

This guide is an initiative of the CPA Australia Financial Advisory Services Centre of Excellence. Information is current – based on legislation as at 1 July 2006.

RESIDENT PERSONAL TAX RATES 1/7/06 - 30/6/07		
Taxable Income \$	Marginal Rate*	Tax Payable \$
Up to 6,000	Nil	Nil
6,001 – 25,000	15%	15c for each \$1 over 6,000
25,001 – 75,000	30%	2,850 plus 30c for each \$1 over 25,000
75,001 – 150,000	40%	17,850 plus 40c for each \$1 over 75,000
Excess over 150,000	45%	47,850 plus 45c for each \$1 over 150,000

*Tax rates exclude Medicare levy and need to be added to the applicable rate, except for certain low income earners.

NON-RESIDENT PERSONAL TAX RATES 1/7/06 - 30/6/07		
Taxable Income \$	Marginal Rate	Tax Payable \$
Up to 25,000	29%	29c for each \$1
25,001 – 75,000	30%	7,250 plus 30c for each \$1 over 25,000
75,001 – 150,000	40%	22,250 plus 40c for each \$1 over 75,000
Excess over 150,000	45%	52,250 plus 45c for each \$1 over 150,000

OTHER TAX RATES	
	Rate
Company	30%
Superannuation Fund:	
- Complying	15%
- Non-complying	45%
Insurance and Friendly Society Bonds	30%

LOW INCOME TAX OFFSET (Effective 1 July 2006)			
	Max. Rebate Level \$	Shade-out Threshold \$	Cut-out Threshold \$
Low income earner	600	25,000	40,000

SENIOR AUSTRALIAN TAX OFFSET (SATO) - (2006/2007 RATES)			
	Max. Rebate Level \$	Shade-out Threshold \$	Cut-out Threshold \$
Low income aged person:			
- Single	2,230	24,867	42,707
- Couple (each)	1,602	20,680	33,496
- Couple separated due to illness* (each)	2,040	23,600	39,920

* Rebate reduces by 12.5c for each \$1 of taxable income above the shade-out threshold

CPI INDEX NUMBERS				
Year	March Quarter	June Quarter	Sept. Quarter	Dec. Quarter
1989	92.9	95.2	97.4	99.2
1990	100.9	102.5	103.3	106.0
1991	105.8	106.0	106.6	107.6
1992	107.6	107.3	107.4	107.9
1993	108.9	109.3	109.8	110.0
1994	110.4	111.2	111.9	112.8
1995	114.7	116.2	117.6	118.5
1996	119.0	119.8	120.1	120.3
1997	120.5	120.2	119.7	120.0
1998	120.3	121.0	121.3	121.9
1999	121.8	122.3	123.4*	

*Cost base indexation of a CGT asset is frozen at 30 September 1999.

Medicare Levy and Surcharge

The general rate of the Medicare levy is 1.5% of taxable income. Not applicable to non-residents.

An additional surcharge of 1% of taxable income and reportable fringe benefits may be payable if a taxpayer, their spouse and any dependants, are not covered by private patient hospital insurance.

AGE PENSION RATES (Effective 20 September 2006)**		
	Maximum Benefit (per fortnight)* \$	Maximum Benefit (per annum)* \$
Single pensioner	512.10	13,314.60
Couple (each)	427.70	11,120.20
Couple separated due to illness (each)	512.10	13,314.60

*In addition, the following allowances are also payable:

- Pharmaceutical allowance – \$5.80 per fortnight (single) and \$2.90 per fortnight (each, couple)
- Telephone allowance – \$21.40 per quarter
- Utilities allowance – \$52.60 per six months (single) and \$26.30 per six months (each, couple)

**Rates are indexed in March and September each year and thresholds are reviewed each quarter. Current rates and thresholds can be obtained at www.centrelink.gov.au

PENSION INCOME TEST (Effective 20 September 2006)		
	Income threshold* (per fortnight)	Income cut-out (per fortnight)
Single	Up to \$128	Less than \$1,422.75
Couple (combined)	Up to \$228	Less than \$2,381.00
Couple separated due to illness (each)	Up to \$228	Less than \$2,817.50
For each additional child	Add \$24.60	Add \$24.60

*Fortnightly pension reduces by 40 cents for each \$1 over the threshold (per single) or 20 cents (each couple).

