

10 June 2019, Page 1

Topics:

Website

Staff Update

Fees

*Things to do
before 30
June*

*Taxation &
Accounting
Checklists*

*Audit
Checklists*

*ATO My
Deductions
App*

SMSF

Our Business

WEBSITE

We encourage you to browse through our website at www.dgca.com.au and use the tools available.

FEES

Please note that we require our fees to be paid on time. We ask that our fees be paid within our terms of trade of 14 days. We have an EFTPOS facility and therefore fees can be paid in person, by phone or by completing the bottom section of your invoice and mailing it to our office. Monies may also be paid via internet transfer, as our bank details are also listed on the bottom of your invoice.

Reminder

THINGS TO DO BEFORE 30 JUNE

There are a number of key issues that Businesses and Individuals should consider in preparing their income tax returns for the year ended 30 June. Refer to "Things to do Before June 30" on our Website.

Checklists

Please download the relevant 2019 checklists from our website for:

1. Budget & ATO Items
2. Individual Tax Checklist
3. Business Tax Checklist
4. SMSF Tax Checklist

Please download the relevant checklists from our website for:

1. Incorporated Associations
2. Real Estate Trust Accounts
3. Solicitors Trust Accounts
4. SMSFs

Please read, complete and provide the relevant information in order to identify all the things you need to do to assist us in preparing your taxation returns. This will enable us to undertake your work promptly and efficiently and in a cost efficient manner.

ATO My Deductions App

The ATO has developed an app for downloading to smart devices to make it easier and more convenient to keep your tax deductions and income records all in one place.

It is ideal for individuals and sole traders, benefits include:

- It's a fast, easy way to capture information on the go
- It keeps your deductions organised – no more faded receipts and lost information
- It's an easy way to give us your tax records as it can be uploaded as a CSV file
- It incorporates with the ABN lookup website
- Allows you to keep track of important dates for your tax and super obligations

Regulatory Information

SELF MANAGED SUPERANUATION FUNDS (SMSF)

There have been a number of changes announced by the ATO in relation to superannuation. Refer to 2018/19 Budget & ATO Items on our Website for further details.

10 June 2019, Page 2

Topics:

ASIC

*Lodgement
Dates*

*Taxable
Payments
Reporting*

*PAYG
Withholding
Summary
Reporting*

*Low Income
Earners*

*Rental
Property
Investment
Fact Sheet*

ASIC

For businesses that operate under a company structure it is very important and a requirement of ASIC that any changes are advised within 28 days. Please contact Angela in regard to changes of company officers and changes to members, directors, secretaries and business addresses so that we can lodge the appropriate documents with ASIC. . The ASIC Annual Company Statement renewal fees from 1 July 2019 are \$267 (GST free), and for Company's which are Trustees of SMSFs the fee will be \$54 (GST free). ASIC fees can be paid via BPay direct to ASIC.

ATO Items

LODGEMENT DATES

For businesses ensure you bring your work into us on a timely basis to enable us to complete it prior to due lodgement dates, as penalties apply for late lodgement.

TAXABLE PAYMENTS REPORTING

If you are in the building and construction, courier or cleaning industries you are required to report by **28 August 2019** the total payments you made to each individual contractor for building and construction services. For more details visit:

<https://www.ato.gov.au/Business/Reports-and-returns/Taxable-payments-annual-report/>

We note that this reporting is being extended from 1 July 2019 (first report due 28 August 2020) for those in the Road Freight Services, IT Services and Security, investigation or surveillance services.

Please contact us if you would like assistance in this matter.

PAYG WITHHOLDING SUMMARY REPORTING

If you pay fewer than 20 employees, you need to issue them each with a PAYG Payment Summary and lodge the PAYG withholding payment summary report to the ATO by **14 August 2019**. If you have been registered for Single Touch Payroll in the 2018/2019 year, you are required to make a finalization declaration up to 14 July. If we usually do this for you, please ensure that you have this information to us before this date.

LOW INCOME EARNERS

There are some circumstances where low income earners may still need to lodge an income tax return. Please contact us to determine whether or not you need to lodge a tax return.

RENTAL PROPERTY INVESTMENT FACT SHEET

To ensure you are meeting all ATO compliance requirements and claiming all allowable deductions in relation to your rental property refer to "Rental Property Investment Fact Sheet" on our Website. There have been some significant changes in the prior year's budget which you should be aware of for 2018/2019.

