

Office News

Our office hours are from 8.30am to 5.00pm Monday to Friday, however, we are generally available outside these times by appointment.

- * **We will be closed Wednesday 1st July to Friday 3rd July for a short break before the new tax year kicks in!!**

End of Year Requirements

With the end of the financial year almost here, there are some chores to do for tax purposes:

- Odometer reading on vehicles
- Check when the last log book was done - a new log book is required every 5 years
- Your superannuation fund may send you a letter asking to advise them of the amount of your contributions you are going to claim - please reply to this request promptly as you will need a Notice of Deductibility from the fund in order to claim your contributions as a deduction.

If you don't receive a letter, you need to complete a Notice of Deductibility form downloaded from the ATO (refer [here](#)) & send it to your super fund.

In both cases, you **must** provide the letter from your super fund confirming your intention to claim with your tax information.

Year-End Checklist (last page)

Please use to assist us in completing your 2020 financial statements &/or tax returns.

COVID-19 information

We have included a summary of stimulus announced to date on Pages 5 & 6.

The stimulus goal posts have often moved, leaned & changed shape since its inception & continues to do so.

There has been 202 pages of legislation, 512 pages of explanatory memorandum, code of conduct for tenancies, numerous changes & adjustments.

We, as your trusted advisors, have spent many hours learning & absorbing rules & regulations so that we can confidently assist you when needed & to keep you informed. Each client's business & personal situation is unique to them.

Since the first JobKeeper claim was completed, further adjustments have been made for 16-17 year olds, payments under Personal Services Income rules & child care workers.

The Government is in the process of doing a 'mid-JobKeeper' review which will be released around 23 July. No doubt there will be changes although any changes will probably ensure JobKeeper is better targeted to those who really need it – we'll keep you informed.

Some professionals believe the ATO will endeavour to review the eligibility & supporting documentation of a large number of JobKeeper enrolments.

A few clients have suggested we are overcharging for what, to them, is a simple task. It's simple to you because we got you there in the first place. For each monthly declaration we also ensure the JobKeeper subsidy from the previous month has been recorded correctly, actual income declared is correct, adequate documentation is obtained & it is scanned & stored ready for any ATO scrutiny.

I do not begrudge the massive workload to ensure the effects on you & your livelihood are minimized. I do, however, begrudge the few clients questioning the remuneration for my professional services.

\$150,000 Instant Asset Write-off

- The write-off for depreciation assets has been extended to 31 December (see page 4);
- To be eligible for a tax deduction, the asset must be 'installed & ready for use'. For example, a vehicle ordered & paid for by 30th June 2020 but delivered in August will not be eligible for the write-off until the 2020/21 financial year;
- Applies on a per asset basis;
- For new or secondhand assets;
- Does not apply to buildings, extensions, alterations or improvements to a building, shop fitouts, leasehold improvements, driveways, fences or retaining walls.

Superannuation

- \$25,000 cap for Concessional Contributions (before tax contributions) & includes employer, salary sacrifice & contributions claimed as a tax deduction;
- Carry forward any unused concessional contributions cap to later years provided your total superannuation balance is less than \$500,000. For example, concessional contributions for 2018/19 total \$14,000 therefore maximum concessional contributions for 2019/20 can be up to \$36,000 (\$25,000 + \$11,000 unused from 2018/19);
- Any contribution you want to claim a tax deduction for must be *received & processed* by your super fund by 30th June. Please contact your super fund to check the latest date for contributions.
- Keep track of the amount of contributions you or your employer make & check when they were received by your super fund to ensure you remain under the \$25,000 cap.

Single Touch Payroll (STP)

Single Touch Payroll commenced from 1st July 2019 for all employers with less than 20 employees.

STP requires employers to electronically report employees' payroll & superannuation information each payday.

Your STP has to be finalized with the ATO (Tax Ready) before your employee/s can rely on the annual Gross Wages, Allowances & Tax amounts.

There is no requirement to provide your employee/s a PAYG Payment Summary – all the information can be obtained from their myGov account or through their Tax Agent.

