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Special Flood Edition

Declaration of Disasters

The Treasurer has declared that the following are disasters for the purposes of establishing Australian disaster relief funds that can receive tax deductible donations:

- The Victorian floods, effective from 15 January 2011; and
- The New South Wales floods, effective from 10 January 2011.

A similar declaration has been made by the Queensland Government in relation to floods in that State.

Flood Levy proposed

The Government intends to introduce a temporary flood levy in the 2011/12 financial year, to assist with part of the costs of rebuilding infrastructure following the recent floods.

It is proposed that the levy will not be paid by those affected by the floods or by lower income earners, and will apply only in the 2011/12 financial year.

The rate of the levy will depend on a taxpayer's taxable income (TI) as follows:

- Anyone with a TI under \$50,000 will not pay the levy;
- Those with a TI between \$50,000 and \$100,000 will pay 0.5 per cent of TI in excess of \$50,000; and
- Those with a TI over \$100,000 will pay 0.5 per cent of TI in excess of \$50,000 and 1% of TI in excess of \$100,000.

Examples

An individual taxpayer on average annual adult full-time total earnings and TI of \$68,125 will pay an extra \$90.63 in tax (i.e., $(\$68,125 - \$50,000) \times 0.5\%$).

An individual taxpayer with TI of \$120,000 in 2011/12 will pay an extra \$450 in tax (i.e., $(\$120,000 - \$100,000) \times 1.0\% + (\$100,000 - \$50,000) \times 0.5\%$).

Disaster Income Recovery Subsidy

Payments are approximately \$500 per fortnight. There is an income test, which is based on the Newstart Income Test. Payments are available for people who are unable to receive their ordinary source of income because of natural disasters. The government has announced that payments commenced last week and could last for a maximum of 13-weeks.

“ACCOUNTANTS
YOU CAN TALK
TO...”

ADDRESS:
SUITE 13,
241 BLACKBURN ROAD
MOUNT WAVERLEY, VIC

CORRESPONDENCE:
PO Box 323
MOUNT WAVERLEY VIC 3149

T (03) 9802 2533
F (03) 9802 0590

MAIL@ROGERSONKENNY.COM.AU
WWW.ROGERSONKENNY.COM.AU