

Henry Tax Review.

Information Supplied by the Institute of Chartered Accountants

The highlights are:

- a Resource Super Profits Tax that will tax **non-renewable resource projects** (at a rate of 40%) on their profits rather than just their production (taxpayers will be eligible for a credit for royalties paid to State and Territory Governments) - this will apply from 1 July 2012;
- a refundable tax offset (the **Resource Exploration Rebate**) at the company level, set at the prevailing company tax rate, for exploration expenditure in Australia incurred on or after 1 July 2011;
- **reduction in company tax rate** to 28% - small businesses will benefit from 2012-13, but it will be phased in for other companies (29% for 2013-14 and 28% from 2014-15);
- **small businesses will be able to immediately write-off assets** valued at under \$5,000 (currently \$1,000) and all other assets (except buildings) will be written off in a single depreciation pool at a rate of 30% - this will apply from 1 July 2012;
- **super contributions cap concession**: workers aged 50 and over with super balances below \$500,000 will be able to make up to \$50,000 in annual, concessional superannuation contributions - to apply from 1 July 2012;
- **Superannuation Guarantee age limit** will be increased from 70 to 75 from 1 July 2013;
- **Superannuation Guarantee rate** will rise to 12% by 2019-20 (to be phased in); and
- Government will provide a **\$500 annual superannuation contribution** to individuals with an adjusted taxable income up to \$37,000.

The Henry Report is in 3 volumes (totalling about 1300 pages) - an Overview (Vol 1) and 2 Detailed Analysis reports - and contains 138 recommendations. The Government's initial response - called **Stronger-Fairer-Simpler, A tax plan for reform** - deals with less than 50 of the recommendations and is contained in 3 short booklets, a number of fact sheets and 3 media releases.