



# TAX NEWS UPDATE

## JUNE 2016

Moore Lewis & Partners

**IT'S THAT TIME OF YEAR AGAIN!**  
*Don't forget to make an appointment for your tax*

- PAYG Summary (Group Certificate)
- Work related expense receipts
- Interest
- Donation receipts
- PAYG Summary for any Centrelink payments
- Dividends and Share Transactions
- Managed fund Summaries
- Income protection insurance
- Private health insurance



### **INFORMATION REQUIRED**

We will need you to bring information to assist us in preparing your income tax return.

Please check the following and bring along payment summaries, statements, accounts, receipts etc. to help us prepare the return.

#### **Income/Receipts:**

- ◆ Payment summaries for salary and wages
- ◆ Lump sum and termination payments
- ◆ Government pensions and allowances
- ◆ Other pensions and/or annuities
- ◆ Allowances (e.g entertainment, car, tools)
- ◆ Interest, rent and dividends
- ◆ Distributions from partnerships or trusts
- ◆ Details of any assets sold that were either used for income earning purposes or which may be caught by capital gains tax (CGT)

#### **Deductions**

- ◆ Depreciable plant, etc costing \$300 or less
- ◆ Clothing Expenses
  - Compulsory (or non-compulsory and registered) uniforms, and occupation specific and protective clothing.
  - Other expenses associated with such work related clothing, such as dry cleaning, laundry and repair expense
- ◆ Self Education expenses
  - Course Fees
  - Purchases of stationery and text books.
- ◆ Other work related expenses
  - Union Fees
  - Subscriptions to trade, professional or business associations
  - Magazine and newspaper subscriptions
  - Seminars and conferences
  - Income protection insurance (excluding death and total/permanent disability)
- ◆ award transport allowance claims
- ◆ bank and government charges on deposits of income, and deductible expenditure
- ◆ bridge/road tolls (travelling on business)
- ◆ car parking (when travelling on business)
- ◆ conventions, conferences and seminars
- ◆ depreciation of library, tools, business equipment (incl. portion of home computer)
- ◆ gifts or donations
- ◆ interest and dividend deductions:
  - account keeping fees
  - ongoing management fees
  - interest on borrowings to acquire shares
  - advice relating to *changing* investments (but *not* setting them up)
- ◆ interest on loans to purchase equipment or income-earning investments
- ◆ motor vehicle expenses (business/work related)
- ◆ overtime meal allowances
- ◆ rental property expenses – including:
  - advertising expenses
  - council/water rates
  - insurance
  - interest
  - land tax
  - legal expenses/management fees
  - genuine repairs and maintenance

- telephone expenses
- travelling to inspect property
- ◆ superannuation contributions by sole traders or substantially unsupported taxpayers
- ◆ sun protection items
- ◆ tax agent fees
- ◆ telephone expenses (business)
- ◆ tools of trade



## FINANCIAL PLANNING

Did you get the most out of the 2016 financial year? There is still some time left but if you feel your 2016 finances could have been more fruitful then it's time to put in place some actions so that you're not having the same feelings of remorse in 2017.

I have below a list of 10 tips to a brighter financial year:

1. **Create a budget:** Make sure to note any big expenses coming up in the year ahead. Plan out the annual expenses in monthly breakdowns and track your ongoing spending against your plan to make you aware of any problems.
2. **Reduce debt ASAP:** Credit card debt in Australia is a staggering \$32 billion! That's a lot of zero's! With an interest bill of almost \$6 billion there's no greater reason to reduce your debt. Start with small additional repayments and build up to force your debt down.
3. **Review 2016:** How did your 2016 finances fare? Add up your income, all of your expenses and even tally the progress of your net worth. Are you heading in the right direction?
4. **Invest in your children's future:** Wanting a decent education for your children and paying for it are two different things. Start saving now into a designated account, perhaps even an offset account, and give yourself and your children some options.

5. **Think of the Rainy Day:** We all know the despondent feeling that sets in when an avalanche of bills arrive at an inconvenient time. A steady accumulation of small amounts can build over time a healthy buffer to overcome such times.

6. **Think of your Ultimate Financial Future:** By adding steadily to a savings plan is the most reliable and secure way of securing your financial freedom. It doesn't matter if you prefer property or shares, superannuation or not, just start doing something!

7. **Super:** Review your super - where it's invested, what fees you're paying and why, how much you contribute and how this affects your tax. Use the **SuperSeeker** service offered by the ATO and consolidate your lost super funds into one of your choice.

8. **Manage your bank manager:** Talk with your bank manager; is your home loan the right one for you? Can you make extra repayments? Can you use an offset account? Will they help you consolidate some debt and rearrange payments to get debt free faster? Your bank manager is a part of your financial toolkit so get in touch and utilise their expertise. If they won't respond, get a new one or use a broker to do it for you.

9. **Manage your tax:** This one is a bit of a no-brainer but use your specialist Accountant to make sure you're not paying any more than you need to.

10. **Kids & finance:** In most cases, your children learn about money from you. Open up with your kids about simple money lessons like budgeting and saving, making wise financial choices and insuring what's important.

Set SMART financial goals: Specific, Measurable, Achievable, Realistic & Time-bound. Stating that you want to retire tomorrow sounds great but the fact that it's so unachievable can lead you to ignore how simple wealth-creation really is.



## Important Information: Tax audit insurance for your peace of mind

The Australian Taxation Office (ATO) and other relevant agencies are reaching unprecedented audit activity levels due to enhanced data matching capabilities. Therefore if you are yet to opt-in to our tax audit insurance service, Audit Shield, now is the time to consider it. If you have already taken up our offer, you can rest assured as you are protected.

