Moore Lewis & Partners

TAX NEWS UPDATE

SEPTEMBER 2016

NEW OFFICE

Moore Lewis & Partners are pleased to announce that we have opened an additional office in Dalby.

We welcome Kate Mittelstadt and Trish Carroll to the team. Kate and Trish are both Dalby locals and are excited to join the team at Moore Lewis and Partners.

Dalby Office
6/66 Drayton Street
Ph 07 4516 5700

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

Renewals will be sent in the coming weeks.

Tax time is prime time for scams

The ATO is reminding Australians to be on the lookout for tax-related scams during tax time, as scammers are particularly active because of the large number of people lodging their tax returns.

Assistant Commissioner Graham Whyte said that, while most people were able to identify scams, it is important to remain alert during tax time.

For example, although the ATO makes thousands of outbound calls to taxpayers a week, there are some key differences between a legitimate call from the ATO and a call from a potential scammer:

"We would never cold call you about a debt; we would never threaten jail or arrest, and our staff certainly wouldn't behave in an aggressive manner. If you're not sure, hang up and call us back on 1800 008 540".

ATO also warns against identity theft

The ATO is also reminding Australians to protect themselves against identify theft this tax time. Highly organised crime networks use a range of methods to steal personal information in order to commit refund fraud.

The ATO recommends following a few easy steps for taxpayers to protect themselves against identity theft:

- Put a padlock on their letterbox;
- Shred documents containing personal details (especially their tax file number (TFN)) before throwing them away;
- Use legitimate and up-to-date antivirus, firewall and anti-spyware software; and
- Make sure passwords are strong, using a combination of letters, numbers and symbols, don't share them with anyone, and ensure they are changed regularly.

The ATO also says that taxpayers should report the loss or theft of their TFN without delay, if they can't find their TFN, and/or think their TFN has been stolen or misused.

FINANCIAL PLANNING

After much consultation the government has released much welcome amendments to their controversial proposed superannuation reform legislation.

First of all, the original proposal of a $500,000 lifetime cap on the amount you can contribute to your super in your life without claiming a tax deduction (known as a non-concessional contribution or NCC) has been scrapped.

This measure has been replaced with an annual cap of $100,000 which applies from 1st July 2017 and is based on four times the lower annual concessional contribution (contributions that are claimed as a tax deduction) cap of $25,000. If you're under age 65, you can still utilise a bring-forward option of three years into one year with a maximum of $300,000.

Of course, there is a caveat to this with individuals with super balances of more than $1.6 million no longer able to make NCCs from 1 July 2017. This will catch the unwary so it will pay to be vigilant.

From the 1st July 2017 a $25,000 cap on tax deductible contributions will kick in for everybody regardless of age and from the 1st July 2018 anyone with a super balance of less than $500,000 will be able to utilise a new catch-up rule. The catch-up rule allows contributions in one year to be above the $25,000 cap where they have not reached the cap in the previous five financial years.

A proposal that was controversial but did not receive any amendments is the $1.6m limit to how much can be transferred to a tax free account based pension (formerly an allocated pension) from the 1st July 2017. Everything over the $1.6m limit must remain in the superannuation accumulation phase and will have earnings taxed at a maximum of 15%.

If you run a Transition to Retirement strategy then the shine has been removed with earnings within the pension now being taxed at a maximum of 15%. I say the *shine* as the bulk of reasons for this strategy still exist.

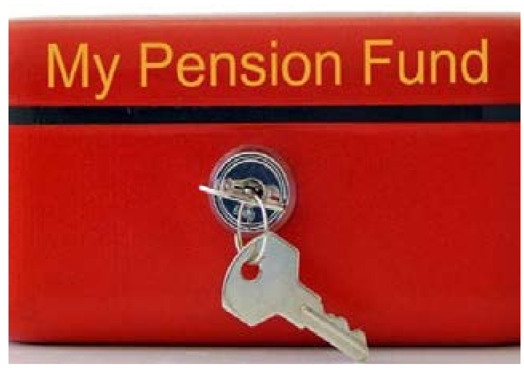
There was a proposal to remove the work test for those aged 65-74 and wishing to contribute to super however this has been removed and the current rules will still apply.

