



Budget 2015 Update

7 Relevant Changes for Doctors and Dentists: We have reviewed the proposed changes in Budget 2015, and highlight the 7 key announcements which impact our medical and dental clients.

Business Assets: From 7.30pm on 12/5/15, if the aggregate turnover of your business is less than \$2 million, and you acquired a business asset for less than \$20,000, you can access a 100% immediate write-off. This concession is available for acquisitions from 12/5/15 to 30/6/17. The \$20,000 is the "tax cost" (\$22,000 if you are registered for GST, and \$20,000 if you are not registered for GST). Any business asset acquisitions exceeding \$20,000 can continue to be included in the small business depreciation pool, and depreciated at 15% in the 1st year, and 30% depreciation thereafter. Also, if the balance of the depreciation pool of assets falls below \$20,000, the balance can be immediately expensed.

Company – Tax Rate Reduction: From 1/7/15, the reduction of the company tax rate of 30%, to 28.5%, only applies to companies with an aggregate turnover less than \$2 million, and carrying on a business. Medical practice companies must make a bona fide attempt not to retain profits, and so this reduction in company tax rate provides no new benefit for our clients.

Unincorporated Business – Tax Discount: From 1/7/15, a 5% tax discount on business income was introduced for sole traders with an aggregated turnover less than \$2 million. The discount is capped at \$1,000. Once your taxable income from carrying on a business exceeds \$86,629, there is no further discount, as you will have reached the \$1,000 cap.

Motor Vehicle – Tax Methods: If your estimated business kilometers exceed 5000 kilometers, you could use the 12% of purchase price (capped at the luxury car depreciation limit – \$57,466), or 33% of car overheads, to claim car deductions. These methods will be removed from 1/7/15. The remaining car claiming methods will be:

- Log book method – kept for 12 consecutive weeks, to record the business kilometers, to determine the business percentage to apply to car overheads; Or
- Estimate your business kilometers, and apply a new rate of 66 cents per kilometer, and capped at 5000 business kilometers.

Farms: If you are considering upgrading infrastructure at your farm, the changes are:

Up to 30/6/16	After 1/7/16
Fencing – written off over 30 years Water storage – written off over 3 years Fodder storage – written off over 50 years	Fencing – 100% expense Water storage – 100% expense Fodder storage – 3 years write off

Meal Entertainment: From 1/4/16, all meal entertainment payments will be capped at a grossed up value of \$5,000, and become a reportable fringe benefit. Essentially, you can only package \$2,550 of meal entertainment expenses after 1/4/16.

Superfunds: From 1/7/15, tax payers who had not met a "condition of release", and have two medical practitioner certificates confirming terminal illness, within 2 years can access their superfund. No other changes to superfunds in this budget announcement. However, superfund reform is part of the Tax White Paper review, and is expected to be released by December this year.

Important Note: Each of these Budget 12/5/15 announcements require Senate approval before they become law, and there may be subsequent amendments in the process of Senate approval.