Audit Shield covers professional fees incurred as a result of official audit activity instigated by the ATO or other relevant federal, state and territory based agencies. If you have misplaced the communications regarding our Audit Shield service, please contact us via email, phone or in person as we will be able to supply you with information on the offer.



## 2016/17 FEDERAL BUDGET

The government handed down the 2016/17 Federal Budget on Tuesday 3rd May.

It included (among many changes) proposed personal income and company tax cuts from 1 July 2016, the extension of GST to all imports (irrespective of value) from 1 July 2017, an increase in the small business entity ('SBE') turnover threshold from 1 July 2016, and (as you may have heard) many, many superannuation changes.

Of course, they are all dependent on the Turnbull Government winning the election on 2 July and the legislation then surviving Parliament after that.

## NEW SIMPLER BAS ON THE WAY

The ATO has been working on ways to deliver a simpler business activity statement (BAS) to simplify account set-up, record keeping, BAS preparation and lodgement for agents and their clients, and make it less costly.

To achieve this, several GST labels will be removed from the BAS, with small businesses only required to report:

- ◆ GST on sales (1A);
- ◆ GST on purchases (1B); and
- ◆ Total sales (G1).

They will begin user testing from 1 July 2016 and a simpler BAS should be the standard option for all small business from 1 July 2017.



## ATO REMINDER ABOUT 30 JUNE SUPERSTREAM DEADLINE

With the 30 June 2016 deadline looming, the ATO strongly encourages small businesses to get on board with SuperStream as soon as possible.

SuperStream is the standardisation of how employers make super contributions on behalf of their employees, and involves employers sending all super payments and employee information electronically in a standard format.

Using it is mandatory.

*Editor: Unless the employer and the SMSF are related parties . . .*



## Continued Super Stream

Options for becoming 'SuperStream ready' include using:

- ◆ a payroll system that meets the SuperStream standard;
- ◆ a super fund's online system; or
- ◆ a messaging portal or a super clearing house like the ATO's Small Business Super Clearing House (SBSCH).

The SBSCH is a free, optional service for small business with 19 or fewer employees, as well as businesses with an annual aggregated turnover of \$2 million or less.

*Editor: If you're worried you won't be able to use SuperStream as you don't operate electronically, there is a SuperStream option to suit every business, including using third parties to pay your super using SuperStream on your behalf.*

*If you have any questions, let us know and we'll help you out.*



## CONTRACTOR PAYMENTS DATA MATCHING PROGRAM

The ATO has advised that it is continuing its Contractor payments data-matching program.

It will acquire data from businesses that it visits as part of its employer obligations compliance program during the 2016/17, 2017/18 and 2018/19 financial years.

The data collected from businesses is used to identify contractors that may not be meeting their taxation obligations through:

- ◆ not registering correctly with the ATO;
- ◆ non-lodgement of returns;
- ◆ failing to report payments received; and
- ◆ not paying amounts of tax due to the ATO.

This is an ongoing data matching program and has been conducted for more than five years

## ATO WARNS ABOUT ITUNES SCAMMERS

The ATO is reminding the public to be alert to scammers impersonating the ATO demanding iTunes gift cards as a form of tax debt payment

Of the 8692 phone scam reports the ATO received in April 2016 in relation to the fake ATO tax debt scam, 58 reports mentioned the scammer demanding payment by iTunes (and apparently 26 people unfortunately paid \$174,830 to fraudsters!)

Importantly, the scammers don't need the actual physical card; they just need the gift card number, which they get victims to read over the phone.

The ATO states: "We will never request the payment of a tax debt via gift or pre-paid cards such as iTunes and Visa cards. Nor will we ask for direct credit to be paid to a personal bank account.

"And if the person calling you is rude and aggressive, threatening police or legal action if you don't do something immediately – it's not the ATO".



## ATO'S 'HIGH RISK INDUSTRIES' FOR SUPER GUARANTEE

Each year, the ATO identifies industries that they believe are at risk of not meeting their super guarantee obligations for eligible employees.

This year they are looking at these industries:

- ◆ bakeries;
- ◆ supermarkets;
- ◆ car retailers; and
- ◆ computer system designers.

Letters will be sent to clients in these industries advising of planned audits from July 2016.

## TAX SAVING STRATEGIES PRIOR TO 1 JULY 2016

*A good strategy to reduce tax payable is normally to accelerate any income tax deductions into the current income year, which will reduce overall taxable income in the current year.*

The tax rates for resident individual taxpayers for the **2015/16** income year are as follows:

<b>Income threshold</b>	<b>Tax payable<sup>1</sup></b>
0 – \$18,200	Nil
\$18,201 – \$37,000	19% of excess over \$18,200
\$37,001 – \$80,000	\$3,572 + 32.5% of excess over \$37,000
\$80,001 – \$180,000	\$17,547 + 37% of excess over \$80,000
\$180,001 and over	\$54,547 + 47% <sup>2</sup> of excess over \$180,000

1. The Medicare levy of 2% generally applies in addition to these rates.  
2. This rate includes the 2% 'Temporary Budget Repair Levy which applies from 1 July 2014 to 30 June 2017 on that part of a person's taxable income that exceeds \$180,000.

### **Staff Profile: Ashleigh Nanscawen – Administration**



I joined Moore Lewis Partners in June 2015 as Administration Officer. I moved to Toowoomba in 2014 due to my husband getting a promotion. I have worked in the accounting industry for over 10 years.

When I'm not working I'm spending time with my husband Zac and my 2 beautiful children Harrison (aged 4) and Isabelle (aged 2). I enjoy socialising with family and friends and when I can find the time I like to get back to my hometown in Lismore, NSW.

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