

Superannuation and ETPs

Employer Contributions

The maximum deductible contributions to complying superannuation funds or RSAs for contributions by employers in respect of their employees are as follows:

| Age of Employee | Maximum Deductible Contributions 2000 – 2001 |
|-------------------|--|
| Less than 35 | \$11,388 |
| 35 – Under 50 | \$31,631 |
| 50 Years and Over | \$78,445 |

Superannuation Contributions and Termination Payments Tax Surcharge

Superannuation contributions tax and termination payments tax are payable where the individual's adjusted taxable income is above the thresholds outlined below.

| Adjusted Taxable Income \$ | Surcharge 2000 – 2001 % |
|----------------------------|---------------------------------------|
| Nil – 81,493 | Nil |
| 81,493 – 98,955 | Adjusted Taxable Income less \$81,493 |
| | \$1,165 |
| Over 98,955 | 15 |

Superannuation Guarantee

Employers must contribute 8% of an employee's earnings base (to a maximum earnings base of \$26,300 per quarter in 2000-2001) to a complying superannuation fund.

Reasonable Benefit Limits (RBLs)

If a benefit exceeds the relevant RBL, the excess is an excessive component and if taken as a lump sum will be taxed at the highest marginal rate, currently 47% plus Medicare Levy. If taken as a pension or annuity, the excessive portion will be taxed at marginal rates, as this portion will not be rebateable. The pension RBL is available if 50% or more of the benefit is taken as a complying pension or annuity.

| RBL | Standard Limits 2000 – 2001 |
|----------|-----------------------------|
| Lump Sum | \$506,092 |
| Pension | \$1,012,181 |

Tax-free Amount of Bona Fide Redundancy Payments

The tax-free amount of a bona fide redundancy or approved early retirement scheme payment is the lesser of:

- (i) the actual payment received; or
- (ii) \$5,062 plus \$2,531 for each whole year of employment service completed.

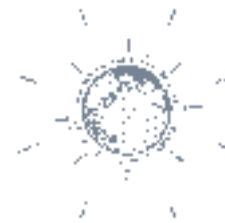
It should be noted that the tax-free amount calculated above, does not represent part of an ETP.

Withholding Tax on Australian Income Received by Non Residents

- Unfranked dividends – 30% (reduced to 15% by most tax treaties)
- Interest – 10%
- Royalties – 30% (reduced to 10% or 15% by most tax treaties)

The Ralph review has proposed additional withholding taxes for non residents. Under the proposals, income (other than interest, dividends and royalties) will be taxed at the company tax rate and a 10% withholding tax will be imposed on proceeds from the disposal of assets. Please contact your professional advisor for more details.

2000/2001 Tax Summary International Assignment Services



Fringe Benefits Tax (FBT)

General

- The employer is liable to FBT at the rate of 48.5% of the grossed-up taxable value of benefits provided to employees.
- From 1 July 2000 there will be two gross-up factors. For benefits in respect of which the employer can claim input tax credits under the GST, the gross-up factor is 2.1292 while for benefits in respect of which the employer cannot claim input tax credits, the gross-up is 1.9417.
- The grossed-up value of all fringe benefits provided to an employee, if the total taxable value is in excess of \$1,000, must be shown on the employee's group certificate.
- The FBT benchmark interest rate for the year ending 31 March 2001 is 7.3%.

LAFH – Tax exempt reasonable food allowance (FBT year ending 31 March 2001)

An individual who is LAFH can be provided with a tax exempt allowance to cover additional food costs as shown below:

| Family Size | Tax-Free Allowance Per week A\$ | Tax-Free Allowance Per annum A\$ |
|----------------------|------------------------------------|-------------------------------------|
| 1 Adult | 104 | 5,408 |
| 2 Adults | 151 | 7,852 |
| 3 Adults | 138 | 7,176 |
| 2 Adults, 1 Child | 159 | 8,268 |
| 2 Adults, 2 Children | 138 | 7,176 |
| 2 Adults, 3 Children | 160 | 8,320 |
| 3 Adults, 1 Child | 160 | 8,320 |
| 3 Adults, 2 Children | 183 | 9,516 |
| 4 Adults | 183 | 9,516 |

Note: (1) Children are persons younger than 12 years at the beginning of the FBT year, ie 1 April. Two children constitute one adult. For example, the allowance for a family of two adults and three children would equal the allowance for a family of three adults and one child for the FBT year ending 31 March 2001.