Contractor reporting system

Applies to the following industries:

- Building & Construction;
- Cleaning;
- Courier;
- Security providers;
- Investigation services;
- Road freight transport;
- Computer system design & related industries

We will email further details on your reporting requirements next week.

Please contact us if are in one of these industries yet don't receive details from us.

Private Health Insurance statements

Insurers are no longer required to send private health insurance statements.

The information will be available to us in the ATO pre-fill report by mid-August. If not available by this time, you may need to request a statement from your health insurer.

End of year:

Stock take

Stock takes must be done as near as possible to 30th June 2020.

As well as a requirement for tax purposes, it makes good business sense as it allows you to assess obsolete, stolen & damaged goods.

Stock is valued at cost, not retail value.

Fuel Tax Credits (FTC)

FTC rates are adjusted twice yearly in February & August.

FTC is available for:

- Vehicles greater than 4.5 tonne GVM travelling on a public road
- Specified off-road (eg: agriculture, fishing & forestry)
- Auxiliary equipment of a heavy vehicle travelling on a public road
- Fuel used in construction, manufacturing, retail/wholesale, landscaping, quarrying & property management industries (not an exhaustive list)
- Fuel used to clean machinery & drums

To calculate your FTC, go to:

<https://www.ato.gov.au/calculators-and-tools/fuel-tax-credit-tools/> .

Tax Planning:

Primary Producers

Expenditure incurred after 12 May 2015 on fencing, dams, bores, pumps, etc is an immediate deduction.

Expenditure incurred after 12 May 2015 on fodder storage assets such as silos, tanks & sheds to store grain & feed are deductible over 3years (1/3 each year).

Bad debts

A deduction for a bad debt is available where a commercial decision has been made to write-off a debt. The debt must have been

included as income in a prior year and must be physically written off in your accounts.

Immediate write-off of Assets (small businesses only)

An immediate tax deduction is available for the business use portion of assets purchased:

- After 1 July 2019 & before 12 March 2020 costing **less than** \$30,000 & **installed & ready for use** by 12 March 2020.
- From 12 March 2020 to 31 December 2020 costing **less than** \$150,000 & **installed & ready for use** by 31 December 2020 April 2019.
- From 1 January 2021 costing **less than** \$1,000.

Some points to note:

- ☑ The cost of the asset is the amount *excluding* GST if you are registered for GST;
- ☑ The cost of the asset is a tax deduction & not a tax refund;
- ☑ For a vehicle, it is the vehicle's cost price before any trade-in (ie: not the change-over price);
- ☑ For a vehicle, it is the cost price plus any accessories whether they are paid for separately or itemized on the purchase invoice;
- ☑ For a vehicle, 'the ready for use' would be the delivery date & not the date ordered;
- ☑ Any improvements to an asset incurred in the year the asset was purchased is added to the cost of the asset to determine the relevant threshold. If an improvement to an asset is incurred in the **following year**, both the asset & improvement are treated separately for determining the relevant threshold;
- ☑ Applies to new or secondhand assets;
- ☑ There is no immediate deduction for assets costing over the relevant threshold. The whole amount is depreciated & there is not a deduction available for the amount up to the relevant threshold;

- ☑ If an asset for which an immediate write-off has been claimed & is later sold, the whole of the sale price (excluding GST) will be taxable.

Prepayment of deductible expenses

Prepayment of deductible expenses is an effective means of reducing your current year's tax providing it relates to a period not exceeding 12 months and it is **PAID FOR** by 30 June 2020.

Also keep in mind that while you will reduce your taxable income for this financial year, prepaying the expenses will also have the effect of increasing your taxable income for next financial year.

Some examples of expenses that may be prepaid are:

- ☑ rent & lease payments
- ☑ interest on deductible loans (must be acknowledged by the lender)
- ☑ consumables (e.g. stationery)
- ☑ travel, conference and seminar expenses
- ☑ income protection insurance
- ☑ subscriptions and memberships
- ☑ bulk fuel
- ☑ vehicle and equipment parts (e.g. tyres)
- ☑ dip, drench, tordon, vet goods
- ☑ repairs (e.g.: fencing wire & posts)

Please check with us on any tax planning undertaken.

