

businessessentials[®]

Advice and ideas to grow your business

June 2014

Audio CD



the extras

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TURN DRIVE TIME INTO PROFIT TIME

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David Kent, Michael Jones
and Neil Flavel lead
a group of dedicated
taxation professionals.



see further

Individual resident marginal tax rates for the year ended 30 June 2014

Income year 2014 Taxable Income \$	Income year 2014 Tax Payable (excluding Medicare levy)
0 – 18,200	Nil
18,201 – 37,000	19% of excess over 18,200
37,001 – 80,000	3,572 + 32.5% of excess over 37,000
80,001 – 180,000	17,547 + 37% of excess over 80,000
180,001 +	54,547 + 45% of excess over 180,000

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Michael Jones' progressive changes to the taxation of dividends

It is useful to understand the combined effect of changes to tax rates and the associated franking credits:

	2013/14	2014/15	2015/16
	\$	\$	\$
Cash dividend	100.00	100.00	100.00
Franking credit	42.86	42.86	39.86
Total dividend	142.86	142.86	139.86
Income tax	66.43	70.00	68.53
Less franking credit	(42.86)	(42.86)	(39.86)
Tax shortfall	23.57	27.14	28.67
Effective tax rate on cash dividend	23.57%	27.14%	28.67%
Cash after tax	\$76.43	\$72.86	\$71.33
Cost of deferral	-	\$3.57	\$5.10

The impact for shareholders with taxable income below \$180,000 is lower, however, there is still an increasing cost of deferring dividends due to the Medicare levy increase and reduced franking credits at 28.5 cents in the dollar.

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