PENSION ASSET TEST (Effective 20 September 2006)		
	Lower Limit*	Upper Limit
Single (home owner)	Up to \$161,500	Less than \$334,250
Single (non-home owner)	Up to \$278,500	Less than \$451,250
Couple (home owner – combined)	Up to \$229,000	Less than \$516,500
Couple (non-home owner – combined)	Up to \$346,000	Less than \$633,500
Couple separated due to illness (home owner – combined)	Up to \$229,000	Less than \$574,500
Couple separated due to illness (non-home owner – combined)	Up to \$346,000	Less than \$691,500

*Rate of pension paid reduces by \$3 per fortnight for every \$1,000 above this limit. For Allowances, no benefit payable where 'Lower Limit' maximum is exceeded. From 20 September 2007, this taper rate will be halved to \$1.50 per fortnight.

ALLOWANCE RATES (Effective 20 September 2006)		
	Maximum Benefit (per fortnight)* \$	Maximum Benefit (per annum) \$
Single (no children)	420.90	10,943.40
Single (with children)	455.30	11,837.80
Single (over 60 after 9 months on allowance - includes Pharmacy allowance)	455.30	11,837.80
Couple (each)	379.80	9,874.80

ALLOWANCE INCOME TEST* (Effective 1 July 2006)	
Income Allowance* (per fortnight) \$	Reduction (for each \$1 over the allowance)
0 - \$62	Nil
\$62.01 - \$250	50 cents
Excess over \$250	60 cents

*Applies to singles (with or without dependants) and each member of a couple.

DEEMING RATES (Rates from 20 March 2004 Thresholds from 1 July 2005)		
	Financial Investments	Rate
Single (pension or allowance)	0 - \$38,400	3%
	Excess over \$38,400	5%
Couple – Pensioner (combined)	0 - \$63,800	3%
	Excess over \$63,800	5%
Couple - neither is pensioner	0 - \$31,000	3%
	Excess over \$31,000	5%

Pension Bonus Payment (PBP)

A one off-tax free pension lump sum bonus for those that qualify for the Age Pension but choose to delay retirement and continue working (at least 960 hours over 48 weeks/20 hours per week) for at least 12 months. The tax free bonus of 9.4% is multiplied by the number of years retirement is delayed (up to 5 years).

PBP = Number of years retirement is delayed x 9.4% x basic annual pension x number of years retirement is delayed.

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CENTRELINK/DVA MEANS TESTING OF INCOME STREAMS			
Income Stream Type	Dates	Income Test	Asset Test
Asset test exempt income streams			
Lifetime and life expectancy streams	Pre 20 Sept 2004	Normal income streams: Gross $\frac{\text{purchase price}}{\text{annual} - \text{relevant number}} \times \text{income}$ Defined benefit schemes: Gross annual income – tax deductible amount	Exempt
Lifetime and life expectancy income streams	Post 20 Sept 2004	As above	50% of original purchase price reduced periodically*
Market linked income streams	Post 20 Sept 2004	As above	50% of account balance
Asset tested income streams			
Long term (over 5 years or account based)	ALL	Normal income streams: Gross $\frac{\text{purchase price} - \text{RCV}}{\text{annual} - \text{relevant number}} \times \text{income}$ Defined benefit schemes: Gross annual income – tax deductible component	1. Account balance 2. Original purchase price reduced periodically* or 3. Defined benefit schemes will have PVF applied to the annual payment
Short term (5 years or less)	ALL	Treated as financial investments and subject to deeming provisions	Original purchase price reduced periodically*

***Purchase price reduction**

Where income stream provides 100% RCV then no reduction occurs.

Single payment per year: $PP - \frac{(PP-RCV)}{RN} \times \text{completed years}$

Two or more payments per year: $pp - \frac{(PP-RCV)}{RN} \times \text{completed years}^\#$

Where:

PP is Purchase Price of the income stream

RCV is the Residual Capital Value of the income stream

RN is the relevant number which is either:

- the term of the income stream in the case of term or life expectancy income streams or;
- the life expectancy for lifetime and allocated income streams

Completed years is measured in half years, e.g. 0.5, 1, 1.5

Centrelink has published a document *Important Changes to Social Security Treatment of Income Streams* covering all recent changes. It is an insert to both *Investing Money – Your Choices* and *Understanding Retirement Income Streams*. All are available at www.centrelink.gov.au or from Centrelink offices.