

Young entrepreneurs



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What do you do when your child starts to make money?

Take for example, Laurence Rock at the young age of 13, he turned his concern for his family's safety into an inspired idea. Rock created Smart Bell. Smart Bell is a video doorbell, connected to the internet through your wireless LAN. It enables video chats with visitors on your phone.

Then take Stanley Tang. At just 14 years of age, he held the title of the world's youngest bestselling author after his eMillions book rocketed to the top of Amazon charts.

Inspiring stories to tell the youngsters currently playing app's on their iPads?

There are many children who do start to make money that is more than just pocket money. It could be acting or modelling gigs

from a young age, which may pay your child casual payments from \$50 upwards. It could be a lump sum payment given to a child through sponsorship etc.

How is tax calculated on children under 16 years of age, who are earning more than just \$5 a week in pocket money?

If you are an Australian resident, the first \$18,200 earned is tax-free. For foreign residents, tax is paid from the first dollar of taxable income.

Tax on income, also depends on where the funds are held and who it is managed by to determine how much or who needs to pay the tax. For example:

- Is the child's income held in a trust held by the parent, for the child?
- Is the child's income in the child's savings account, earning interest?
- Is the child's income in a joint account between the parent and child?

Your child also may require a TFN (tax file number) if the income paid is more than \$420 within the financial year.

Investments held in the child's name, who is under the age of 16 attract special income taxation rules. Be sure the child has a child's tax file number.

If your child is the next mega-star or major sporting athlete, contact the professional's in tax: Tax Matters and Business Affairs today on (03) 9416 1679 or email info@taxmatters.net.au.