

David Bentley Taxation Services

NEWSLETTER

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## 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 Monday 1st July & Tuesday 2nd July to 'recover' before we start again!!**

## 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 (attached)

Please use to assist us in completing your 2019 financial statements &/or tax returns.

## 2019/20 Budget

### Skills Package

Available in industries with skills shortages.

Employers:

To receive \$4,000 (\$2,000 after 12 months & \$2,000 at completion) in addition to existing incentives of \$1,500 at commencement & \$2,500 at completion.

Apprentices:

To receive \$2,000 (\$1,000 after 12 months & \$1,000 at completion).

Eligible Occupations:

Carpenters & joiners, Plumbers, Bricklayers & stonemasons, Hairdressers, Air Conditioning & Refrigeration Mechanics, Plasterers, Bakers & pastry cooks, Vehicle painters, Wall & floor tilers & Arborists.

### Sham Contracting

Establish sham contracting unit within Fair Work Ombudsman to address sham contracting behavior, particularly those who misrepresent an employment relationship as an independent contractor to avoid statutory obligations & employment entitlements.

### From 3<sup>rd</sup> April 2019

#### \$30,000 Instant Asset Write-off

- The write-off for assets purchased for **less than** \$30,000 (excluding GST) has been increased & extended to 30 June 2020 (see page 4).

### From 1<sup>st</sup> July 2019

#### Farm Household Allowance (FHA)

- Farmers receiving FHA from Centrelink are able to exempt income from the forced sale of livestock from the FHA Income Test when that income is invested in a Farm Management Deposit (FMD).

### From 1<sup>st</sup> July 2020

#### Superannuation

- Voluntary contributions for 65 & 66 year olds will be accepted without the need to meet the Work Test.

### From 1<sup>st</sup> July 2021

#### ABNs

- ABN holders with an Income Tax Return obligation will be required to lodge an Income Tax Return.

### From 1<sup>st</sup> July 2022

#### ABNs

- Must confirm accuracy of details on Australian Business Register (ABR) annually.

## Other Information:

### From 1<sup>st</sup> July 2019

#### Single Touch Payroll (STP)

Single Touch Payroll commences from 1<sup>st</sup> July 2019 for all employers with less than 20 employees.

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

We will provide more details in the next week or so to those registered for wages with the ATO.

#### Withholding obligations

- Payments to employees where tax has not been withheld despite where withholding requirements apply will not be deductible;
- Payments to Contractors where contractor does not provide ABN **and** business does not withhold PAYG despite PAYG withholding requirement applying, payments will not be deductible.
- As a recap, tax of 47% **MUST** be withheld to payments to businesses who do not quote their ABN.

#### Contractor reporting system

- Currently applies to the Building & Construction Industry and Cleaning & Courier Industry.

- Expanded to:  
Security providers & investigation services;  
Road freight transport;  
Computer system design & related industries

### Private Health Insurance statements

Insurers are no longer required to send private health insurance statements but still remains optional. The information will be available 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.

### General

#### Children's bank accounts

Who declares interest on a child's bank account?

If the parent provides the money & they spend it as they like, whether or not it's spent on resources for the child, the interest is declared in the parent's tax return.

#### Superannuation balances

Any default life insurance cover provided as part of your superannuation will be automatically removed from members whose accounts have been inactive for 16 months or longer.

### End of year:

#### Stock take

Stock takes must be done as near as possible to 30th June 2019.

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.

Previously, water assets were claimed over 3 years & fencing depreciated for up to 30 years.

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

Previously, fodder storage assets were depreciated for up to 50 years.

These measures also apply for all future years.

#### 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 assets purchased:

- After 12 May 2015 & before 28 January 2019 costing **less than** \$20,000 & **installed & ready for use** by 28 January 2019.
- From 29 January 2019 to 2 April 2019 costing **less than** \$25,000 & **installed & ready for use** by 2 April 2019.
- From 3 April 2019 to 30 June 2020 costing **less than** \$30,000 & **installed & ready for use** by 30 June 2020.

Some points to note:

- ☑ The cost of the asset is the amount *excluding* 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.

## 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 2019.

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.

## IMPORTANT

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

Year ended 30<sup>th</sup> June 2019

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
- Copy of any PAYG Payment Summary Statements (Group Certificates) issued to employees plus the summary sent to the tax office
- 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