

Individuals - Marginal Income Tax Rates

The rate of income tax an individual pays increases as their taxable income increases. Once income exceeds specified thresholds, the taxpayer will pay tax at their marginal tax rate for each additional dollar earned. Income tax rates for 2008/2009 financial year for residential individuals are:

2008/2009 taxable income threshold	Base tax on taxable income	% on excess above threshold (marginal tax rate)
\$6,000	Nil	15%
\$34,000	\$4,200	30%
\$80,000	\$18,000	40%
\$180,000	\$58,000	45%

These marginal tax rates and thresholds typically change every year. The planned scales for 2010 financial year are:

2009/2010 taxable income threshold	Base tax on taxable income	% on excess above threshold (marginal tax rate)
\$6,000	Nil	15%
\$35,000	\$4,350	30%
\$80,000	\$17,850	38%
\$180,000	\$55,850	45%

Low Income Tax Offset (LITO)

Individual taxpayers maybe entitled to a Low Income Tax Offset if their taxable income is less than \$60,000. The maximum tax offset is currently \$1,200 if your taxable income is \$30,000 or less. This amount reduces by 4 cents for each dollar of taxable income over \$30,000.

The amount of the Low Income Tax Offset is planned to increase to \$1,350 in 2009/2010 financial year which will mean individual taxpayers maybe entitled to at least some offset until their taxable income reaches \$63,750.

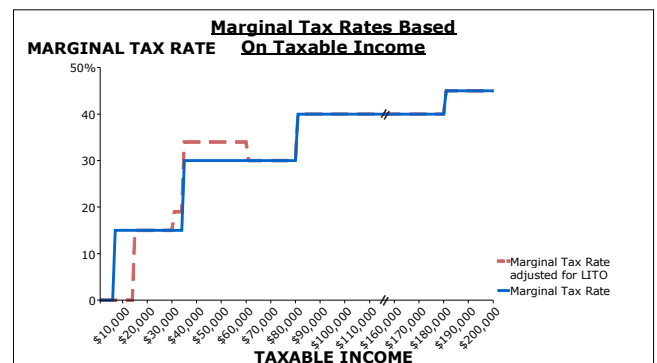
More information

- Call 1300 314 335
- Email info@f3fs.com.au
- Visit www.f3fs.com.au

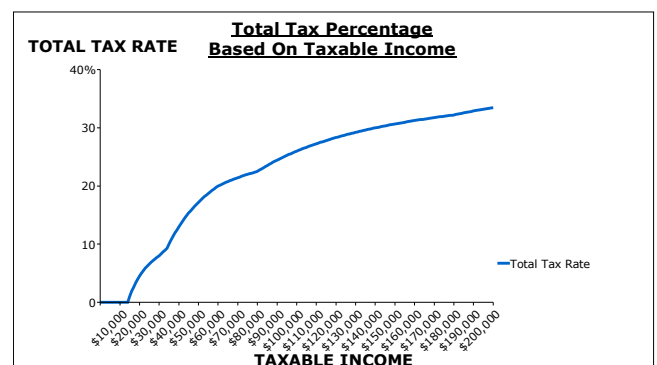


Individuals – Marginal Income Tax Rates + LITO

The marginal tax rates described above are:



The total tax payable by resident individuals (after taking into account the Low Income Tax Offset, but no other offsets or rebates) is:



Medical Expenses Tax Offset

Individuals are eligible to claim a tax offset of 20% of their net medical expenses above the amount of \$1,500. Net medical expenses are net of any private health cover or Medicare rebates.

Qualifying expenses can include doctors, nurses, chemists, dentists, optometrists, hospitals, medical aids, therapeutic treatment under the direction of a doctor, laser eye surgery and IVF treatments. They DO NOT include cosmetic treatments, non-prescribed vitamins, foods or pain relief tablets, or items from a chemist not related to an illness or operation.

Dependent Spouse Tax Rebate

To be eligible for the Dependent Spouse Rebate, a taxpayer must have maintained their spouse, had taxable income less than \$150,000, and both the taxpayer and their spouse were not eligible to receive Family Tax Benefit B.

The spouse rebate for 2008/2009 financial year is a maximum of \$2,159, reduced by \$1 for every \$4 by which the spouse's separate net income exceeds \$282.

Other Tax Offsets

Other tax offsets that maybe available to individuals include (but are not limited to) Mature Age Worker Tax Offset (over age 55), Zone Tax Offset, Senior Australian Tax Offset or Pensioner Tax Offset.

Medicare Levy

Individuals are liable to pay a Medicare Levy based on the amount of their taxable income for the year. This rate is currently 1.5% of taxable income.

If the taxable income of an individual or family does not exceed a range of income thresholds, a reduced Medicare Levy may apply.

Category of taxpayer	No levy payable if taxable income (or family income) does not exceed...	Reduced levy payable if taxable income (or family income) less than...
Individual	\$17,309	\$20,363
Married 0 children	\$29,207	\$34,361
Married 1 child	\$31,889	\$37,516
Married 2 children	\$34,571	\$40,671
...for each extra child	Increases by \$2,682	Increases by \$3,155

Note that the Medicare Levy thresholds will be different for Senior Australians and Pensioners.

Medicare Levy Surcharge

An additional 1% Medicare Levy surcharge will apply to individuals and families that do not have private patient hospital insurance AND exceed the income thresholds below.

Category of taxpayer	Current income threshold
Unmarried	\$70,000
Family 0 children	\$140,000
Family 1 child	\$141,500
Family 2 children	\$143,000
...for each extra child	Increase by \$1,500

Private Health Insurance Rebate

For every dollar of Private Health Insurance (paid to a registered health insurer for a complying policy) the Government will rebate 30% of the costs. For older Australians, higher percentages of 35% (age 65-70) and 40% (age 70+) apply.

Minors

A person under the age of 18 who is not working full-time can be subject to different income tax rules. Certain types of income can be taxed at significantly higher rates. The types of income attracting higher rates of tax are, for example, credit interest, investment income and distributions from trusts. Tax on this income is usually calculated as follows:

Other Income	Tax Rates
\$0 to \$416	Nil
\$417 to \$1,307	66% of the excess over \$416
Over \$1,307	45% of the total amount of income

Resident minors can also take advantage of the Low Income Tax Offset meaning they could earn \$2,667 in the 2008/2009 financial year (if they had no other income) without having to pay any tax. The tax free amount will increase to \$3,000 in 2009/2010 financial year.

DISCLAIMER: This publication has been compiled by F3 Financial Services Pty Ltd ABN 97 610 391 642, an Authorised Representative No. 334939 of FYG Planners Pty Ltd ABN 55 094 972 540 Australian Financial Services Licensee No. 224543. The material contained in this publication is believed to be accurate. To the extent permissible by law, however, no liability is accepted for any errors or omissions or for loss or damage suffered by any person as a result of inaccuracies in this publication. This publication is intended to provide general information only and does not have regard to your investment objectives, financial situation or needs. You should therefore consider whether what is said is appropriate to your individual objectives, financial situation or needs before you act on it. Investment advice should be sought in respect of individual circumstances.