

Taxable payments reporting – Building & Construction Industry

Businesses in the building and construction industry need to report the total payments they make to each contractor for building and construction services each year. The payments will be recorded on the *Taxable payments annual report*.

On the report, you will need to record the contractors ABN, name, address, **gross amount you paid for the financial year (incl. GST)** and the total GST included in the amount you paid.

This means that you will need to ensure the invoices you receive from your contractors contains all of the above information.

You are not required to report on payments for materials only, but if you make a payment for labour and materials, you report on the whole amount unless the labour is incidental.

The *Taxable payments annual report* is due for lodgement on 28 August 2017 for payments made in the 2016-2017 financial year.



Year-end tax planning tips

1. Defer receipts of income until after 30 June 2017
2. Accelerate deductions into the current year – this could mean buying small plant/equipment items for \$20,000 or less
3. Scrap obsolete trading stock
4. Scrap obsolete items of plant & equipment – look at your depreciation schedule from last year and note the items you no longer have/use and provide with your other information
5. Write off bad debts
6. Defer sales of capital gains tax assets until after 30 June 2017.
7. Look at prepaying items such as loan interest, materials and other large bills before 30 June 2017 that will be consumed by your business in the new financial year (only prepay financially reliable suppliers).
8. Contribute an amount to your superannuation fund – for details of the maximum you can contribute see our article on page 2 about concessional contribution caps.

Each taxpayer's circumstances are different and for this reason we suggest you contact us first before making any decisions.



Super stream (for employee superannuation contributions)

If you are an employer, you will need to be using Super Stream for making and reporting super contributions.

Super Stream saves you time and effort. Payments are electronic and you can pay all your employees' super and send their information at once.

Your options to get ready include upgrading your current payroll software, and using your super fund's online system using a clearing house.

If you need assistance in setting up Super Stream, get in touch with us.

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Superannuation Co-Contribution

The superannuation co-contribution has continued in the 2016-17 year with the maximum government co-contribution being \$0.50 for every \$1 personally contributed. The maximum co-contribution of \$500 is available to taxpayers who earn less than \$36,021 and contribute \$1,000. Above this income amount, the maximum co-contribution will be reduced by 3.333 cents for each dollar of income earned and to phase out completely when income reaches \$51,021.

Concessional superannuation (tax deductible) contributions cap

Taxpayers 49 years or over on 30 June 2016 are eligible for the \$35,000 concessional superannuation contributions cap, if they make their contribution by 30 June 2017.

The contribution cap for those aged under 49 years on 30 June 2016 is \$30,000, if they make the contribution before 30 June 2017.

If you have a salary sacrifice agreement with your employer make sure that you will not go over your appropriate cap in the 2016/17 year otherwise excess contributions will be included in your assessable income and taxed at your marginal tax rate.



Non-concessional (non tax deductible) super contributions.

Taxpayers are able to make up to \$180,000 in non-concessional contributions to their superfund in 2016/17 year.

They can also access the 3 year \$540,000 bring forward cap up until 30 June 2017.

From 1st July 2017, the annual cap will drop down to \$100,000. From this date, the non-concessional cap will always be 4 times the concessional cap. The maximum bring forward cap will be \$300,000.

First home superannuation saver scheme

The Government will encourage home ownership by allowing first homebuyers to build a deposit inside their superannuation fund.

Voluntary superannuation contributions of up to \$15,000 per year, and \$30,000 in total, can be contributed by first homebuyers from 1st July 2017.

These contributions can then be withdrawn, along with associated deemed earnings, for a first home deposit, from 1st July 2018 onwards.

The contribution must be within existing concessional and non-concessional caps. Concessional contributions are taxed at 15% in the fund and the earnings are also taxed at 15%. When withdrawn, they are taxed at the taxpayer's marginal tax rate, less a 30% offset.

This provides an incentive that will enable first homebuyers to build savings more quickly for a home deposit.

Note that both members of a couple can take advantage of this measure to buy their first home together.



2016/17 Tax Rates

The tax free threshold remains at \$18,200.

18,200 – 37,000	19%
37,000 – 87,000	32.5%
87,000 – 180,000	37%
180,000 +	47%*

*47% rate includes the temporary budget repair levy



Family Assistance claims

Families that chose to wait until the end of the financial year to claim their FTB entitlement or Child Care Benefit will **need to have your 2016 return lodged by the 30/6/2017** so that you can claim any Centrelink entitlements in time.



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Safe Tax

We are again offering our safe tax audit fee protection cover. This small tax deductible cost covers **all** types of audits that taxpayers can be subjected to, and provides you with the **peace of mind** that it will not cost you any extra in accounting fees to have us manage your audit.

History shows that the cost to prepare the required audit documentation can range anywhere from \$1,000 to \$5,000 plus, and this may be more depending on the complexity and type of audit involved.

The ATO have developed small business benchmarks for over 100 different small businesses, the ATO is using these benchmarks to select businesses for audit.

It is to your advantage to take up Safe Tax as soon as possible. *Cover begins from the date of payment through to 30th June 2018.* Please contact Trish at our office with any queries regarding which rate applies to you.

In addition to this, there are also a number of measures which you can take to minimise the risks and costs in the event of an audit.

Including:

- Keeping all work related expense receipts in a secure place for five years.
- Remember to inform us if you own shares which have dividends that are reinvested under a dividend re-investment plan. These dividends are taxable as income.
- If you are claiming work related travel up to 5000 kilometres, keep a written record of trips which you have undertaken



Electronic recording of vehicle log books

The ATO is increasing its compliance program, with a focus on Motor Vehicle travel claims. But if it's one of those tasks that seems more like a chore than a breeze, we've some good news. Thanks to those handy devices in our pockets, it's finally time to do away with paper and pencil. Now your smartphone can do the hard work instead!

