

## Status of Law Reform – July 2009 Edition

This Status of Law reform document includes *What's Law & What's Pending* – two very handy summary documents keeping you abreast of the latest legislation and regulatory developments affecting all forms of financial planning and advice.

### Law Reform - What's Law

<p><a href="#">Family Assistance and Other Legislation Amendment (2008 Budget and Other Measures) Act 2009</a></p>	<p>Act Assented on 25<sup>th</sup> June 2009</p>	<p>This Act introduces one measure from the 2008 Budget on family tax benefit to Streamline payment of family tax benefit. From 1 July 2009, the administration of family tax benefit (FTB) will be streamlined by removing the Australian Taxation Office (ATO) from delivery of FTB. This will include removal of the option of claiming FTB for a past period through the ATO.</p> <p>However, individuals will continue to be able to claim FTB by instalment or FTB for a past period through Centrelink or Medicare.</p>
<p><a href="#">Social Security and Family Assistance Legislation Amendment (2009 Budget Measures) Act 2009</a></p>	<p>Act Assented on 27<sup>nd</sup> May 2009</p>	<p>A new ongoing payment, carer supplement, will be introduced into the social security law. A person will be qualified for carer supplement if the carer is qualified for and receives instalment of a qualifying payment also or a person who receives wife pension or Department of Veterans' Affairs partner service pension as well as carer allowance.</p> <p>In 2009, carer supplement will be paid to people who received a qualifying payment for the period including 12 May 2009. From 1 July 2010, carer supplement will be paid to people who receive a qualifying payment for a period which includes the test day (1 July) each year.</p> <p>The amount of carer supplement payable in relation to a single qualifying instalment will be \$600. A person can be eligible for more than one amount of \$600 as part of their carer supplement. Carer supplement will not be indexed.</p>
<p><a href="#">Social Security and Other Legislation Amendment (Pension reform and Other 2009 Budget Measures) Act 2009</a></p>	<p>Act Assented on 26<sup>th</sup> June 2009</p>	<p><b>Increased pension rates on 20 September 2009</b> This measure increases the single maximum basic rates of certain social security pensions by \$1,560.00 per annum, or \$30 per week, on 20 September 2009.</p> <p><b>Pension supplements</b> Further amendments aim to simplify the payments made to pensioners living in Australia by consolidating a number of smaller payments and allowances into one pension supplement. The amendments will also provide for an increase to pension payments via the new pension supplement of \$10.14 per week for couples combined and \$2.49 per week for singles.</p> <p><b>Income tests</b> The amendments will increase the income test taper rate from 40</p>

		<p>cents to 50 cents per dollar of income over the ordinary income free area and remove the additional income test free area for dependent children from the calculation of the amount of a person's ordinary income free area. Transitional arrangements will apply for existing pensioners affected by the new income test changes to ensure current payment rates are maintained in real terms, and that those pensioners also benefit from a pension increase.</p> <p><b>Work bonus</b> This measure introduces a new Work Bonus into the social security law, which allows for a certain amount of employment income that is earned, derived or received in an instalment period by a pensioner who is of age pension age to be disregarded for the purposes of the income test.</p>
<p><a href="#">Social Security Legislation Amendment (Improved Support for Carers) Act 2009</a></p>	<p>Act Assented on 23<sup>rd</sup> June 2009</p>	<p>This Act gives effect to a number of measures aimed at improving assistance to carers from 1 July 2009. A person who qualifies for a carer payment under the new provisions inserted by this Act will automatically qualify for carer allowance.</p>
<p><a href="#">Tax Laws Amendment (2009 Budget Measures No. 1) Act 2009</a></p>	<p>Act Assented on 26<sup>th</sup> June 2009</p>	<p><b>Exemption of income earned in overseas employment</b> Schedule 1 amends section 23AG of the <i>Income Tax Assessment Act 1936</i>, to limit its scope to foreign employment income derived by Australian resident individuals only in specific circumstances.</p> <p><b>Temporary reduction in the Government co-contribution</b> Schedule 2 to this Act will temporarily reduce the matching rate and maximum co-contribution that is payable on an individual's eligible personal superannuation contributions.</p> <p><b>Reduction in the concessional contributions cap</b> Schedule 3 to this Act will reduce the concessional contributions cap to \$25,000 per annum (indexed) from the 2009-10 financial year. The reduced cap will apply to all concessional superannuation contributions made in the 2009-10 and later financial years.</p> <p>This Bill will also reduce the transitional concessional contributions cap (applicable to individuals aged 50 and over) to \$50,000 per annum (not indexed) for the 2009-10, 2010-11 and 2011-12 financial years</p>
<p><a href="#">Tax Laws Amendment (2009 Measures No. 2) Act 2009</a></p>	<p>Act Assented on 23<sup>rd</sup> June 2009</p>	<p><b>Schedule 1</b> to this Act amends various Acts to ensure there are no adverse taxation implications arising from a payment made by the Australian Prudential Regulation Authority, or by a liquidator, under the financial claims scheme (the scheme).</p> <p><b>Schedule 2</b> to this Act amends the law to increase access to the small business capital gains tax (CGT) concessions for taxpayers owning a CGT asset used in a business by an affiliate or entity connected with the taxpayer and for partners owning a CGT asset</p>

