

Per km car rates for 2001/2002

The following are the car rates for taxpayers claiming tax deductions for the 2001/2002 income year where the car does not travel more than 5,000 business kms during the year. Those who use log books need to renew the log books every 5 years or when the business usage changes by more than 10%.

Engine capacity		Rate per km
Non-rotary	Rotary	(cents)
Up to 1600cc	Up to 800cc	49.3
1601cc to 2600cc	801cc to 1300cc	59.0
Over 2600cc	Over 1300cc	60.0

Rebates for aged pension and low-income aged persons

2001/2002 year	Rebate	Tax-free threshold
Single person	\$2,230	\$20,000
Each member of a couple	\$1,602	\$16,306
Each member of an illness separated couple	\$2,040	\$18,882

Superannuation Guarantee Levy

The Surcharge will be 9% applicable from 1 July 2002.

Restriction for Taxpayers who are NOT a Small Business

There is a limit for prepayment deductions of 40% of the amount of pre-paid expenses.

In Brief

- ◆ **PSI legislation** is now applicable to people formerly in the **PPS System**.
- ◆ The ATO stated it would continue to challenge **sale and leaseback arrangements** that are primarily designed as tax avoidance measures. It will continue to apply Taxation Ruling **TR 95/30**, that provides such arrangements acceptable except where they contain objectionable features such as inflated prices and artificially low residual values.
- ◆ The Federal Court in *BHP Petroleum (Bass Strait) Pty Ltd and Anor v FC of T* held that additional adjustments for **new tax imposts under supply contracts** were derived as income when the supplies were made.
- ◆ The Full Federal Court in *FC of T v Jones* confirmed that **interest on loans** taken out for business purposes continued to be **deductible after cessation of the business**, even when **refinanced**.
- ◆ The *Taxation Laws Amendment (Film Incentives) Bill 2002* was passed and is awaiting Royal assent. The Bill provides a **tax offset for film production in Australia**.

- ◆ The ATO has written letters to **mass-marketed scheme investors**, including settlement deeds, referred to in its February 2002 settlement offer. The letters will explain how the settlement opportunity applies to particular schemes and provide further information, including the terms and conditions of the settlement, as well as the details of what **tax deductions** are available. However, investors can choose not to settle and await the outcome of further court decisions. They have until **22 May 2002** to forward their completed settlement offer to the Tax Office.
- ◆ The Full Federal Court in *North Ryde RSL Community Club Ltd v FC of T* confirmed that **receipts** received by a club from its participation in **Club Keno** did not fall within the **mutuality principle** but were assessable as trading income.