



Newsletter, January 2011

Practice Update

Happy New Year to everyone! I hope you all enjoyed a break over the holiday period. My newsletter has gone from quarterly and in arrears to quarterly and in advance (a reference to my December newsletter on bank tricks!).

Superannuation concessional contribution limits

Concessional contributions include all employer contributions (superannuation guarantee and salary sacrifice) and personal contributions claimed as a tax deduction by a self-employed person. If you exceed these limits, excess contribution tax is levied at 31.5%. The current limits are as follows:

Year	Under 50	Over 50
2010/2011	\$25,000	\$50,000
2011/2012	\$25,000	\$50,000
2012/2013	\$25,000	\$25,000

Although the \$25,000 annual limit is indexed, it is only indexed in \$5,000 increments so it will take a number of years of indexation to increase the annual limit to \$30,000.

Constitutionally protected superannuation funds (like SuperSA) are exempt from concessional contribution limits!

If you are a member of a constitutionally protected fund, concessional contributions are not counted towards your concessional contribution limits.

An ATO information paper, Super Contributions -- for Defined Benefit and Untaxed Funds, confirms this. ITAA 1997 s292-25(2)(c)(iii) makes it clear that contributions to constitutionally protected superannuation funds do not fall within the definition of a concessional contribution.

Be aware that there is a limit to the amount of benefits that can be accumulated, currently \$1,115,000 (indexed each year). Untaxed super benefits rolled over to another fund or received as a lump sum above this limit are taxed at the top marginal rate (currently 46.5%).

You should also be aware that there may be certain schemes applicable to your industry (such as GPSSSS or MOSSSS) that limit the amount you can salary sacrifice.

Lodgement Dates

The end of the second quarter will easily be forgotten over the Christmas period so you should be aware of the following dates:

- 28 January 2011 Superannuation due for the December quarter
- 28 February 2011 BAS due for the December quarter
- 31 March 2011 Income tax return due for level 6 taxpayers (\$20,000 or more tax payable on their last year's income tax assessment)

Did you know that if your Tax Agent lodges your quarterly business activity statements (BAS) electronically, you get a four week electronic lodgment and payment concession? Unfortunately this isn't available for the December BAS as the normal due date is extended by four weeks after the Christmas period.

Kind regards,
Nick