

Windfall not a tax target

MY son, a 21-year-old student, has inherited some money from his grandpa, who has died in Germany. Will the money be taxed if we get it here in Australia? And if so, what can we do to minimise the tax?

THE money will not be taxed if you bring it into Australia. Inheritances such as this are not deemed to be income under the Tax Act.

Your son now has an excellent opportunity to use this money to build some wealth, either by investing it or using it as a base for a deposit on a house. Some personalised advice will add value.

Advance care

How does an advance health care plan or enduring power of attorney for guardianship apply to a mental health patient? How can this be set up if they already have a mental illness?

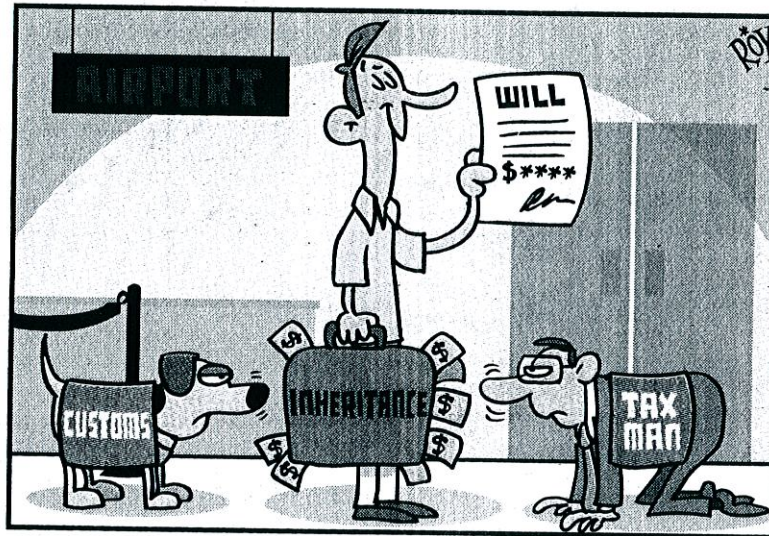
ADVANCE care relates to documenting choices about future medical treatment. It comes into effect only when you lose your legal capacity to make decisions about your medical treatment.

It is different from an enduring power of attorney but can exist with

GET THE ANSWERS

Today's answers provided by Gary Lucas of MG Financial Planning (www.mgfinancial.com.au)

Answers should be used as a general guide only, some have been abbreviated. Professional advice should be sought before making any decisions. To find a financial planner, call the FPA on 1800 626 393 or www.fpa.asn.au.



the knowledge and involvement of a POA. You do not need a solicitor to complete an advance care plan, but

the issue to which you refer is complex. Your next step should be to contact the Law Institute of Victoria.

Willing work

If you are named sole executor and trustee of a will and the person dies, after carrying out the instructions in the will can you yourself claim a fee? Is this a common procedure? How is the fee calculated?

IT depends on what is stated in the will. If it allows for you to be paid, it should also state the basis of such a payment. Obviously it is then acceptable.

If you were engaged as executor based on your profession or business, you can charge a fee for the work and time spent in the administration of the estate.

Otherwise you will be required to file an application to the Supreme Court, which will allow you to charge a fee based on the value of the estate.

CGT will apply

My wife and I are over 70 and on the age pension. We recently sold the holiday house we had owned for six years. Do we pay capital gains tax on the gain or can we claim the money we spent on improvements, painting,

new carpet etc? Are there any age-related tax concessions that can help us?

YES, you will pay CGT depending on the final calculation and your overall tax position.

You can include the following costs in calculating the cost base of the property: improvements, gardening costs, repairs, painting, land tax, council rates, water rates, insurance, interest, conveyancing costs, stamp duty on the purchase and so on.

Unfortunately, there are no age-related tax concessions.

The good news is the 50 per cent discount to the capital gain will apply because the property has been owned for longer than 12 months.

You may have capital losses carried forward from previous years. If so, these can be used to reduce the capital gain.

MAIL BAG

If you have a question write to Herald Sun YourMoney, PO Box 14999, Melbourne, MC8001 or email: yourmoney@heraldsun.com.au

HOT PROPERTY AUCTIONS, SALES & RESULTS

Sunday
Auctions

See Saturday auctions
every week in the



Cashed-up

TOTAL AUCTIONS

This week: 292

Last week: 451

Last year: 307