

How to Legally Reduce Your Tax ... Without Losing Any Money!

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**THE FOLLOWING PAGES HAVE BEEN UPDATED OR
CHANGED AND ARE AVAILABLE TO THE PURCHASERS
OF THIS BOOK.**

The Two Main Taxes

Before we delve into the tools of the game, namely companies and trust structures, it is necessary to show you how to keep score. You need to know if you are winning at this game called tax. You do this by measuring the differences in tax rates between an individual and a company or trust.

Income tax is money taken out of your salary before you see it. The more you earn, the higher the rate. The table below shows the current Australian personal income tax rates.

Income Tax Rates Table

Income Bracket (From July 2005)	Tax Rate	Income Bracket (From July 2006)	Tax Rate
\$0 - \$6000	Nil	\$0 - \$6000	Nil
\$6001- \$21,600	15 %*	\$6001- \$25,000	15 %*
\$21,601 - \$63,000	30 %*	\$25,000 - \$75,000	30 %*
\$63,001 - \$95,000	42 %*	\$75,001 - \$150,000	40 %*
\$95,001 +	47 %*	\$150,001 +	45 %*

*Plus Medicare levy which is normally calculated at 1.5% of your taxable income but this rate may vary depending on your circumstances. Throughout this book 48.5% is quoted as the highest tax bracket, which is the highest income tax rate of 47% plus the Medicare levy.

Land Tax - State Summary Table 2006

State	Deciding Date (Midnight)	PPR ¹ Exempt	Personal Land Tax Threshold	Personal Land Tax Rate	Website
NSW	31 Dec	Yes	\$352k	1.7 cents /\$ plus \$100	www.osr.nsw.gov.au
VIC	31 Dec	Yes	\$199k	0.2 cents/\$ plus \$200	www.sro.vic.gov.au
QLD	30 Jun	Yes	\$500k	0.7 cents/\$ plus \$500	www.osr.qld.gov.au
SA	30 Jun	Yes	\$110k	30 cents/\$100	www.revenuesa.sa.gov.au
WA	30 Jun	Yes	\$150k	0.15 cents/\$1	www.osr.wa.gov.au
TAS	1 Jul	Yes	\$25k	0.55%/\$ plus \$50	www.treasury.tas.gov.au

1. PPR: Principal Place of Residence.

Result Summary

Before

Structures:	None
Asset Value:	\$6 million - property
Asset Ownership:	Elsie
Income:	\$250,000 gross rental income
Income Tax:	\$75,000 approximately

After

Structures:	Unit Trust, SMSF
Asset Value:	\$6 million - property
Asset Ownership:	Unit Trust - units owned by SMSF
Income:	\$250,000 rental income
Income Tax:	\$2,000
Establishment Cost:	\$5,000
Ongoing Fees:	\$2,000
Tax Saving:	\$70,000, first year, \$73,000 second year
20 year saving:	\$1.5 million less \$45,000 in fees

Please note that, while this method worked for Elsie, changes to superannuation laws in May 2006 now limit contributions made into super. Therefore the above method requires earlier planning or possibly another approach entirely.