FBT on Cars – Statutory Formula

| Annualised Kilometres Travelled | Statutory Fraction Applied to Car Cost |
|---------------------------------|--|
| 14,999 or less | 26% |
| 15,000 to 24,999 | 20% |
| 25,000 to 40,000 | 11% |
| 40,001 or more | 7% |

Summary of Tax Treatment of Commonly Provided Remuneration Components

Certain components of remuneration that are commonly included in assignees' remuneration packages receive special tax treatment. In some cases, the tax treatment will depend on whether the assignee is living away from home ("LAFH") during their assignment or changing their usual place of residence ("CUPOR").

| Type of Benefit | LAFH | CUPOR |
|---|----------------------|----------------------|
| Accommodation | FBT exempt (a) | Concessional FBT (b) |
| Australian tax return preparation fees | FBT exempt | FBT exempt |
| Base salary | Income tax | Income tax |
| Business subscriptions | FBT exempt | FBT exempt |
| Car allowance | Income tax | Income tax |
| Car provided | Concessional FBT | Concessional FBT |
| Car for spouse | Concessional FBT | Concessional FBT |
| Car parking | Concessional FBT | Concessional FBT |
| Children's education | FBT exempt (a)(f) | Full FBT |
| Domestic help | Full FBT | Full FBT |
| Employee shares and options | Income tax | Income tax |
| Entertainment reimbursed | Full FBT | Full FBT |
| Home leave | Concessional FBT (a) | Full FBT |
| Home sale and new home purchase costs | N/A | FBT exempt (d) |
| Home telephone (part business use) | Concessional FBT | Concessional FBT |
| In-house benefits | Concessional FBT | Concessional FBT |
| Language lessons (English for migrants) | FBT exempt | FBT exempt |
| Leasing of household goods | FBT exempt (a)(c) | Full FBT |
| Life insurance premiums | Full FBT | Full FBT |
| Living away from home allowance | Concessional FBT (a) | N/A |
| Low or interest free loan | Concessional FBT | Concessional FBT |
| Medical insurance premiums | Full FBT | Full FBT |
| Orientation briefings | FBT exempt | FBT exempt |
| Relocation expenses including storage | FBT exempt | FBT exempt |
| Settling-in allowance | Income tax | Income tax |
| Sporting club subscriptions | Full FBT | Full FBT |
| Superannuation contributions | FBT exempt | FBT exempt |
| Tax equalisation payments | Income tax (e) | Income tax |
| Utilities | Full FBT | Full FBT |

- Notes: (a) The employee must be LAFH in order for the benefit to be either exempt from FBT, or subject to concessional FBT. As a general rule, an employee is currently considered to be LAFH if they are working in Australia on an assignment of a finite duration with a definite intention to return to the home country to live at the completion of the assignment.
- (b) Temporary accommodation in new location only.
- (c) Employee must be in receipt of employer provided accommodation in order for the benefit to be FBT exempt.
- (d) Examples of cost which can be reimbursed tax free, provided home sold in former location within two years of move and certain other conditions are satisfied, are: advertising costs relating to the purchase of new home; stamp duty related to the purchase of the new home; expenses of borrowing; and costs associated with the discharge of a mortgage.
- (e) The tax treatment of tax payments on behalf of an employee depends upon the tax equalisation arrangements in place. However, equalisation settlements are usually treated as assessable income of the individual.
- (f) The employee's usual place of residence must be outside Australia.



2000/2001 Tax Summary International Assignment Services

Personal Tax Rates

| | Resident | | | Non Resident | | |
|--------|--------------------|---------|-------------|--------------------|---------|-------------|
| | Taxable Income A\$ | Tax A\$ | On Excess % | Taxable Income A\$ | Tax A\$ | On Excess % |
| 6,000 | Nil | 17 | Nil | Nil | 29 | |
| 20,000 | 2,380 | 30 | 20,000 | 5,800 | 30 | |
| 50,000 | 11,380 | 42 | 50,000 | 14,800 | 42 | |
| 60,000 | 15,580 | 47 | 60,000 | 19,000 | 47 | |

Note: (a) The general tax-free threshold of \$6,000 is reduced in a year of partial residence.

Medicare Levy

- A Medicare levy of 1.5% applies to most Australian tax residents where taxable income exceeds A\$13,550 for individuals and A\$22,865 for couples. These thresholds are increased by \$2,100 for each dependent child or student.
- Certain individuals on temporary resident visas are ineligible for Medicare benefits and can apply to the Minister of Health for a certificate of exemption from the Medicare levy.
- Single individuals with taxable income of more than A\$50,000 or couples and families with a taxable income of more than A\$100,000 may be subject to a Medicare levy surcharge of 1% if they do not have private health insurance cover with an Australian registered health fund. (The taxable income takes into account the grossed-up taxable value of all fringe benefits provided to the taxpayer, if in excess of \$1,000 in total.) If an individual purchases private health insurance on or after 25 May 2000 with an excess component greater than A\$500 (A\$1,000 for couples or families), the individual will be subject to the Medicare levy surcharge.

