

## What's new for 2010-2011

- Prime Minister Julia Gillard has slashed the mining tax rate and cut the types of resources affected in order to secure an agreement with mining companies - lopping \$1.5 billion from expected revenues in the process.



The announcement indicates the new PM has taken just over a week to resolve a bitter two-month fight with major miners over the new tax, and removes a key obstacle to her calling an early election. Initially introduced by former PM Kevin Rudd, the new tax was to have funded higher superannuation contributions for all employees and a cut in company tax.

"Australians are entitled to a fairer share of the mineral wealth within our ground," Ms Gillard told the briefing, calling the accord with the big miners "a great result."

The government would maintain its target of bringing the budget back into surplus within three years by 2013 as currently planned, she said.

The renamed Minerals Resource Rent Tax (MRRT) will apply only to iron ore and coal in Australia, and will be capped at 30 per cent rather than the original 40 per cent proposed. Oil and gas projects will come under the current Petroleum Resource Rent Tax (PRRT) regime to all Australian onshore and offshore oil and gas projects, including the North West Shelf.

"The breakthrough agreement keeps faith with our central goal from day one: to deliver a better return for the Australian people for the resources they own and which can only be dug up once," Ms Gillard said in an earlier statement. "It is the result of intense consultation and negotiation with the resources industry."<sup>1</sup>

- The **15% personal income tax threshold** goes up to \$37,000, previously \$35,000. This personal tax rate is applied from \$6,000-\$37,000. This makes salary sacrifice to super still a very attractive strategy for income above \$37,000.
- The **30% personal income tax band** goes from \$37,000-\$80,000 (previously \$35,000-\$80,000). The personal tax rate on income from \$80,000 to \$180,000 will reduce from 38% to 37%.
- The out of pocket Medical Expense Rebate will start at \$2,000; previously \$1,500.
- Despite early information, the **minimum annual Account Based Pension** payment from a super fund **will continue** at the 50% levels of the past two years, due to the GFC. Clients under 65 yo can continue to take a minimum of 2% (not 4%) payments. If aged 65-75 a 2.5% minimum and if 75-79 a 3% minimum is permitted. The minimum is calculated on your July 1 2010 super pension account balance.
- If you are of Age Pension age and not eligible for an Age Pension there is every chance you could get the **Commonwealth Seniors Health Card**. Alternatively, irrespective of your age, if your taxable income as a single or couple is less than \$23,868 or \$39,728 respectively then the **Health Care Card** is worth having. Give Tamara a call to discuss.

<sup>1</sup> Source <http://www.businessday.com.au/business/gillard-cuts-mining-tax-deal-20100702-zr62.html>