ADAMS ACCOUNTING

CHARTERED ACCOUNTANTS/BUSINESS ADVISORS/TAXATION SPECIALISTS

Business Newsletter **December 2016**

Merry Christmas and a Happy New Year!

We are taking some time off to celebrate the festive season with our families.

Our office will close at 4 pm on Friday 23rd December 2016 and we will reopen at 9 am on Tuesday 3rd January 2017.

We would like to take this opportunity to thank you for your support over the past year and we wish you and your family a happy and safe Christmas and a great new year.

Inside This Issue

Lodgement and payment extension for your December quarter BAS

If you lodge your own BAS, don't forget! The ATO give you an extra month to lodge and pay your December quarter BAS.

Lodgement and payment is not due until 28th February 2017.

But don't get caught out…If you pay **superannuation contributions** for employees, you do not get an extra month to pay the December quarter contributions. Superannuation is still due for payment on 28th January 2017.

Instant asset write-off for items under $20,000 still available

Small businesses can immediately deduct the business portion of most assets if they cost less than $20,000 and were purchased between 7:30pm on 12 May 2015 and 30 June 2017.

This deduction can be used for each asset that costs less than $20,000, whether new or second-hand. The deduction is claimed through a tax return, in the year the asset was purchased.

Personal income tax threshold reduction

From 1st July 2016, the Government has increased the 32.5% income tax threshold from $80,000 to $87,000.

This measure will reduce the marginal rate of tax on incomes between $80,000 and $87,000 from 37% to 32.5%, saving up to $315 in tax.

Non-resident individual tax rate increases - "backpacker tax"

As you may have read or heard in the media, the "backpacker" tax rates have been amended as of 1 January 2017. The below rates apply to working holiday makers:

$0 – $37,000	15c for each $1
$37,001 – $87,000	$5,550 plus 32.5c for each $1 over $37,000
$87,001 – $180,000	$21,800 plus 37c for each $1 over $87,000

Superannuation changes gain Royal Assent

The changes to the superannuation system, announced by the Australian Government in the May 2016 Budget have now received Royal Assent. Most of the changes will commence from 1 July 2017.

An overview of the changes are set out below – as more detailed information becomes available we will forward it on to those clients that may be affected.

- Spouse tax offset
  Currently, you can claim a tax offset of up to $540 for contributions you make to your spouse's superannuation fund where your spouse's adjusted taxable income is below $13,800.

  From 1 July 2017, the income threshold for your spouse's taxable income will be increased to $37,000.

- Personal superannuation contribution deductions
  Currently a self-employed individual can claim a deduction for a personal superannuation contribution where less than 10% of their income is from salary and wages.

  From 1 July 2017, this 10% condition will be removed which means that any individual who makes a personal contribution to their superannuation fund may be eligible to claim a tax deduction.

- Introducing a transfer balance cap of $1.6 million for pension accounts
  From 1 July 2017 the Government will introduce a $1.6million cap on the total amount that each person can transfer in to the tax-free retirement phase for superannuation pensions.

  We will be providing more detailed information on this change in the near future.

  Reduction of Division 293 income threshold to $250,000
  Currently, individuals with income and concessional (employer) superannuation contributions in excess of $300,000 trigger a Division 293 assessment and 15% tax payable on any amount over $300,000.

  From 1 July 2017 the Government will lower the Division 293 income threshold to $250,000.

- Lowering of non-concessional contributions cap to $100,000 per annum
  From 1 July 2017, the Government will reduce the annual non-concessional (non-tax deductable) contribution cap from $180,000 to $100,000 per year.

  The 3 year bring forward rule will still be applicable, with the total bring forward amount of $300,000 (being 3 years x $100,000).

- Lowering concessional contributions cap to $25,000 per annum
  Currently individuals can make concessional (tax deductible) contributions of up to $30,000 ($35,000 for those 50 years and over) within a financial year.

  From 1 July 2017 the Government will lower the annual concessional contributions cap to $25,000 for all individuals. The cap will index in line with wages growth each financial year from 2018 onwards.

- Transition to retirement (TTR) income stream
  From 1 July 2017 your superannuation fund will be taxed at 15% on all earnings of your fund, even when in TTR phase.

Do you own a holiday rental?

With peak holiday season approaching, the ATO are reminding taxpayers who own a holiday rental property to only claim the deductions that they are entitled to, for the periods a holiday home is rented out and/or genuinely available for rent.

We suggest to avoid making incorrect claims on your tax return, you should:

- Keep accurate records to ensure you declare the correct amount of rental income; and
- Only claim deductions for the period that the property is rented out or available for rent.

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