

MAKE IT



I can do that

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How to get a tax bonus

The strategy To work out whether I qualify for the \$900 tax bonus.

Don't I automatically get it if I earn less than \$80,000? Not quite. Your eligibility for the bonus depends on your taxable income and a new concept known as your adjusted tax liability. To qualify, you need to earn less than \$80,000 *and* have an adjusted tax liability of more than zero.

So I miss out if I received a tax refund? If you received a tax refund because you claimed tax deductions, this should not affect your eligibility for the bonus. However, you need to have paid some tax to qualify. Note that your adjusted tax liability is calculated after taking out tax offsets and other credits, such as the low income tax offset, the seniors tax offset and franking credits on dividends.

According to GMK Centric, to have an adjusted tax liability greater than zero taxpayers will need a minimum taxable income of \$11,000 – the level at which the tax payable exceeds the low income tax offset of \$750. Retirees eligible for the senior Australians tax offset and the low income offset will need a taxable income of at least \$25,868 for a single person or \$21,681 for a member of a couple. If your income includes franked dividends, the minimum income requirement will be higher.



How do I work out my adjusted tax liability? You need a copy of your 2007-08 tax assessment. Add the Medicare levy and any Medicare surcharge (at Label O) to the tax on your taxable income (Label A), then subtract any tax offsets and credits you claimed (Label G) to calculate your adjusted tax liability. Any foreign resident withholding credits should also be added. If the result is more than zero, you should get the bonus. If all that gives you a headache, the Tax Office has a tax bonus calculator at ato.gov.au.

Are the self-employed eligible? The bonus is not restricted to employees.

You simply need to be an Australian resident and have lodged your 2007-08 return by June 30. Note, too, that the bonus is not calculated on family income, so one member of a couple may receive the bonus even if their partner is ineligible. GMK Centric says minors (under 18) won't receive the bonus unless they are an "excepted person" (such as one in full-time employment) or received at least some "excepted assessable income" (such as income from an inheritance). MLC head of technical services, Andrew Lawless, says many retirees may also miss out as super benefits received from age 60 are not included in your tax return.

Do I get anything if my income is more than \$80,000? A \$600 bonus is payable if your taxable income was between \$80,001 and \$90,000 and a \$250 bonus is payable if your income was between \$90,001 and \$100,000.

What do I have to do to get the money? The Tax Office will pay you automatically once it has your tax return. Payments will start next month but will be staggered over a few months. The money will be deposited to the bank account nominated on your tax return or a cheque sent to your address. If you want to change your payment details, you'll need to let the Tax Office know.

What's the best thing to do with the money? The Government hopes you'll spend it but many consumers are expected to use the money to pay off debt or keep some as a buffer in case of unemployment or financial problems. The chief executive of accountantsRus, Adrian Raftery, suggests if you don't need the money you can get more bang for your buck by putting it into super. If you earn less than \$30,342 and make a \$900 personal contribution to super, you'll be eligible for the \$1.50 super co-contribution. The Government will stick another \$1350 into your super fund. Workers earning up to \$60,342 are eligible for a partial co-contribution.

Catch a break ... you may be eligible for a government bonus of \$900.

Illustration:
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