

BRIAN'S BIT

This time last year I commented on Australia's economy and noted that not everyone was experiencing "boom" times.

Twelve months down the track and not much has changed. Having said that there is no doubt Australia's position is significantly brighter than many other countries. Australia does at least have a favourable base from which to work.

However it appears an inept and unpopular Federal Government is only interested in reviving anachronistic class divisions as a means of clinging to power. Whether you believe the Carbon Tax is necessary or not, it is not an economically astute time to introduce it into Australia. The decision to do so was motivated by political expediency, to appease a politically important but electorally insignificant minority party.

If the world does need saving, Australia's economic decline and perhaps reduction in CO₂ emissions will simply not be enough to save the planet.

One also has to ask, if the Government's Carbon Tax sweeteners, softens or even eliminates the additional Carbon Tax costs to families, what have we achieved other than to make our fast disappearing manufacturing industries vanish all together?

Whilst the political spin doctors would have you believe the sweeteners are being funded by the Mineral Resources Tax the handouts are also being underwritten by increasing the personal income tax payable by many individuals.

Only time will tell if our ability to dig holes and sell the dirt and rock will be enough to sustain Australia into the future.

But for now we have to attend to more mundane things such as the 2012 Tax Return. We have included a Tax Return Checklist which we trust will be of some help.

And remember no matter where you sit on the economy

CARPE DIEM

THEY SAID IT

I contend that for a nation to try and tax itself to prosperity is like a man standing in a bucket and trying to lift himself up by the handle. (Winston Churchill)

A Government which robs Peter to pay Paul can always depend on the support of Paul. (George Bernard Shaw)

Government's view of the economy could be summed up in a few short phrases. If it moves, tax it. If it keeps moving, regulate it and if it stops moving, subsidise it. (Ronald Reagan, in 1986)

I don't make jokes. I just watch the Government and report the facts. (Will Rogers)

If you think health care is expensive now wait until you see what it costs when it's free! (PJ O'Rourke)

The only difference between a tax man and a taxidermist is that the taxidermist leaves the skin. (Mark Twain)

A government big enough to give you everything you want... is strong enough to take everything you have. (Thomas Jefferson)

TAXABLE PAYMENTS REPORTING – BUILDING AND CONSTRUCTION INDUSTRY

Overview

From 1 July 2012, businesses in the building and construction industry need to report the total payments they make to each contractor for building and construction services each year. The payments are to be reported to the ATO on the Taxable Payments Annual Report.

As part of the 2011-12 Federal Budget, the government announced the introduction of taxable payments reporting for businesses in the building and construction industry.

The information reported about payments made to contractors will be used for ATO data matching to detect contractors who have not:

- Lodged tax returns
- Included all their income in returns that have been lodged.

From 1 July 2012 it will be necessary to report if all of the following apply:

- You are a business that is primarily in the building and construction industry
- You make payments to contractors for building and construction services
- You have an Australian Business Number (ABN)

A business will be considered to be primarily in the building and construction industry if any of the following apply:

- In the current financial year, 50% or more of your business activity relates to building and construction services
- In the current financial year, 50% or more of your business income is derived from providing building and construction services
- In the financial year immediately before the current financial year, 50% or more of your business income was derived from providing building and construction services.

PRIVATE HEALTH WARNING

Is your Private Health Insurance Rebate about to become a fatality to the politics of envy?

Check out this table to see what may happen to your 30% Health Insurance Rebate.

INCOME/REBATE TABLE				
	Unchanged	Tier 1	Tier 2	Tier 3
Singles	\$84,000 or less	\$84,001-97,000	\$97,001-130,000	\$130,001 or more
Families	\$168,000 or less	\$168,001-194,000	\$194,001-260,000	\$260,001 or more
Aged under 65	30%	20%	10%	0%
Aged 65-69	35%	25%	15%	0%
70 or over	40%	30%	20%	0%

AND THE INCOME IS NOT SIMPLY YOUR TAXABLE INCOME.

The income measured is quaintly known as ADJUSTED TAXABLE INCOME (ATI). This is calculated as follows:

- Taxable income
- Exempt foreign employment income
- Reportable fringe benefits amount, as reported on the payment summary
- Total net investment loss (includes both net financial investment loss and net rental property loss)
- Reportable super contributions (includes both reportable employer super contributions and deductible personal super contributions)

AND IF YOU CANCEL YOUR PRIVATE HEALTH INSURANCE?

The Medicare Levy of 1.5 % attracts a surcharge as follows:

INCOME/MEDICARE LEVY SURCHARGE				
	Unchanged	Tier 1	Tier 2	Tier 3
Singles	\$84,000 or less	\$84,000-97,000	\$97,001-130,000	\$130,001 or more
Families	\$168,000 or less	\$168,000-194,000	\$194,001-260,000	\$260,001 or more
Rate	0.0%	1.0%	1.25%	1.5%

THE GOOD NEWS? A ONCE OFF OPPORTUNITY

If you prepay your Private Health Insurance Premium before 30 June 2012 the current arrangements apply i.e. eligible cover attracts a 30% rebate which will not be income tested. HBF is accepting premiums up to 18 months in advance but only if paid before 28 June 2012.

HEALTH CARE – USA STYLE

“President Obama is proposing a new national health-care plan that’s both inexpensive and accessible. He’s calling it Have your Surgery in Mexico”.(Jimmy Fallon)

“President Obama has been explaining his health-care plan now to senior citizens. And yesterday, at a town hall meeting, he promised the crowd that he will not, quote, “pull the plug on Grandma.” Then there was an awkward moment when Grandpa stood up and boomed.” (Conan O’Brien)

“President Obama says that Congress is very close to getting a new health-care plan, but due to compromises, it “won’t include everything that everybody wants.” For instance, it covers everything except trips to the doctor or the hospital.” (Conan O’Brien)

Please Note: Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek further advice to independently verify their interpretation and the information’s applicability to their particular circumstances.