Private Health Cover

- Eligible persons with an appropriate private health insurance policy will receive a tax offset as an incentive to take out private health cover. In most cases this offset will be equivalent to 30% of the cost of the premiums and can be received as a tax rebate, a discount from the cost of premiums or as a cash payment. You should consult your health fund for more information.
- Under Lifetime Health Cover, private health funds will be required to increase premiums over a base rate depending on the age when a member first takes out hospital cover with a registered health fund.
- People who join after the age of 30 will pay a 2% premium loading for each year they delay joining after 30 June 2000.
- The loading is capped at a maximum of 70% above the premium payable by a person who joins at the age of 30.

Australian Tax Timeline

1 July 2000

Beginning of the 2000/01 Australian tax year

21 Oct 2000*

Last date for payment of 1st quarterly PAYG instalment for 2000/01

31 Oct 2000

Last date to be listed on Deloitte's lodgment program to obtain an extension to the tax return filing deadline.

21 January 2001*

Last date for payment of 2nd quarterly PAYG instalment for 2000/01

21 April 2001*

Last date for payment of 3rd quarterly PAYG instalment for 2000/01

(+/-) 30 April 2001

Last date for lodgment of 1999/2000 return

~2 weeks after lodgment

1999/00 income tax assessment issues from ATO

30 June 2001

End of the 2000/01 Australian tax year

* Please note

The ATO has announced that the due dates for the first 3 quarterly PAYG instalments will be extended to 11 November, 4 February and 28 April respectively.

21 July 2001

Last date for payment of 4th PAYG instalment for 2000/01

21 Oct 2001

Last date for payment of Lump sum PAYG instalment for 2000/01

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Capital Gains for Individuals

- Net capital gains on disposal or deemed disposal of most assets acquired after 19 September 1985 are subject to capital gains tax ("CGT").
- If an asset is held for less than 12 months, the entire capital gain is subject to CGT at the individual's marginal rate.
- If an asset is held longer than 12 months, an individual can elect between the old Indexation Method and the new Exemption method for calculating the assessable gain upon disposal.

Exemption Method

An individual may be eligible to elect to claim a 50% exemption from CGT. Indexation does not apply under this method. See your professional adviser for more details.

Indexation Method

Capital gain is determined after indexing the cost base of the asset for the appropriate inflation rate (see table below). As part of the transition to the new Exemption method, indexation has been frozen at 30 September 1999.

| | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 |
|-----|------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Mar | 81.4 | 87.0 | 92.9 | 100.9 | 105.8 | 107.6 | 108.9 | 110.4 | 114.7 | 119 | 120.5 | 120.3 | 121.8 |
| Jun | 82.6 | 88.5 | 95.2 | 102.5 | 106 | 107.3 | 109.3 | 111.2 | 116.2 | 119.8 | 120.2 | 121 | 122.3 |
| Sep | 84.0 | 90.2 | 97.4 | 103.3 | 106.6 | 107.4 | 109.8 | 111.9 | 117.6 | 120.1 | 119.7 | 121.3 | 123.4 |
| Dec | 85.5 | 92.0 | 99.2 | 106.0 | 107.6 | 107.9 | 110 | 112.8 | 118.5 | 120.3 | 120.0 | 121.9 | |

Pay As You Go Instalments

- An individual with business or investment income must usually make Pay As You Go (PAYG) tax instalment payments.
- The individual will receive an Instalment Activity Statement from the ATO containing an instalment rate calculated by the ATO based on the individual's latest assessed income tax return. There is no liability to pay PAYG instalments until this notice issues.
- Most PAYG instalment payers will calculate their instalments by multiplying the instalment rate by their instalment income. Instalment income includes: interest, rent, trust income and dividends. Salary and wages are excluded. Other methods for calculating PAYG instalments also exist – please contact your professional advisor for further details.
- PAYG instalments will usually be made quarterly. Individuals who meet certain criteria, including that their business and investment income in the previous year (as advised by the ATO) was less than \$8,000, can elect to make an annual payment.
- An individual is able to vary the amount of each instalment in line with variations in trading or investment conditions. This can be done by applying to the ATO.

Rebates

20% rebate on unreimbursed medical expenditure over A\$1,250

Dependent spouse tax rebate – A\$1,340 Low income earner tax rebate – A\$150

The dependent spouse (with child) rebate is replaced by the Family Tax Benefit ("FTB"). The FTB amount depends upon the age of the youngest child; under 5 years – A\$2,602, 5 years and over – A\$1,814

Notes: (a) Spouse tax rebate reduced by A\$1 for every \$4 by which the spouse's net income exceeds A\$282.

(b) Low income earner tax rebate is reduced by \$1 for every \$4 which the taxpayer's income exceeds \$20,700.

(c) FTB reduced by 30¢ for every \$1 by which the spouse's income exceeds \$1,616.