

Tax offsets/rebates

- **The spouse rebate**, the maximum rebate at 2007 year is \$1,654 – to be eligible to claim a spouse rebate:
 - A taxpayer and the dependant spouse must be a resident or deemed resident of Australia; and
 - The dependent's separate net income must be below the level at which the rebate entitlement cuts out.
 - Neither your spouse nor you were entitled to FTB Part B or were only entitled to it at the shared-care rate.
- **The medical expense rebate**, this rebate is available to a resident taxpayer who has incurred net medical expenses (medical expenses paid less any amount reimbursed) in respect of himself/herself and resident dependants in excess of \$1,500 in year 2007.
- **Private health insurance offset**, an individual taxpayer, who has private health insurance, has a choice of claiming a 30 percent reimbursement of premium paid, either as a direct payment from a Medicare office or as a tax offset, or claiming a 30 percent reduction in premiums.
- **The low income taxpayers tax offset**, the maximum offset is \$600 at 2007 year, you will receive the following low income tax offset:

Taxable income \$	Low income tax offset \$
0 - 25,000	600
25,001 – 40,000	600 – [TI – 25,000) X 4%]
40,001	Nil

- **Senior Australian tax offset:**

Status 2006 – 07 (Reached pension age)	Maximum offset \$	Shade – out threshold \$	Cuts – out at \$
Single	2,230	24,867	42,707
Couple (each)	1,602	20,680	33,496
Couple (separated due to illness)	2,040	23,600	39,920

- **Rebates to prevent double tax:**
 - **Foreign tax credit** – where a resident taxpayer receives foreign source income on which foreign tax has been paid, the taxpayer is assessed on the gross amount of the foreign income, that the amount received plus the tax withheld. The taxpayer is then entitled to a tax credit for the foreign tax. The amount of the credit is the lesser of the foreign tax or the amount of Australian tax payable in respect of the foreign income.
 - **Franking credit tax offset** – Where a resident individual shareholder receives a franked distribution, then the individual shareholder is assessed not only on the amount of the distribution received but is also assessed on the amount of franking credit attached to the franked distribution. The shareholder is then entitled to a tax offset equal to the amount of the franking credit on the distribution.