stocktakes if the value of their stock between start of the year and end of the year is likely to be \$5,000 or less.

**Substantial of Work Expenses:**

Some of the rules for work-related expenses are:

- Written evidence is normally required to substantiate claims OVER \$300;
- Written evidence requirements do not apply if the expense is \$10 or less and the total of all such expenses is \$200 or less. A record of such expense must be made;
- Annual payment summaries can be used as evidence, such as union fees shown on the Annual Payment Summary (formally Group Certificate);
- Expenses relating to allowances covered by special rules (ie overtime meal allowances, travel allowances and award transport payments) and car expenses do not form part of the \$300 limit
- Even if the work expenses exceed \$300, taxpayers can claim up to \$150 of unsubstantiated laundry expenses (but not dry-cleaning).
- Records must be kept for 5 years for date of lodgement

Work expenses commonly include tools of trade, protective clothing, interest & borrowing costs on loans to produce salary & wages, repairs, subscriptions and depreciation on property .

**Useful Contact Information:**

ATO Website: www.ato.gov.au  
 Business Inquiries: 13 28 66  
 Tax Reform: 13 61 40  
 Personal Tax Inquiries: 13 28 61  
 Superannuation: 13 10 20

Branch office	Physical address	Mailing address
Box Hill	No ATOaccess public enquiry service  990 Whitehorse Road Box Hill VIC 3128	PO Box 9990 Box Hill, VIC 3128
Cheltenham	<b>ATOaccess</b> 4a/4-10 Jamieson Street	PO Box 9990 Dandenong, VIC 3175
Dandenong	<b>ATOaccess</b> 14 Mason Street Dandenong VIC 3175	PO Box 9990 Dandenong, VIC 3175
Geelong	<b>ATOaccess</b> 92-100 Brougham Street Geelong VIC 3220	PO Box 9990 Geelong, VIC 3220
Melbourne CBD	<b>ATOaccess</b> Casselden Place 2 Lonsdale Street	PO Box 9990 Moonee Ponds, VIC 3039
Moonee Ponds	No ATOaccess public enquiry service  6 Gladstone Street Moonee Ponds VIC 3039	PO Box 9990 Moonee Ponds, VIC 3039

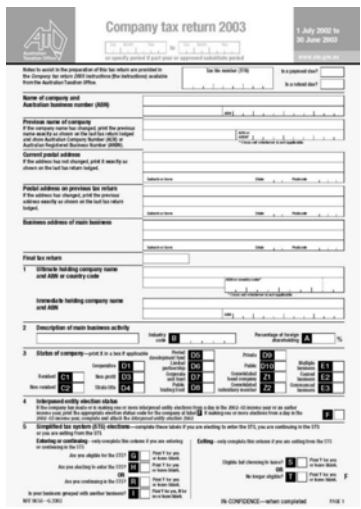
**Disclaimer:** The information contained in this Guide is for general information only. Despite our best efforts, various rates, deductions and allowances change from time to time and you should consult a registered tax agent before making any decision about your tax affairs.

**Phase III Business Consulting Pty Ltd**

ACN 100 381 468  
 PO Box 3118  
 Doncaster East, Vic 3111  
 Phone: +61 3 9841-0504  
 Fax: +61 3 9841-0721  
 Email: gsmith@phaseiii.com.au  
**www.phaseiii.com.au**

**Phase III Business Consulting Pty Ltd**

*Accountants,  
 Tax Agents &  
 Management Consultants*



**2003—2004**

**POCKET TAX GUIDE**

**Tel: (03) 9841-0504**

## Personal Rates:

The May 2003 Budget introduced a reduction in the personal tax rates. Below is a comparison of the resident personal rates applying up to 30th June 2003 and the rates for the upcoming 2004 year.

