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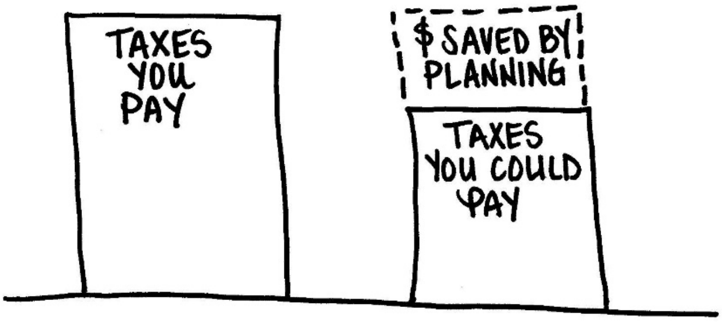
April 2018

MAKE A TAX PLAN NOW!

End of Financial Year
Business Review and Tax Plan



Let us create a tax estimate for you and your business and provide the strategy that could save you big money.

Some common tax planning opportunities may be created using:

- Farm management deposits – now available to be offset against farm debt
- Prepayments, e.g. interest
- Deductible super contributions
- Instant asset write off less than $20,000 – this will not be available after 30 June 2018 (subject to the budget)
- Immediate deduction for fencing or water conveyancing assets (primary producers)
- Accelerated depreciation of fodder storage assets over 3 years (primary producers)
- Medical expenses offset for some aged care services and equipment
- Negatively gear property or shares
- Review bad debts
- Management of tax losses
- Trading stock valuations
- Change to business trading structure
- SBE capital gains tax concessions

Small businesses have access to a range of tax concessions including:

- 27.5% company tax rate
- 12 month prepayment rule
- Accelerated depreciation
- Instant asset write off less than $20,000
- GST small business concessions (3)
- FBT exemption for multiple electronic devises
- Simplified trading stock rules
- Tax concessions when restructuring a business

The benefits created from planning at this time of the year can be huge. Waiting until after the end of the financial year to calculate your tax liability will significantly reduce your planning options.

To start your business review and tax plan, call our office on 02 6813 0799.

Use of electronic records

TR 2018/2 record keeping and access - electronic records

The ATO has released an updated ruling which consolidates previous guidance on electronic records.

One of the key principles is that electronic records are subject to the same basis record keeping requirements as paper records including:

- They must not be altered or manipulated, and must be stored in a way that restricts the information from being altered or manipulated;
- They must be retained for five years after the records are prepared or obtained, or the transactions are completed, whichever occurs later;
- They must be capable of being retrieved and read by the ATO when required; and
- They must be in English, or in a form that allows them to be accessed and easily converted to English.

These principles also apply to records that are stored in the cloud and records that relate to transactions that were carried out electronically.

The ATO confirms that it is acceptable to keep true and clear electronic reproductions of original paper records as long as the documents created through conversion processes produce a complete and accurate copy of the original documents.

Where systems are updated, the original data must be capable of being reconstructed.

The ruling also contains some information on the access powers of the ATO in relation to electronic records.

Purchasers of new residential property to pay GST to the ATO

Treasury Laws Amendment (2018 Measures No. 1) Bill

Legislation has been introduced to address integrity concerns in connection with the property industry.

Under the amendments proposed in the Bill, purchasers of new residential dwellings or newly subdivided land will be required to pay a GST amount directly to the ATO as part of the settlement process of the property.

The Government and ATO have been concerned that some property developers have been selling properties for a purchase price that reflects their GST obligations but have then taken steps to dissolve their business before the next BAS lodgement to avoid remitting the GST.

The new rules will apply in relation to supplies for which any of the consideration is first provided (other than consideration provided solely as a deposit) on or after 1 July 2018.

Currently, supplies of new residential premises are generally subject to GST and the supplier remits the GST to the ATO in their next BAS, which can be up to three months after the date of settlement.

Under the new rules purchasers will be required to pay the GST amount as soon as the transaction occurs. The GST amount will simply be 1/11th of the full sale price, regardless of whether the vendor is eligible to apply the margin scheme to reduce the GST liability associated with the transaction. In these cases the vendor will receive a credit for the amount that has been paid by the purchaser and may apply to the ATO for a refund of any excess GST component.

First Home Super Saver Legislation

First Home Super Saver Tax Bill 2017 & Treasury Laws Amendment (Reducing Pressure on Housing Affordability Measures No. 1) Bill 2017

These two Bills passed the Senate and received Royal Assent in December 2017.

The Bills allow first home savers to make voluntary super contributions which can be withdrawn for the purpose of purchasing a first home. They also enable certain individuals aged 65 years or over to use the proceeds from the sale of their home to make super contributions.

The first home super saver scheme applies to voluntary contributions that are made into superannuation on or after 1 July 2017, however amounts can only be withdrawn under the scheme after 1 July 2018.

On the other hand, only proceeds from contracts for the sale of a main residence entered into (exchanged) on or after 1 July 2018 are eligible to be contributed to superannuation under this legislation.

Single Touch Payroll: what you need to know

Single Touch Payroll (STP) – the direct reporting of salary and wages, PAYG withholding and superannuation contribution information to the ATO – **comes into effect from 1 July 2018.**

For employers

Employers with 20 or more employees at 1 April 2018 must use standard business reporting-enabled software from 1 July 2018. The head count for '20 employees' includes full-time, part-time, casuals (who worked any time during March), employees based overseas, or on paid or unpaid leave. Directors and independent contractors are excluded from the count.

STP is currently voluntary for businesses with less than 20 employees although proposed reforms seek to extend the reporting system to all employers by 1 July 2019, regardless of the number of employees.

What must be reported?

STP requires PAYG withholding and superannuation contribution details to be reported to the ATO as payments are made to employees or superannuation funds.

Payments that must be reported include:

- Salary & wages
- Director remuneration
- Return to work payments to individuals
- Employment termination payments (ETPs) – not compulsory if the employee has died
- Unused leave payments
- Parental leave pay
- Payments to office holders
- Payments to religious practitioners
- Superannuation contributions (at the time the payment is made to the fund).

The Government intends to extend STP to salary sacrificed amounts in the near future although these reforms are not legislated.

New employees

If your business utilises STP, when a new employee joins they have the option to electronically complete a pre-filled Tax file number declaration and Superannuation standard choice form online instead of completing the form for you to lodge with the ATO.

Exemptions

Some exemptions exist for STP for rural employers that do not have access to a reliable internet connection, and employers that employed a group of people during the year for a short period of time, such as seasonal workers.