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[715] Checklist of tax changes taking effect in 2013/14, 19 July 2013

Contributed by the CCH tax writers.

This checklist sets out significant changes (or proposed changes) as at 30 June 2013 that are scheduled to operate for the first time for all or part of the 2013/14 income year.

Companies

- Provisions allowing tax losses to be carried back to offset against earlier income years are extended from 1 July 2013.
- Changes affecting CGT on earnout arrangements may come into force.
- Major changes to the transfer pricing rules come into force.
- Changes apply to the R&D tax incentive.
- Certain companies will be required to make PAYG instalments monthly, rather than quarterly, from 1 January 2014.
- Provisions to restrict "dividend washing" arrangements will come into force.

Retirement, termination and superannuation

- From 1 July 2013, employers are entitled to a deduction for their superannuation contributions for employees regardless of their age to the extent that the contributions reduce the employer's SG charge percentage.
- The SG charge percentage will increase from 9% to 9.25% from 1 July 2013.
- The SG exemption age of 70 is abolished from 1 July 2013.
- From 1 January 2014, employer SG contributions must be made to a superannuation fund that offers a MySuper product if an employee does not have a chosen fund.
- Tax relief will apply to funds where there is a mandatory transfer for default members account balances to a MySuper product in another fund.
- Interest will be payable on unclaimed superannuation money that is reclaimed from 1 July 2013.
- Indexation of the lower income threshold for superannuation co-contributions will resume.
- A higher concessional superannuation contributions cap for individuals over 60 will apply from 1 July 2013.
- From 2013/14, excess concessional contributions are included in an individual's assessable income and taxed at their marginal tax rate. An excess concessional contributions charge is payable for having excess concessional contributions.

International

- Major changes to the transfer pricing rules come into force.
- The proposed FACTA reporting and withholding requirements may come into force.
- New rules on controlled foreign companies (CFCs) may come into force.
- Tighter rules will apply to Offshore Banking Units.
- The CGT discount will be restricted for non-residents.
- Legislation may take effect to retrospectively implement parts of the Investment Manager Regime.

Personal tax

- The medical expenses tax offset will commence to be phased out.
- The "Baby Bonus" will ultimately be replaced.
- Discounts for up-front and voluntary repayments of HECS-HELP will be terminated.

- An exemption will apply for compensation received for legal advice under military rehabilitation legislation.
- Tax deductions will apply to gifts for ethics education.
- Changes will apply to the calculation of the private health insurance rebate.
- A new taxable Disaster Recovery Allowance will apply from 1 October 2013.
- Payments and benefits paid under the National Disability Insurance Scheme will be exempt.

Other tax measures

- Changes to the operation of the TOFA regime may come into force.
- A new definition of "charity" comes into force on 1 January 2014.
- The application of the margin scheme to subdivided land is clarified.
- Changes to fuel tax credit rates apply.

This and many other useful checklists (with cross-references to commentary) are in the 2013 Australian Master Tax Guide — Tax Year End version, out soon.