Taxable Income 2002/03	Taxable Income 2003/04	Tax Rate
\$0-\$6000	\$0-\$6000	0%
\$6,001-\$20,000	\$6,001-\$21,600	17%
\$20,001-\$50,000	\$21,601-\$52,000	30%
\$50,001-\$60,000	\$52,001-\$62,500	42%
\$60,001 +	\$62,501 +	47%
*Medicare Levy 1.5%		

## Low Income Rebate:

Maximum of \$235 where taxable income is less than \$21,600. Cuts out at \$27,475

## Tax on Unearned Income of Resident Minors:

Unearned Income \$	Tax Payable
\$0 - \$416	Nil
\$417 - \$1,445	66% of the amount over \$416
Over \$1,445	47% flat

## Superannuation Guarantee Contributions:

From 1 July 2003, employers will have to make Superannuation Guarantee Contributions (SGC) to a complying superannuation fund on behalf of their eligible employees, on at least a quarterly basis or incur the Superannuation Guarantee Charge. Whilst the Superannuation Guarantee rate remains at 9% for the 2003/04 financial year, the new due dates by which employers need to make superannuation contributions to avoid the superannuation guarantee charge for a quarter are as follows:

Quarter	Due Date
1 July - 30 September	28 October
1 October - 31 December	28 January
1 January - 31 March	28 April
1 April - 30 June	28 July

## Personal Tax Offsets (Rebates):

Tax Offset (Rebate)	Maximum Offset for 2001/02
Dependants:	
<ul style="list-style-type: none"> <li>Spouse (legal or defacto)</li> <li>Child-housekeeper</li> <li>Invalid relative</li> <li>Parent, parent-in-law, or parents of taxpayer's de facto spouse</li> </ul>	\$1,437* \$1,437*+ \$ 647 \$1,292
	rebate reduces by \$1 for every \$4 by which dependant's separate net income exceeds \$282
	*Entitlement to the spouse or child-housekeeper tax offset is denied or reduced for periods when the taxpayer or the taxpayer's spouse is eligible for family tax benefit Part B +Add \$287 if the taxpayer has dependent child or student

## Fringe Benefits Tax:

FBT Rate =	48.5%
Type 1-GST Gross-up Rate:	2.1292
Type 2-Non -GST Gross -up Rate:	1.9417
Depreciation Rate for motor vehicles and luxury cars acquired from 1 July 2002 is now 18.75%	
Reportable Fringe Benefits limit:	\$1,000
Benchmark Rate for 2003 FBT Return:	6.05%

Statutory percentage rates:

Total kilometres travelled during the year	Statutory percentage
Less than 15,000	26%
15,000 to 24,999	20%
25,000 to 40,000	11%
Over 40,000	7%

## Company Tax Rate:

The company tax rate for the 2003 year remains at **30%**

## Capital Gains Tax:

Generally applies to all assets purchased after 19th September, 1985. The amount of a capital gain can be discounted by 50% for individuals and trusts or 33.3% for some superannuation funds. Companies cannot use any discount to reduce their capital gains.

Averaging of gains ceased from 21 September 1999. Indexation was frozen at 30 September, 1999.

Capital losses cannot be offset against a taxpayer's assessable income. Where an asset is held for less than 12 months, capital gain discounts do not apply.

A taxpayer's main residence (including 2 hectares) is exempt from CGT.

## Motor Vehicle Depreciation Cost Limit:

For the 2002/03 year the cost limit is \$57,009

## Medical Expenses Rebate:

For the 2002/03 year a rebate is available to a taxpayer whose net medical expenses exceed \$1,500. The amount of the rebate is 20% of the excess over \$1,500.

## Medicare Levy:

The Medicare levy Thresholds have been changed effective 1/7/02 to:

- Individuals \$15,062
- Family \$25,417
- Pensioners \$17,164 (below pension age)

Each dependent Child/Student increases the threshold by \$2,334.

## Aged-based limits for Superannuation for 2002-2003

Under 35	\$12,651
35 -49	\$35,138
50 and over	\$87,141