used in the partnership business, with effect from the 2007-08 income year. This Schedule also makes a number of other minor amendments to clarify and refine elements of the small business CGT concessions.

**Schedule 3** to this Act amends the Income Tax Assessment Act 1997 to provide a general exemption from capital gains tax (CGT) for capital gains arising from a right or entitlement to a tax offset, deduction or similar benefit.

**Schedule 4** to this Act amends the Income Tax Assessment Act 1997 to provide a refundable tax offset in relation to certain projects approved under the National Urban Water and Desalination Plan.

**Schedule 5** to this Act amends the Income Tax Assessment Act 1997 (ITAA 1997) to update the list of the deductible gift recipients (DGRs) to include four new entities and to extend the time period of three organisations currently listed in the ITAA 1997.

**Schedule 6** to this Act amends the A New Tax System (Australian Business Number) Act 1999 (ABN Act) to allow the Registrar of the Australian Business Register (ABR) to act as the Multi-agency Registration Authority, to enable representatives of businesses to be identified for the purpose of communicating electronically with multiple government agencies on behalf of businesses. This is a part of the Government's Standard Business Reporting program

[Tax Laws Amendment \(Medicare Levy and Medicare Levy Surcharge\) Act 2009](#)

Act Assented on 23<sup>rd</sup> June 2009

This Act amends:

- The Medicare Levy Act 1986 to:
  - increase the Medicare levy low-income thresholds for individuals and families. The dependent child/student component of the family threshold will also be increased. These increases are in line with movements in the consumer price index; and
  - increase the Medicare levy low-income threshold for pensioners below age pension age so that they do not have a Medicare levy liability where they do not have an income tax liability; and
- The A New Tax System (Medicare Levy Surcharge-Fringe Benefits) Act 1999 to:
  - increase the Medicare levy surcharge low-income threshold in line with movements in the consumer price index.

UPDATED : [Tax Laws Amendment \(Small Business and General Business Tax Break\) Act 2009](#)

Act Assented on 22<sup>nd</sup> May 2009

This Act amends the income tax law to provide a temporary bonus income tax deduction for new investment in tangible depreciating assets undertaken between 13 Dec 2008 and 31 Dec 2009.

The Tax Break increases and extends the 10 per cent temporary investment allowance previously announced on 12 December 2008

## Law Reform - What's Pending

Bill	Progress	Summary
<a href="#">Fairer Private Health Insurance Incentives Bill 2009</a>	Passed House of Representatives on 2 June 2009	Schedule 1 to the <i>Fairer Private Health Insurance Incentives Bill 2009</i> amends various Acts to give effect to the measure, announced in the 2009-10 Budget, to introduce three new 'Private Health Insurance Incentive Tiers'. These changes will ensure that those with a greater capacity to pay make a larger contribution towards the cost of their private health insurance.

## Contact Details

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Justifying  
your advice just  
got a whole lot  
easier with...

 *reasonable basis*