P: 02 6813 0799
E: admin@mwata.com.au
W: www.mwata.com.au
A: Level 1 Endeavour Court
139 Macquarie Street
PO Box 22, DUBBO NSW 2830

**June 2018**

## *Happy New Financial Year!*

*We look forward to another exciting and challenging year with all our clients.*

# Welcome back Jayde!

Many of you were probably wondering where Jayde has been. Jayde has just returned home from travelling the United States with her sister and friends.

# 12 month amnesty for employers with outstanding super obligations

The Bill enabling the amnesty is before Parliament. While the amnesty is not yet law, you should start reviewing to see if you could potentially take advantage of the amnesty as the 12-month period is already underway (it is due to expire on 23 May 2019).

The benefit of taking advantage of the amnesty is that certain penalty amounts will be waived and the employer will be able to claim a deduction for the superannuation contributions that are made, which would not generally be the case for contributions made after the normal deadline. If a business does not take advantage of the amnesty then this will be taken into account when the ATO determines penalties in the future if an outstanding superannuation guarantee problem is identified.

# Travel relating to residential properties

From 1 July 2017, deductions for travel expenditure incurred in gaining or producing assessable income from using residential premises to provide residential rental accommodation are not claimable. Prior to the amendments, travel expenditure was generally deductible to the extent that it was incurred in gaining or producing assessable income from a rental property.

Certain taxpayers are not subject to the amendments (such as companies) and the restrictions do not apply if the expenditure was necessarily incurred in carrying on a business.

# Personal income tax cuts

*Treasury Laws Amendment (Personal Income Tax Plan) Bill 2018*

The Government's full three stage personal income tax plan has been passed by both Houses of Parliament. These are the personal tax cuts that were announced in the 2018-19 Federal Budget.

The changes introduced by the legislation include:

- The introduction of a new low and middle income tax offset for the 2019 – 2022 income years, before the merging of this offset with the presently existing low income tax offset (LITO) in 2023;
- Amending the upper threshold for the 32.5% rate applicable to Australian residents from $87,000 to $90,000, for the 2019 – 2022 income years;
- Further amending the upper threshold of the 32.5% bracket to $120,000 in the 2023 and 2024 income years;
- Finally amending this upper threshold to $200,000 in the 2025 income year, such that the 37% tax bracket is removed; and
- Equivalent changes to the above for non-resident and working holiday maker tax rates.

# GST property settlement forms and instructions

The ATO has released the online forms required for purchasers of new residential premises or potential residential land to remit part of the purchase price to the ATO.

The GST property settlement withholding notification form (form one) is used to advise the ATO that a contract has been entered into for the supply of new residential premises or potential residential land in which there is a withholding obligation.

The purchaser or their representative can submit the form at any time after a contract has been entered into and prior to the date the withholding obligation is due. Usually that will be the settlement date but if the contract is an instalment contract it will be the date the first instalment is paid.

The GST property settlement date confirmation form (form two) is used to confirm the settlement date.

The purchaser or its representative can submit form two at the time the withholding obligation becomes due, either when the first instalment is paid or at settlement, or as soon as practical thereafter.

# New cents per kilometre rate

The Commissioner has determined that the new rate of 68 cents per kilometre for the income year commencing 1 July 2018, be applied to work-related car expenses.

# New pay rates as of 1 July 2018

New award wages and allowances come into effect from 1 July 2018 - check yours now!

**Where do I get the new rates?**

The quickest way to get the new rates is through the Pay and Conditions Tool (PACT) on the Fair Work website. Just remember to set the date to 1 July.

You can also get the new award rates from our downloadable pay guides.

**Who do the new rates apply to?**

The increase only applies to employees that get their pay rates from:

- the national minimum wage
- A modern award, or
- A registered agreement (in some cases).

The increase won't affect employees who are already getting paid more than the new minimum wages.

**When do the new rates take effect?**

The new pay rates apply from the first full pay period commencing on or after 1 July 2018. So, if your pay week is from Monday to Sunday, the new rates take effect on Monday 2 July.

**Be sure to check out our Facebook page!** We post regularly with tax updates, reminders and what we are up to in the office.

# Incorrect application of GST and low value goods imported into Australia

New GST rules dealing with low value goods imported into Australia commence from 1 July 2018. The introduction of the changes may mean that clients pay GST on purchases that were not previously subject to GST. However, it is important to note that business clients should not be charged GST when purchasing low value goods for their business use where they provide their ABN and state that they are registered for GST to the overseas supplier.

If a client is charged GST incorrectly, they should seek a refund from the supplier by providing their ABN and stating to the supplier that they are registered for GST. However, if a client is incorrectly charged GST on goods they import for their business, they should be entitled to a GST credit if:

They would otherwise be entitled to claim a GST credit;

- They have a valid tax invoice (showing the supplier's ABN) or the amount they paid is A$82.50 or less;
- The supplier has not reimbursed the client for the GST charged on the sale (if the client later receives a reimbursement, they will need to make an adjustment to repay any GST credits claimed), and
- They have no information to suggest that the GST has not been paid to the ATO by the supplier.