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Self-Managed Super Funds (SMSF) and Farming Families

Martel Wheatley will be presenting an information session in the New Year focusing on the place of a SMSF in a farming family's business.

We have built significant expertise in the area and aim to present a practical session on the opportunities a SMSF can provide.

Areas to be covered in the session include:

- Holding property/farm land in a SMSF
- Holding water access licenses (WAL) in a SMSF
- Using a SMSF as a succession planning tool to help balance the needs of all family members
- What a SMSF can and can't buy
- Who can be a member of a SMSF
- How to get money into a SMSF
- How to take your money out of a SMSF
- Estimate of cost to setup and maintain SMSF

The session will cover common SMSF strategies and will give an insight into the tools available to help manage the unique requirements of farming families.

Refreshments will be provided.

If you are interested in attending, please call Rebecca on 6813 0799 to register your interest.

Merry Christmas!

From all the team here at Martel Wheatley we wish you a very merry and safe Christmas. So many of our clients are friends and we are grateful for your trust and loyalty.

Be safe! Be happy! Be merry!

'Backpacker' tax changes

From **1 January 2017** tax rates will change for working holiday makers, "backpackers" who hold 417 and 462 visas. Tax must be withheld at 15% on income up to $37,000 and apply foreign resident tax rates on income over $37,000.

Essentially, this means that backpackers can no longer claim the tax free threshold of $18,200.

The changes will also require employers to issue two payment summaries for the 2017 financial year; one to 31 December 2016 and the other to 30 June 2017.

The ATO's data matching capabilities allows it to identify "backpacker" employers. It is important for employers to be aware of the changes and update their payroll system accordingly. The Martel Wheatley team can assist and are only a phone call away.

Tax treatment of holiday homes

In recent years the Australian Taxation Office (ATO) has been focusing more on the tax treatment of rental properties in popular holiday destinations. The ATO suspects that some taxpayers are claiming deductions that they are not really entitled to.

The ATO has released a guide dealing specifically with holiday homes. The guide explains how the ATO expects expenses to be apportioned to take into account periods when:

- The property is genuinely used as a rental property;
- The property is used privately; and
- The property is made available to family and friends for less than market value rent.

One of the issues that the ATO considers is whether the property is genuinely available for rent during periods when it is not being occupied. The ATO has stated that the following factors may indicate that a property is not genuinely available for rent:

- It is advertised in ways that limit its exposure to potential tenants (e.g., the property is only advertised at the taxpayer's workplace, by word of mouth or outside annual holiday periods);
- The location, condition of the property, or accessibility to the property, mean that it is unlikely tenants will seek to rent it;
- The owner places unreasonable or stringent conditions on renting out the property such as setting the rent above the rate of comparable properties in the area
- The owner refuses to rent out the property to interested people without adequate reasons.

The guide also provides a number of examples which seek to explain the approach that should be taken when completing tax returns for clients who own holiday homes.

Don't forget to register your interest for the Self-Managed Super Fund seminar in the New Year

Call the office on (02) 6813 0799 to register

Australian Business Number (ABN) review

The Australian Business Register (ABR) receives around 80,000 applications for ABNs a month with the vast majority of these applications being processed straight away. The ATO is currently undertaking a review of some recent ABN applications to confirm that the entity is actually entitled to an ABN.

The ATO may contact you and request evidence that you are actually carrying on an enterprise or have taken steps to start an enterprise.

What is the ATO looking for at the moment?

The ATO has released a document summarising some of the key behaviours and characteristics that tend to attract attention from a compliance and review perspective. While this document refers specifically to economic groups with an annual turnover of more than $2m and resident individuals with net wealth of over $5m it should serve as a warning to all privately held groups.

Some examples of characteristics that might draw the ATO's attention in relation to specific areas of the tax law are listed below:

- Large capital losses;
- Where the net capital gain reported in a tax return is different to the ATO's estimates based on external data sources;
- Entities utilising the small business CGT concessions;
- Directors of private companies who report low levels of salary and wages or directors fees in their tax returns;
- Private companies issuing different classes of shares (ie, dividend access shares);
- Mismatches between the FBT return and employer tax return for employee contributions towards fringe benefits;
- Situations where living away from home allowances are being paid;
- Non-lodgement of an international dealings schedule;
- R&D tax incentives claimed in the agriculture, building and construction, mining and software development industries;
- Distributions by trusts to complying superannuation funds;
- When there is a significant different between the distributable income of a trust and its taxable income;
- Property developers attempting to take advantage of CGT concessions; and
- A high proportion of unidentified expenses to total expenses.

We wish you a Merry Christmas and a Happy New Year

We will be closing
5:00pm Friday 23 December 2016

We will reopen
8:30am Tuesday 3 January 2017