

What is new in 2010 year tax return?

REMOVAL OF BABY BONUS

The baby bonus claim and ongoing baby bonus claim has been removed from 2009-10 and future years tax returns. You can claim it for past years (2002-2009) for which you have not already made a claim.

INCOME TESTS

The new set of items called "Income tests" has been introduced in the individual tax returns. They will effect the eligibility of Pensioner and/or Senior Australian tax offset, Medicare levy surcharge, HELP/SFSS repayment amounts, eligibility to certain deductions and tax concessions.

SAME SEX COUPLES

From 01 July 2009, the definition of spouse in 2009-10 and future years for individual tax returns have changed. All couples and families are to be treated the same way for tax purposes, regardless of gender. This means that:

- Same sex couples will be treated the same way as married and opposite sex couples for tax purposes, including the ability to access the same tax concessions and tax offsets
- The amount of income tax people are liable to pay may whether they are in a relationship (registered or de facto, including same sex couples) and whether they have dependent children or relatives.
- The amending legislation can be found in the Same-Sex Relationships Act 2008.

EMPLOYEE SHARE SCHEMES ARRANGEMENT

The new income Item 12 – "Employee share schemes" has been introduced. Discounts on shares and rights you acquire under an employee share scheme which will now be included in the assessable income.

If you are an employer, the key points:

- The type of ESS offered by an employer will generally determine how tax applies to the ESS interests they provide to their employees.
- Employers must now send annual statements detailing ESS interest to the ATO and their employees.
- Employers must withhold tax on the ESS discount from employees who do not provide their TFN or ABN by the end of the financial year.

If you are an employee and members of an ESS, the key point:

- The taxing point for ESS interests is now determined by the scheme itself. ESS interests are either taxed upfront or deferred for up to seven years.
- You may have interests in several different types of ESS schemes. Each scheme may have different taxing point and conditions.
- Depending on the type of schemes, you may be able to reduce your taxable discount income from an ESS by up to \$1,000. This reduction is subject to an income test.
- You will receive an annual statement from your employer, detailing your ESS interests, and report in your income tax return.

EXTENDING THE TFN WITHHOLDING ARRANGEMENTS TO FAMILY TRUSTS

In the 2009 Federal Budget, the government announced its plans to extend the current TFN withholding arrangements to closely held trusts, including family trusts, from 01 July 2010. This will ensure beneficiaries of those trusts correctly include their share of the net trust income their assessable income.

CHANGES TO NON-COMMERCIAL LOSS RULES

Changes to the operation of the non-commercial loss (NCL) rules apply for the 2009-10 and later income years. The new rules involve the introduction of an income requirement of \$250,000. This will further restrict individuals from using losses from unprofitable business activities to offset other income.

Only individuals that meet the new income requirement will have access to the four tests, that is, the:

- Assessable income test
- Profits test
- Real property test
- Other assets test

Currently, passing one of these tests will allow an individual to use their losses to offset other income.

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