

# Lao Pollock & Co

Certified Practising Accountants  
Registered Tax Agents



## LAO POLLOCK & CO

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**OUR SERVICES:**  
Specialist Taxation Advice  
and Compliance

Accounting  
Administration  
Information Technology

Lao Pollock & Co is a CPA  
Practice.

Registered Tax Agent

Our firm specialises in the provision of quality taxation compliance and advice services to individuals and small business. Most of our clients engage our firm in compliance work (preparation of tax returns), and we also take instruction from clients and professionals (eg. solicitors, trustees and executors) in providing opinion relating to more complex tax matters.

We also engage in accounting and administration services for clients.

## TAX MATTERS NEWSLETTER

*Thank you for taking the time to read our Tax Practice Newsletter.*

*Please feel free to hand our Newsletter to a friend, relative or associate.*

### CURRENT TAX MATTER

Tax Changes from 1 July 2017

#### Concessional Contribution Limits

A key change that took effect on 1 July 2017 relates to the **ability to claim a tax deduction when contributing to Superannuation**. A tax deduction was previously available for the self-employed or people that received less than 10% of their assessable income from employment income. In addition employees may make a contribution into superannuation from Pre-tax Salary – referred to as **Salary Sacrifice**. Still in relation to the old rules, an aged based limit applied for both forms of contribution (maximum \$30,000 per annum if aged 50 or less or \$35,000 if over age 50). An important consideration is that the all limits also include contributions made by **Employers** under compulsory super guarantee legislation. **From 1 July 2017, a new reduced contribution limit of \$25,000 will apply, irrespective of age, however no restriction applies in relation to having to be self-employed and the 10% rule has been abolished.** A person will therefore have the ability to decide to make a deductible contribution on an ongoing basis as part of salary sacrifice or alternatively decide to make a one off contribution during the year using surplus funds they want to commit to super, and at the same time reduce their taxable income. **This strategy may assist in Capital Gains Tax planning.** **Eg. An assessable capital gain and therefore tax payable may be reduced if you can claim a tax deduction (via super contribution)**

### DID YOU KNOW?

#### Capital Gains Tax and the FAMILY HOME

For the majority of people, the most significant asset held is likely to be the family home, or using tax terminology, the **“Principal Place of Residence” (PPR)**. It can also be argued that the PPR is the most significant Exemption or Concession not subject to Capital Gains Tax (CGT). A number of factors however will influence whether a full Capital Gains Tax Exemption applies or only a **Partial Exemption**. The full exemption applies in the instance where a PPR is purchased before or after 19.9.1985 (introduction of CGT) and the PPR has always been maintained as the PPR. If all, some or a combination of the following events have occurred **after 19.9.1985**, then a full CGT Exemption may not be available, particularly if the PPR has been used to produce income, eg.

- A Joint owner dies & change of title occurs leaving the sole survivor acquiring a half share as a “Post CGT asset”.
- The PPR is rented out for more than a 6 year period.
- Owner enters Aged Care and rents out the PPR.

**DID YOU KNOW**, the Australian Taxation Office is now supplied with property settlement details from the **Land Titles Office**, prompting taxpayers’ to consider if they have triggered a CGT LIABILITY.

### CLIENT REFERRALS

*Please do not hesitate in mentioning either Catherine or Carl to your friends if they are seeking assistance with a tax matter.*

### CONTACT

**Please call Catherine Pollock or Carl Lao on 9633 9220 for assistance with your tax matter.**

*Disclaimer*

*Liability limited by a scheme approved under Professional Standards Legislation.  
The content of this newsletter is general tax advice only and not specific personal advice.*