Topics:

*Super
changes*

*Fringe
Benefits
Tax*

ATO Items (continued)

SUPERANNUATION CHANGES

There have been several major changes in recent years to the superannuation legislation. A summary of these are:-

- From 1/7/2017, there is now a \$1.6m cap on the total of superannuation that can be transferred into a tax free 'retirement account'.
- The Division 293 income threshold to be decreased from 1/7/2017 to \$250,000.
- The Concessional Contributions (i.e. tax deductible contributions) into superannuation threshold is the same as 2017/2018 being \$25,000 for all taxpayers. Ensure that any salary sacrificing arrangements or contributions including your employer contributions do not exceed this amount or else a penalty will apply on the excess. It is worth noting that you may be eligible to make carry-forward contributions which allow you to carry forward any unused concessional contributions in any financial year for the next five years. This would allow you to contribute more than the threshold in one financial year without breaching the cap and incurring any penalties.
- Personal concessional contributions (i.e. after tax, tax deductible contributions) are now deductible for all taxpayers under the age of 65 and not just those who are self-employed. This means employees can make contributions to their superannuation fund out of their post-tax salary and claim a tax deduction. The same \$25,000 limit applies which includes employer contributions. This is available for taxpayers aged between 65 and 74 provided that they satisfy a Work Test. It is not available at all for taxpayers over the age of 75. The 2019 budget announced that those aged between 65 and 66 will not need to satisfy the work test, however this legislation has not yet been passed.
- The Non concessional contributions (i.e. non-deductible contributions) cap remains the same as 2017/2018 at \$100,000 per year and will remain available to taxpayers aged between 65 and 74 if they meet the work test. Certain rollover rules apply if greater than \$100,000 is contributed in a year, however this will depend on your superannuation balance. If you exceed your non-concessional cap in a financial year, you must lodge a tax return that year and you may have to pay extra tax at 47%. Certain contributions are excluded from the cap, which we can advise on if necessary. This cap does not apply for those whose total superannuation balance is in excess of \$1.6m.
- Voluntary contributions of up to \$15,000 per year to superannuation made by first home buyers from 1/7/2017 can be later withdrawn to use towards a house deposit. The lifetime maximum limit that can be withdrawn under this scheme is \$30,000 and is taxed at a rate of 30%.
- Spouse contribution tax offset threshold has been increased from \$10,800 to \$37,000 meaning more taxpayers could now be eligible for claiming up to a maximum \$540 tax offset for contributing up to \$3,000 into their spouse's superannuation.

FRINGE BENEFITS TAX

The ATO is currently focusing on the following specific areas in connection with FBT:-

- Customer Loyalty Programs – businesses may leave themselves liable for FBT where employees (including directors) redeem frequent flyer miles through business credit cards or personal credit cards that have been used for purchasing business goods.

Topics:

Fringe Benefits Tax (continued)

Change in Tax Rates

Working Holiday Makers

ATO Items (continued)

- Utility Vehicles & Dual Cabs – these are only exempt from FBT if the only personal use is that of home to work, with other personal use needed to be minor, infrequent and irregular. If it includes dropping children to school or grocery shopping, etc. then this is deemed private use and not irregular. A long distance trip, although irregular would not be minor. All of these examples are liable for FBT.
- Private Use Vehicles – the ATO is actively targeting businesses using motor vehicles for private use. Home to work is private but when an employee travels direct from home to a client's premises it can be classed as business travel when all of the following are met:-
 - The employee has a regular place of employment
 - The travel is undertaken to an alternative destination which is not a regular place of employment
 - The employee performs substantial employment duties at that destination
 - The destination was closer or more accessible to get to from home than the workplace or the visit was the first of a number of visits on the way to the normal workplace.

What is not acceptable as business travel e.g. is incidental tasks enroute such as collecting the mail or newspapers or collecting dentures from the lab enroute to the surgery.

- Entertainment – claiming entertainment expenses as a deduction but not correctly reporting them as a fringe benefit, or incorrectly classifying entertainment expenses as advertising or sponsorship.
- Business assets – assets owned by the organisation used by employees or associates for their personal enjoyment is subject to FBT.

CHANGE IN TAX RATES

From 1 July 2018, the personal income tax rates increased the 32.5% tax bracket from \$87,000 - \$90,000 for residents. Please ensure that you load the new tax tables into your payroll software. The Medicare Levy will remain at 2%.

For companies that qualify as a Base Rate Entity in 2018/2019 (i.e. with an aggregated turnover of less than \$50m), the Tax rate is 27.5% provided that less than 80% of your Base Rate Entity income is passive. The aggregate turnover has increased from \$25m in 2017/2018 to \$50m in 2018/2019, meaning more companies will now be classified as Base Rate Entities and receive the lower tax rate however, other small business concessions are subject to various other conditions.

For those businesses which qualify as a Small Business Entities the instant asset write off rules are proposed to be as follows:

Date Purchased	Threshold for Each Asset
12/5/2015 – 28/1/2019	\$20,000
29/1/2019 – 7.30pm 2/4/2019	\$25,000
7.30pm 2/4/2019 – 30/6/2020	\$30,000

There are advantages and disadvantages of using the instant asset write offs and we advise to discuss these with you if you wish to participate in the scheme.