You can now have ATO compliant data, ready to send directly to your employer, or **accountant** when it's needed. These are just two of the apps that can help you.

Logit



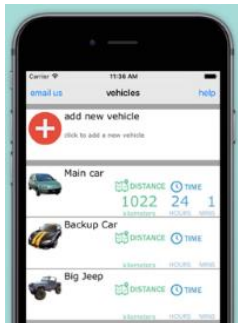
Logit, created by Australian fleet management company Fleetcare, is an ATO compliant logbook app that really does make keeping a vehicle log book easy. Using your smartphone's GPS function, it'll record all your journeys, remembering your odometer reading from the last trip, and also allowing you to set your favourite trips. Retrospective trips can be entered by using the manually record trip function. At the end of your 12 week recording period, the logbooks details can be emailed, cutting down admin time for both drivers and fleet managers alike – very useful.

Cost: Free

Developer: Fleetcare

Download: [iTunes Store](#) / [Google Play](#)

ATO Vehicle Logbook



This app is fully ATO compliant for claiming the percentage business use of a vehicle and supports the use of multiple vehicles, and multiple log book periods.

It has a simple, no fuss approach, and will let you send the completed log directly to your employer, accountant or tax agent in excel / CSV format.

The app is compatible with iPhone & iPad.

Cost: \$1.49

Developer: John Lyons

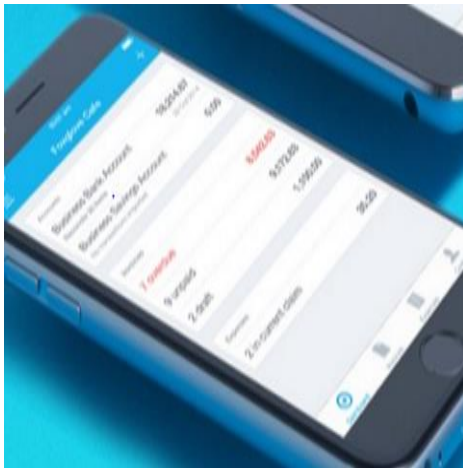
Download: [iTunes Store](#)

Cloud accounting software

Prior to 2000, a lot of small businesses got by quite happily using paper-based accounting systems. But the introduction of the GST saw many of them switch to using accounting software. Moving to a computer-based system meant you could extract the required reports and numbers more efficiently.

However, even in the last five years, a lot has changed and, without doubt, the biggest change is that cloud accounting applications have become mainstream. This market domination has come about for a variety of reasons. You can, for example, access them anywhere there's internet available – and often via a mobile app (especially important for business travellers and tradies) – and you can give your accountant or bookkeeper live access to the accounts. We summarise three cloud accounting options below:

Xero



Unlike many accounting software programs that base pricing on the number of features, Xero's subscription plans come with all the standard functionalities. There are three available plans to choose from: Starter, Standard and Premium.

Starter: The Starter plan costs \$9 per month and is limited to five invoices and five bills.

Standard: The Standard plan costs \$30 per month and comes with payroll features for up to five employees.

Premium: The Premium plan costs \$70 per month and includes payroll services for up to 10 employees.

The program can be setup to receive bank feeds, which can then be coded by either yourself or your accountant.

Quickbooks Online



Quickbooks Online starts at \$15 per month for the Simple Start option.

The Essentials option is \$25 per month and the Plus option is \$35 per month.

The Simple Start option allows you to track income & expenses, send unlimited invoices, download transactions from the bank, complete a BAS, and payroll for up to 10 employees.

Reckon Accounts Hosted



Reckon Accounts Hosted begins at \$55/mth.

It is a more powerful program with the same features as the Reckon Accounts versions you have been using offline, including invoicing, payroll. It is designed for small to large businesses.

Private Health Insurance (PHI) rebate means tested

You need to advise your PHI organisation of your estimated income for 2017-18 year so that the correct rebate amount is paid by the Government over the next twelve months. Once the ITR is lodged, if the ATO see that you have overestimated your income, you will receive a refund for the overpaid premium amount via your notice of assessment (NOA).

If you have underestimated your income (and therefore received more of a PHI rebate than you should have) you are liable to pay the excess to the Commonwealth via your tax refunds and it will show on your NOA of funds paid for underpaid premiums.

Medicare Levy Surcharge Thresholds

For the year ending June 2017, the Medicare levy surcharge (additional 1%) will apply to singles earning over \$90,000 and \$180,000 for those who are members of a family.

The surcharge increases to 1.25% if your earnings are over \$105,000 for singles, and \$210,000 for families.

The surcharge increases to 1.5% if your earnings are over \$140,000 for singles, and \$280,000 for families.

These thresholds apply to taxpayers who **do not** have private health insurance that includes hospital cover



Medicare Levy Low Income Thresholds

The Medicare Levy low-income thresholds for the 2016/17 year are \$21,335 for individuals and \$36,001 for families. These thresholds increase by \$3,306 per dependent child/student.

The low-income threshold for Senior Australian and Pension Offset (SAPTO) claimants is \$33,738.

Small business benchmarks

For each industry, the ATO publish key benchmark ratios and general benchmark ratios. The key benchmark ratio can be used most reliably to compare your performance against businesses in your industry because they are the best predictors of a business's turnover in relation to their cost of sales or expenses.

The ATO may also use the key ratio to determine how much tax a business should have paid, when there are insufficient or no records available.

Small business benchmarks are a guide to help businesses compare their performance against similar businesses in an industry. The benchmarks are calculated from information reported to the ATO by businesses on their income tax returns and activity statements.



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