Monthly Bulletin

August 2014 Edition

The global economic outlook – implications for investors

The global economy is still on the mend, but it's still a two steps forward, one step back affair. Of the major regions the US is doing the best, but Europe is lagging.

[Read article]

Why I love dividends and you should too

Dividends are great for investors as decent dividends augur well for earnings growth, they provide a degree of security in uncertain and volatile times, they are likely to comprise a relatively high proportion of returns going forward and they provide a relatively stable and attractive source of income.

[Read article]

If only Russia knew where it's border lies...

Ken Ngeow
Director, Wealth Matrix

Ken's Corner

Welcome to the August 2014 Edition of our Monthly Bulletin. Once again, World markets have reached record levels despite geopolitical tensions in Eastern Europe and the Middle East. After a slight correction due to Russia escalating the conflict with Ukraine and the possibility of the US sends troops back to Iraq earlier in the month, the Dow Jones, S&P 500 and All Ords indices have rallied to their all time highs since 2007. In the first article, Shane Oliver examines the optimism in Global investment markets and cautions against being complacent about investment risks in an environment of high investment returns. In the second article, Shane Oliver examines how dividends from Australian companies are very important to investors especially in volatile investment markets. If dividends are allowed for the value of an investment, Australian shares have surpassed its 2007 record high.

In Focus this month examines the introduction of the Deficit Levy. The Deficit Levy is payable from 1 July 2014 at a rate of two per cent of each dollar of an individual's annual taxable income over $180,000.

In Focus

Temporary Budget Repair ('Deficit') Levy: package of 15 Acts now law

Following the announcement in the 2014 Federal Budget, legislation has now been passed by Federal Parliament implementing the Deficit Levy, or tax, from 1 July 2014.

The Deficit Levy is payable at a rate of two per cent of each dollar of an individual's annual taxable income over $180,000. This effectively raises the top marginal tax rate from 45% to 47% (plus another two percent Medicare levy) and applies for a period of three years, expiring 30 June 2017.

As mentioned above, the Deficit Levy is not payable where the taxpayer has a taxable income of $180,000 or less. But to maintain fairness of the tax system and minimise opportunities for avoidance, the Deficit Levy is nevertheless reflected in a number of tax rates that are currently based on the top personal marginal tax rate, as well as those based on a calculation comprising the top personal rate and the Medicare Levy. It is essentially for this reason that 15 separate tax-related Acts of Parliament were required to implement the Deficit Levy.

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