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**JUNE
30.**

**Get your
(FINANCIAL) house
in order**

Time is running out to get your financial house in order before June 30. This is especially the case for anyone who has funds available to make a large cash injection into their superannuation retirement savings before the rules change.

The 2016-17 financial year is your last opportunity to make a non-concessional (after tax) contribution of up to \$180,000 to your super account, or as much as \$540,000 under the 'bring forward' rule. This rule allows people under age 65 to make three years' non-concessional contributions in the current financial year by bringing forward two years' contributions.

From 1 July, the annual non-concessional cap reduces to \$100,000 and \$300,000 under the bring forward rule. What's more, anyone with a total super balance of more than \$1.6 million at the end of this and future financial years will not be able to make any more non-concessional contributions.

A golden opportunity

If you have recently sold an asset or received a windfall, this is the moment to think about making the most of the existing super rules while you can. A couple aged 50 or older could potentially put an extra \$1.15 million into super before 30 June 2017 if they each made non-concessional contributions of \$540,000 using the bring forward rule and concessional contributions of \$35,000.

Younger couples can make a maximum concessional (pre-tax) contribution of \$30,000. Concessional contributions include superannuation guarantee payments made by your employer and salary sacrifice amounts.

The advantage of doing this is that once your savings are in the super environment, investment earnings are taxed at 15 per cent instead of your marginal tax rate and are tax-free in pension phase. After June 30, people with more than \$1.6 million in super will only be able to make concessional contributions and the annual cap will fall to \$25,000 for everyone, regardless of age.

Take advantage of government contributions

Low and middle income earners may also be able to boost their super balance, thanks to government contributions.¹

If you earn less than \$36,813 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 \$51,813.

Also, low income earners on incomes below \$37,000 may be eligible for a government-paid low income super contribution (LISC). This payment is equal to 15 per cent of your or your employer's concessional contributions over the financial year up to a maximum of \$500.

Bring forward expenses, delay income

The countdown to June 30 is not all about super; some simple financial housekeeping tips could help you reduce your tax bill.



Begin by collecting all supporting receipts and documentation for any work-related expenses. Depending on the work you do, this might include home office expenses, car and travel expenses, self-education, tools and equipment and charitable donations. Speak to your accountant or check the ATO site for guidelines about what you can and can't claim.ⁱⁱ

Where possible, bring forward tax-deductible expenses to the current financial year and delay income until July. This is especially worthwhile if you think your taxable income will be lower next financial year.

For example, you may be able to pre-pay 12 months' interest on an investment loan, or 12 months' premiums on income protection insurance held outside super, and claim the full deduction in this year's return. You may also be able to pre-pay membership fees for professional organisations and subscriptions for work-related publications.

Review investments

After a mixed year on global sharemarkets, you may be sitting on paper losses on some of your stocks. This could be a good time to sell some of your poor performers to offset against capital gains made on the sale of other investments over the past 12 months. Look to sell investments held for at least 12 months if you want to take advantage of the 50 per cent capital gains tax discount.

Residential property has had a mixed year across the country, with the boom continuing in Sydney and Melbourne and prices falling in the West. With interest rates on investment loans on the rise, it's more important than ever to claim all allowable rental property deductions.ⁱⁱⁱ

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 advertising. Some expenses can only be claimed over a number of years, such as the cost of depreciating assets, structural improvements and borrowing costs such as stamp duty and loan fees.

The tax and investment landscape is constantly changing and growing in complexity. If you want to take advantage of the current super rules or traditional end-of-financial-year tax-saving strategies, consult your tax accountant and call us if you would like to discuss planning opportunities.

EOFY checklist

- Make the most of higher super contribution caps before June 30
- Make a personal super contribution and receive a government contribution if you are a lower income earner
- Check your eligible work-related deductions and gather supporting documentation
- Pre-pay expenses and delay income where possible
- Offset capital gains by selling loss-making investments
- Claim all allowable rental property deductions
- Seek professional tax and financial planning advice

i <https://www.ato.gov.au/rates/key-superannuation-rates-and-thresholds/?anchor=govtcont#govtcont>

ii <https://www.ato.gov.au/individuals/income-and-deductions/deductions-you-can-claim/>

iii <https://www.ato.gov.au/general/property/residential-rental-properties/expenses-you-can-claim/>

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