A neat proposal which in my opinion is long overdue, is the unchanged introduction of the ability for all individuals to claim a tax deduction for superannuation contributions regardless of how you're employed. This was previously limited to those who are predominantly self-employed but now will be able to be utilised by anyone including wage & salary earners. Salary sacrifice arrangements can continue however are now longer a necessity.

It's important to note that this is still proposed legislation so wait until it's finalised before taking any action.

Current rules still apply till the 1st July 2017 so if you think there's an opportunity for you to take advantage of them (such as the current higher NCC limit of $180,000 and the three year bring forward option of $540,000) then contact us to discuss your individual situation.

Nick Girle
Financial Worry Remover
CommonCents Financial Planning
1300 376 781
www.ccwealth.com.au



Pre-retirees: Avoid 'too good to be true' tax schemes

The ATO has launched a new project called 'Super Scheme Smart', an initiative aimed at educating individuals about the potential pitfalls of 'retirement planning schemes', to keep them safe from risking their retirement nest egg.

According to the ATO, individuals most at risk are those approaching retirement, including anyone aged 50 or over, looking to put significant amounts of money into retirement, particularly SMSF trustees, self-funded retirees, small business owners, company directors, and individuals involved in property investment.

While retirement planning schemes can vary, there are some common features that people should be aware of.

Usually these schemes:

- are artificially contrived and complex, usually connected with a SMSF;
- involve a lot of paper shuffling;
- are designed to leave the taxpayer with minimal or zero tax, or even a tax refund; and/or
- aim to give a present day tax benefit by adopting the arrangement.

Individuals caught using an illegal scheme identified by the ATO may incur severe penalties under tax laws, which includes risking the loss of their retirement nest egg and also their rights as a trustee to manage and operate a SMSF:

*"Retirement planning makes good sense provided it is carried out within the tax and superannuation laws. Make sure you are receiving ethical professional advice when undertaking retirement planning, and if in doubt, seek a second opinion from an independent, trusted and reputable expert"***.**

For more information about the specific schemes, they can visit their website at *www.ato.gov.au/superschemesmart.*

10 Bowen Street, Toowoomba
6/66 Drayton Street, Dalby
PO Box 6009, Clifford Gardens QLD 4350
Phone Number 07 4638 5300
Email: admin@moorelewis.com.au

SuperStream deadline extended!

With only days to go until the 30 June SuperStream deadline, the ATO noted that, while many small businesses had implemented the required changes, *"some small businesses may need extra time and help to become SuperStream compliant"***.**

The ATO has announced that for small businesses that are not yet SuperStream ready, it will provide a further extension to 28 October 2016.

ATO exposes dodgy deductions

With over eight million Australians claiming work-related expenses each year, the ATO is reminding people to make sure they get their deductions right this tax time.

Assistant Commissioner Graham Whyte said that, in 2014/15, the ATO conducted around 450,000 reviews and audits of individual taxpayers, leading to revenue adjustments of over $1.1 billion in income tax.

“Every tax return is scrutinised using increasingly sophisticated tools and data analytics developed (by) the ATO. This means we can identify and review income tax returns that may omit information or contain unreasonable deductions," Mr Whyte said.

The ATO also set out some case studies, which provide a fascinating insight into the ATO's methods, including:

- A medical professional who made a claim for attending a conference in America, and provided an invoice for the expense, but when the ATO checked, it found that the taxpayer was *still in Australia* at the time of the conference (the claims were disallowed and the taxpayer received a substantial penalty); and
- A taxpayer who claimed deductions for car expenses, but the ATO found they had recorded kilometres in their log book on days where there was *no record of the car travelling on the toll roads*, and further inquiries identified that the taxpayer was out of the country. Their claims were also disallowed