

Tax Guide for School Leavers

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What is Tax?

Tax is a percentage of income received by the individual or business to pay Federal, State and Local Governments in order for services to be provided and maintained around the Country. Types of services our tax money pays for include health, education, transport, defence, social security and welfare.

Do I Have to Pay Tax?

If you earn over \$6,000 you will be taxed. If your annual taxable income is in the lower tax bracket and earning less than the tax-free threshold (roughly \$6,000), you will be exempt from paying tax if you claim the tax-free threshold.

If Eligible, How Much Tax do I Have to Surrender?

46.5% from your gross income will be taxed, for example, if you receive \$35,000 annual gross income.

Do I Really Only Receive the Net Income?

Yes, taking into account tax and personal super contributions the actual take home pay is the net income. To ensure you do not spend your gross income when really you only are receiving the net income, it is best to acknowledge how much tax you will have to pay from the get go and budget accordingly.

Do I Need to Pay Tax on my Super?

Generally your employer pays 9% of super in addition to your salary/wage. You are not taxed this amount. However, in some businesses you have to pay compulsory super contributions in which case you will be taxed. In these cases, speak with your employer to find out if salary sacrifice is an option. If you head down this road, you may only have to pay tax once on your super contribution rather than twice, if the payment is made from your net income.

When is Tax Time?

Tax time begins July 1, every year. Ensure you have the relevant records and receipts from July 1 – June 30 from the most recent financial year. Before visiting your tax professional, ensure you have received your group summary from your employer.

What do I Need to do at Tax Time to Organise my Tax?

It is best to organise your tax through a tax professional at tax time once you start receiving a regular income. The tax professional will be able to advise you with what items are tax deductible and claimable and what isn't.

Contact our Tax Professionals at **Tax Matters & Business Affairs Pty Ltd** on **03 9416 1679** or email info@taxmatters.net.au