

TAX SMART STRATEGIES FOR YOUR ECONOMIC BONUS PAYMENT

With just over two months to go until the end of the financial year, here are some smart strategies on how to get the most tax benefit out of your economic stimulus payment:

Tax deductions

Think about using your \$900 to buy something tax deductible or to make a donation. For someone in the 31.5% tax bracket, this will equate to a refund of almost \$300, taking the value of the handout to \$1200.

Superannuation

Consider putting your \$900 payment into superannuation. For eligible self employed people, this will earn you a tax deduction.

For wage earners with a taxable income of \$30,342, you will be eligible for the super co-contribution. Put the \$900 into your super fund and you will get another \$1,350 from the government contributed to your super. People earning up to \$60,000 can also get a contribution but the co-contribution amount scales down with the more you earn.

If your partner earns less than \$13,800, you can get a tax offset of up to \$540 by putting \$3,000 in their super fund. Use Mr Rudd's bonus as a jump start for this amount.

Education Tax Refund

For families receiving Family Tax Benefit Part A, you will be eligible to claim a 50% Education Tax Refund of up to \$750 for primary school aged children and up to \$1,500 for each secondary school student. Spending \$900 on eligible education expenses will potentially get you a benefit of \$1,350 in total.

Energy Savers

Spending \$900 on energy saving devices or water tanks will not only cut your household bills but also earn a rebate from the government.

Pre-payments

Investors can consider prepaying their interest costs for the next financial year. By paying the next 12 months interest before 30 June, you can claim the payment as a tax deduction this year.