ASK!!! If you have any questions regarding any article please contact us first!! All articles are general information only.

You should seek professional advice to your own situation before acting on this information.

COVID-19 STIMULUS

SUPPORTING HOUSEHOLDS

- 2 payments of \$750 each – one in April, one in July (tax-free);
- Available to most Centrelink concession car holders.

SUPPORTING INDIVIDUALS

- Expanded access, reduced waiting times & reduced means testing for JobSeeker, Youth Allowance & Parenting Payment;
- Payment of Coronavirus supplement for 6 months (taxable) to recipients of specific income support payments.

SUPPORT FOR RETIREES

- Centrelink deeming rates reduced by a further 0.25% in addition to the 0.5% announced 12th March;
- Superannuation minimum drawdown requirements reduced by 50%.

EARLY ACCESS TO SUPERANNUATION

- Up to \$10,000 from your superannuation (tax-free) before 1st July 2020 if eligible;
- Up to \$10,000 from your superannuation (tax-free) from 1st July 2020 until 24th September 2020 if eligible;

- To be eligible:

Unemployed; or

Eligible for JobSeeker, Youth Allowance, Parenting Payment, Special Benefit or Farm Household Allowance; or

After 1st January 2020:

Made redundant; or

Working hours reduced by 20% or more; or

If a sole trader, business was suspended or a reduction in turnover of 20% or more.

SUPPORTING FLOW OF CREDIT

- Government will provide a 50% guarantee to lenders for new unsecured loans for working capital;
- 6 month exemption from Government lending requirements for any credit for business purposes.

FINANCIALLY DISTRESSED BUSINESSES

- Temporary increase in threshold at which creditors can issue a statutory demand;
- Temporary increase in threshold for a creditor to initiate bankruptcy proceedings;
- Temporary relief for Directors for trading while insolvent.

CASH BOOST FOR EMPLOYERS

- Tax-free boost of between \$20,000 & \$100,000 to eligible businesses;
- Delivered as a credit through the Activity Statement system when lodged;
- Applied automatically on lodgement of Activity Statement;
- Credit paid to business account within 3-4 days;
- Initial Payment between \$10,000 & \$50,000 for Activity Statements lodged for period to June 2020;
- Additional Payment between \$10,000 & \$50,000 (based on amount of Initial Payment) for Activity Statements lodged for period from June 2020 to September 2020.

SUPPORT FOR APPRENTICES & TRAINEES

- 50% subsidy of apprentices' wages paid from 1st January 2020 to 30th September 2020;
- Must have been in an Australian Apprenticeship as at 1st March 2020;
- Cannot claim apprentice subsidy as well as JobKeeper.

HOMEBUILDER

- \$25,000 grant to build a new home or substantially renovate an existing home;
- Eligibility:
Build new home – property value does not exceed \$750,000;
Renovate existing home – contract value between \$150,000 & \$750,000;
- Income caps:
Individual - \$125,000 p.a.
Couple - \$200,000 p.a.

SUPPORT FOR BUSINESS INVESTMENT

- Instant asset write-off increased from \$30,000 to \$150,000;
- Refer to Page 4 of newsletter for further details.

JOBKEEPER

Preamble

- Businesses significantly impacted by the Coronavirus outbreak;
- Wage subsidy paid to keep people employed & to re-start when crises eases;
- Subsidy of \$1,500 per fortnight per eligible employee;
- Also available to the self-employed;
- Must elect to participate in the scheme;
- Once eligible, remain entitled to subsidy regardless of turnover thereafter.

