



## LOW INCOME TAX OFFSET

For the 2010/11 financial year, the threshold of low income tax rebate is increased.

The maximum rebate is \$1,500 and applies in full to taxable incomes of \$30,000 or less. For the taxpayer's taxable income exceeds \$30,000 but less than \$67,750, it is reduced by four cents for every dollar.

One effect of the low income rebate is that no tax is payable on 2010/11 taxable incomes up to \$16,000, instead of the normal threshold of \$6,000.

There is nothing to prevent a minor from claiming the low income rebate and therefore the \$416 tax-free threshold for 'unearned income' of minors is effectively increased to \$3,333 for 2010/11. However, since 1 July 2012, the low income tax offset on unearned income of minors will be removed, such as dividends, interest, trust distributions and other income from property.

### Low Income Taxpayers Offset 2010-11

Income Threshold	Calculation Of Offset
\$0 - \$30,000	\$1,500
\$30,001 - \$67,750	$\$1,500 - [(Taxable\ Income - \$30,000) * 0.04]$
Over \$67,750	Nil

We have provided general information for guidance only in this newsletter. For business and personal taxation planning, or other professional advice having regard to your circumstances, please come and see either Charles or Matthew.