WORKING HOLIDAY MAKERS

To employ a working holiday maker in Australia on a Visa 417 or 462 you must register with the ATO to withhold tax at the working holiday maker tax rate before making your first payment to them. Penalties may apply if you fail to register.

Topics:

*Working
Holiday
Makers
(continued)*

*Payroll
Tax*

Land Tax

ATO Items (continued)

Working holiday makers are taxed at 15% from the first dollar earned, regardless of their residency status. Working holiday makers can't claim the tax free threshold and must provide you with their Tax File Number. If they don't then you will have to tax them at the top tax rate.

Like other employees, you are also required to pay superannuation on their applicable earnings. Please ensure that they set up a complying superannuation fund in Australia as soon as possible so that you can pay your superannuation liability on time.

PAYROLL TAX

If you are an employer or part of a group of employers, who pay taxable wages in Queensland and your wages are over the thresholds below, you must register for payroll tax with the Office of State Revenue: (NOTE: these thresholds may change subject to the Queensland Budget due this week)

Weekly Threshold: \$ 21,153
Monthly Threshold: \$ 91,666
Annual Threshold: \$1,100,000

The tax rate that applies is 4.75%. There are some exceptions, particularly for apprentices and trainees.

Taxable wages, typically all wages, superannuation, benefits and allowances, including salary sacrifice are included. In general, wage payments are liable for payroll tax if they are a reward for services rendered by an employee, deemed employee or director.

There are certain payments that are exempt, such as parental pay, military leave, genuine redundancy payments, apprentice wages if under a genuine apprenticeship, employees who work for Queensland Hospital and Health services, Queensland Government departments, Public Hospitals, Exempt Charitable institutions and local authorities or Councils. You can find the full list on the Office of Fair Trading website.

Most employers will need to lodge monthly payroll tax returns, usually by 7th of each month and instead of a June return, you will lodge the annual return. This is due this year by 21 July 2019.

LAND TAX

Land Tax is state tax, calculated on the freehold land you own in Queensland at midnight on 30 June each year. For example the land tax for the 18-19 year was calculated on 30 June 2018.

The tax rate that applies depends upon what type of owner you are, the total taxable value of your land and if any exemptions apply. You are liable when the total taxable value of your land is:-

- \$350,000 or more – for companies, trustees or absentees
- \$600,000 or more – for individuals
- The rates applicable for Queensland can be found at <https://www.qld.gov.au/environment/land/tax/calculation/individuals>

Exemptions:

You can claim a home exemption on land or part of the land that you use as your home (provided it is in your own name), you can only have one property as your home, whether it is in Queensland or elsewhere. To claim this exemption you need to complete and lodge the necessary form.

If all or part of the land is used solely for the purpose of primary production you may be eligible for an exemption, again the relevant form needs to be completed and lodged.

Topics:

*Land Tax
(continued)*

*Single
Touch
Payroll*

*Specialist
Advice*

*Review &
Seminars*

*Your
Valued
Feedback*

*Our
appreciation*

ATO Items (continued)

Other exemptions that can be claimed are moveable dwellings (caravan parks) exemption, Charitable Institutions exemption, Aged Care facilities, Retirement Villages, Supported Accommodation, Society, Club or Association.

SINGLE TOUCH PAYROLL

From 1 July 2019, all employers will need to be registered for Single Touch Payroll which is a new electronic way of reporting tax and super information to the ATO each time you pay your employees. All major accounting software companies are already compliant with STP, and there are various smaller software packages available for those businesses not currently using an accounting software package which only report on payroll. More details on STP can be found here <https://www.ato.gov.au/Business/Single-Touch-Payroll/>.

All current clients would have received a letter recently regarding your requirements to register and report to the ATO for all payments from 1 July 2019.

Our firm is happy to offer a service of reporting your payroll information, if this is something that you would like us to help you with please don't hesitate to make an appointment with one of our experienced staff.

Other Information

SPECIALIST ADVICE

We understand that there are many specialised areas and where we feel external specialist knowledge is required, with your prior consent, we will engage an appropriate person.

REVIEWS AND SEMINARS

We are happy to arrange visits to your business premises if you would like us to review your Office & Accounting procedures.

We are also able to conduct seminars and training sessions for you either at your business premises or our Office, in areas such as record keeping, GST, BAS, FBT, Superannuation or Financial Planning. We would welcome any suggestions in this area.

YOUR VALUED FEEDBACK

If there is other information you would like us to include in future newsletters please let us know. We always welcome constructive feedback as it is your requirements that we aim to satisfy.

OUR APPRECIATION

We appreciate your continued use of our firm as your Accountant and Adviser and we look forward to providing professional services to you in the future. If you are happy with the services we have provided we would appreciate your referrals to potential new clients.