rise financial

Take Control - With Your Independent Financial Adviser

COUNTDOWN TO JUNE 30

The countdown to the end of the financial year may not create the same excitement as the approach of New Year's Eve, but it does have one saving grace. With a little bit of planning before June 30 you could end up with a welcome financial pick-me-up after the Christmas-New Year spending spree.

So we've put together some tax-saving tips to get you thinking, but please speak to your tax accountant for advice about your personal financial situation.

Hasten expenses, delay income

The general rule as June 30 approaches is to bring forward tax-deductible expenses to the current financial year and delay income until next financial year.

For example, you might consider pre-paying membership fees for professional organisations and subscriptions for work-related publications. If you have income protection insurance outside super, you may be able to pre-pay 12 months' premiums and claim the full deduction in this year's return.

All claims for work-related expenses must be documented unless your total claim is for $300 or less, in which case you won't need receipts.

Small business

Small business owners with turnover below $2 million received some welcome tax concessions in the May 2015 budget, beginning with an immediate deduction for the cost of assets up to $20,000, compared with the previous threshold of $1000.

This will apply to assets purchased after budget night until 30 June 2017. So if you've been tossing up whether to buy that new piece of equipment, hop to it before June 30. But bear in mind that legislation has not yet passed so it is may be wise to consult your tax advisor first.

And from July 1, the income tax rate for small business will reduce to 28.5 per cent so it makes even more sense this year to delay income where possible.

Top up your super

If you have any spare cash, put it to work in your superannuation fund. Not only will this boost your retirement nest egg, but save tax at the same time. Just make sure you stay within your contribution limits.

Concessional (pre-tax) contributions for the year ending June 30, 2015 are capped at $35,000 a year if you were 49 years or older on June 30, 2014, and $30,000 a year if you were younger. The beauty of these contributions is that they are taxed at just 15 per cent (or 30 per cent if you earn more than $300,000) rather than your marginal rate. Tax rates for individuals are set out in the table on the following page.

Non-concessional (after-tax) contributions are capped at $180,000 a year or, if you were aged 64 and under at 1 July 2014, $540,000 over a three-year rolling period. Once your money is in super, investment earnings are taxed at 15 per cent rather than your marginal rate, and tax free in pension phase.

Individual tax rates 2014-15*

Taxable income	Tax on this income
0 – $18,200	Nil
$18,201 – $37,000	19c for each $1 over $18,200
$37,001 – $80,000	$3,572 plus 32.5c for each $1 over $37,000
$80,001 – $180,000	$17,547 plus 37c for each $1 over $80,000
$180,001 and over	$54,547 plus 45c for each $1 over $180,000

*The above rates do not include the Medicare levy of 2% or the Temporary Budget Repair Levy of 2% for taxable incomes over $180,000.

Source: ATO

Take advantage of government contributions

If you earn less than $34,488 this financial year and make an after-tax contribution to super, then you are entitled to a government co-contribution of up to $500. The co-contribution tapers out once you earn $49,488.

Start your transition to retirement

If you are over 55 and thinking about a transition to retirement pension with some of your super savings, it may be worth starting one in June. While you are required to withdraw a minimum amount each year, you won't have to take any money out this financial year.

Because investment earnings are tax-free in pension phase, your money can sit in your account tax-free for 13 months before you have to make a withdrawal. And if you turn 60 in the meantime, withdrawals will also be tax free.

Don't forget pension withdrawals

If you have your own self-managed super fund, remember to make the minimum withdrawal from your super pension by June 30 or risk losing its tax-free status.

The minimum amounts start at four per cent for those aged 55-64, rising incrementally to 14 per cent for those aged 95 or older.

Review your investment portfolio

If you are sitting on any paper losses from shares or other investments you might want to sell some of your poor performers to offset against capital gains from other investments.

Where possible, it makes sense to sell investments held for at least 12 months to qualify for the 50 per cent capital gains tax discount.

Claim rental property deductions

After another year of surging property prices, there will be many new landlords and old hands hoping to claim all their allowable rental property deductions.

You can claim an immediate deduction for interest on your investment loan, repair and maintenance and tenancy costs such as the preparation of a lease or eviction.

You can also claim some expenses over a number of years, such as the cost of depreciating assets, structural improvements and borrowing costs such as stamp duty and loan fees.

While you should maintain a year-round focus on your financial situation, there is still time for some end-of-financial-year fine-tuning.

Rise Financial

25 Michell Street
Monash, ACT 2904

P 02 6292 0015
F 02 6292 0071
E phil@risefinancial.com.au
W www.risefinancial.com.au