Eligibility

- Turnover must have reduced by 30% when compared to a relative period last year;
- Employees must have been on their books as at 1st March 2020;
- Available to full-time, part-time & long-term casuals (but not a permanent employee of another employer);
- 16 & 17 year olds in full-time study & not independent are not eligible from 11th May;
- Employees receiving WorkCover & not working are not eligible;
- Employees receiving Parental Leave Pay from Centrelink are not eligible;
- Employees on parental leave from their employer are eligible;
- Child Care (from 20th July 2020):
 - Employees of a Child Care subsidy approved service will not be eligible;
 - Sole traders operating a child care service will not be eligible.

Payment

- Employee must agree to be nominated for JobKeeper subsidy;

- Employers paid \$1,500 per fortnight (before tax) per eligible employee;
- Eligible employees must be paid a minimum \$1,500 per fortnight (before tax):

If employee is normally paid \$1,500 or more (before tax), they receive their regular income;

If the employee is normally paid less than \$1,500, they must receive a top-up to be paid a minimum \$1,500 (before tax);

- Employee must be paid at least \$1,500 per fortnight (before tax) in each *JobKeeper Fortnight* before being eligible for the subsidy;
- The first JobKeeper fortnight commenced 30th March 2020;
- JobKeeper subsidy is claimed monthly in arrears:
 - Eg: June subsidy claimed from 1st July;

- Monthly declaration also requires actual turnover for the month claim & estimated turnover for the following month;
- Subsidy is business income, taxable & GST-Free;
- Paid to a business bank account.

Other

- Government in process of 'mid-JobKeeper' review;
- Further announcements regarding JobKeeper eligibility likely around 23rd July.

Further details on stimulus available [here](#).

QLD GOVERNMENT

Round 2 Small Business COVID-19 Adaption Grant Program:

- Opening 1st July 2020;
- Grants up to \$10,000;
- Businesses outside of SE Qld;
- Processed on a 'first come, first served' basis;
- Round 1 was exhausted within 4 days;
- For information on eligibility criteria, eligible expenditure & how to apply – refer [here](#).

END OF YEAR CHECKLIST

IMPORTANT

Please provide this completed worksheet to record relevant information required for your tax

Year ended 30th June 2020

NAME: _____

STOCKTAKE – this is the value of stock held for resale as at 30 June. It is the cost price of the items less GST plus freight. Excludes livestock.

If you are audited by the tax office **YOU ARE REQUIRED TO PRODUCE YOUR STOCKTAKE CALCULATION!!!!**

Stocktake amount: \$ _____

LIVESTOCK – number of head (including progeny (eg: calves)) as at 30 June:

Cattle: _____

Bulls: _____

Sheep: _____

Horses: _____

Other _____

Other _____

DEBTORS – these are amounts invoiced by you to 30 June but has not been received until July or later:

Debtors Amount: \$ _____

VEHICLES – Odometer readings on vehicles must be recorded as at 30 June. If your last log book is 5 years old, you are required to complete another for a period of 13 weeks.

If you are audited by the tax office **YOU ARE REQUIRED TO PRODUCE YOUR LOG BOOK AND/OR RECORD OF ODOMETER READING!!!!**

Make _____

Model _____

Odometer Reading _____

CREDITORS – these are your bills or goods purchased by you on account to 30 June but not paid for until July or later. Please list.

For example:

Fuel \$ _____

Telephone \$ _____

Materials \$ _____

Electricity \$ _____

Stock \$ _____

..... \$ _____

..... \$ _____

..... \$ _____

..... \$ _____

OTHER

Other information that may be required includes:

- Bank statements for the full year
- Bank loan statements for the full year
- Loan agreements for the purchase of any new equipment or vehicles
- Letter from Sickness & Accident or Income Protection insurer (especially from CICA) confirming the amount deductible
- Letter from Superannuation Fund confirming the amount being claimed as a tax deduction
- Insurance policy renewal detailing the breakup between types (eg: house, contents, vehicles, public liability, buildings, etc may be on the one policy)
- Details of any shares bought or sold, details of any investments bought or sold (including Managed Investments)
- Dividend payment advices, managed fund annual tax statements
- Details of any real estate sold, including your home