



TECHNICAL ADVISORY

Re: The Application of the New Income Tax Threshold for Individuals Year of Assessment 2009 and 2010

The purpose of this advisory is to guide persons in the computation of the threshold for Year of Assessment 2009.

YEAR OF ASSESSMENT 2009

Effective July 1, 2009 Section 30 of the Income tax Act will be amended; the Income Tax threshold for individuals will be increased from \$220,272 to \$320,736. The increase will result in an effective rate as shown below:

January 1, 2009 to June 30, 2009	Threshold \$220,272 ÷ 12 x 6	\$110,136
July 1, 2009 to December 31, 2009	Threshold \$320,736 ÷ 12 x 6	<u>\$160,368</u>
Total Threshold Y/A 2009		\$ 270,504

The increase in the threshold with an effective date of July 1, 2009, means that as of July 1, 2009 individuals will be entitled to a nil rate of tax as follows:

\$160,368 ÷ 6.....	\$26,728	monthly
\$160,368 ÷ 13.....	\$12,336	fortnightly
\$160,368 ÷ 26.....	\$6,168	weekly

Self Employed Individuals

These persons are required to file estimated returns for the current year and make payments of their estimated tax liability in four equal instalments.

Those who have already filed such returns will be allowed to file amended returns and claim the additional threshold amount for the last two (2) quarters of Year of Assessment 2008. See Chart below.

The Net Tax effect for each individual will be a reduction of \$12,558 (\$50,232 x 25%) in tax payable for the year.

Quarter Ending	Nil Rate Already Claimed	Entitlement	Additional
September 30, 2009	\$18,356 x 3 = \$55,068	\$26,728 x 3 = \$80,184	\$25,116
December 31, 2009	\$18,356 x 3 = \$55,068	\$26,728 x 3 = \$80,184	\$25,116
Total	\$110,136	\$160,368	\$50,232

Returns for Year of Assessment 2009 should claim Nil Rate of **\$270,504** and not \$220,272 or \$320,736.

YEAR OF ASSESSMENT 2010

Effective January 1, 2010, the Income Tax threshold will be increased to \$441,168. Individuals will therefore be entitled to the following nil rate of tax:

\$441,168 ÷ 12.....	\$36,764	monthly
\$441,168 ÷ 26.....	\$16,968	fortnightly
\$441,168 ÷ 52.....	\$8,484	weekly