

### **Accelerated depreciation for small business is back.**

Small businesses with aggregate annual turnover of less than \$2 million can immediately claim a tax deduction in the year they start to use the item or it is installed ready for use, where the asset costs up to \$20,000 net of GST.

This will apply for assets acquired and installed ready for use between 7.30pm (AEST) 12 May 2015 and 30 June 2017. From 1 July 2017 the limit will revert back to the existing \$1,000 threshold.

### **Accelerated depreciation for primary producers**

In the 2015-16 Federal Budget, the government announced that it will allow all primary producers to:

- immediately deduct the cost of fencing and water facilities such as dams, tanks, bores, irrigation channels, pumps, water towers and windmills
- depreciate over three years the cost of fodder storage assets such as silos and tanks used to store grain and other animal feed

The government initially advised that this would take effect from 1 July 2016 but has now announced that this measure will **start from 7:30pm (AEST) 12 May 2015**.

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### **Don't forget your livestock numbers**

One of most requested pieces of information when preparing your Income Tax Returns is the number of stock on hand at the end of the year.

Attached to the back of our newsletter is a record sheet for your livestock numbers as at 30/6/2015. Please fill this in and return it to our office at your earliest convenience.

### **Year-end tax planning tips**

1. Defer receipts of income until after 30 June 2015.
2. Accelerate deductions into the current year – this means buying small plant/equipment items for \$20,000 or less.
3. Accelerated depreciation for Primary Producers  
See article
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. Defer sales of capital gains tax assets until after 30 June 2015.
6. Look at prepaying items such as feed, fertiliser and water rates before 30 June 2015.
7. 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.
8. Consider Farm Management deposit system

For specific advice regarding your current situation please contact us.

## **Superannuation Co-Contribution**

The superannuation co-contribution has continued in the 2014-15 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 \$34,488 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 \$49,488.

## **Concessional (tax deductible) contributions cap**

Taxpayers 49 years or over on 30 June 2014 are eligible for the \$35,000 concessional contributions cap, if they make their contribution before 30 June 2015.

The contribution cap for those aged under 49 years on 30 June 2014 is \$30,000, if they make the contribution before 30 June 2015.

If you have a salary sacrifice agreement with your employer make sure that you will not go over your appropriate cap in the 2014/15 year otherwise excess contributions will be included in your assessable income and taxed at your marginal tax rate.

## **Incentive to employ mature aged workers**

The Government has announced that businesses will be paid \$10,000 for employing workers over 50.

Under the initiative, businesses that hire employees over the age of 50, will be given \$3000 for the first 6 months. They will then be given another \$3000 after 12 months, another \$2000 after 18 months, and, finally, another \$2000 at 2 years.

To be eligible, the employee has to have been receiving income support for at least six months prior to employment.

Mature age job seekers employed for at least 30 hours per week attract the full rate of the Restart wage subsidy. Eligible job seekers employed between 15-29 hours per week attract a pro-rata Restart subsidy.

## **ATO payment arrangements**

It may be necessary where cash flow is tight, to set up a payment arrangement with the Australian Tax Office to meet your tax liabilities.

The ATO have advised that they will now be setting up direct debit arrangements when a client or tax agent phones to make a payment arrangement on a client's account – this will in most cases be where there has been a default on a payment arrangement in the past, or there is a long standing debt that will take over 12 months to pay off.

The bank account for direct debit arrangements needs to be either the bank account that is registered with ATO on the portal, or an account that can be authorised over the phone. In most cases, as tax agent, we are able to authorise a different bank account on behalf of clients.



## **Do we have your email address?**

Here at Adams Accounting, we like to look after the environment. We would like to collect your email address so that we can email you our newsletter and any other information, doing our bit for the environment along the way.

If you wish to receive future newsletters from us electronically, please provide your email address during your appointment.



## FMD thresholds

Primary producers are able to claim deductions for FMD's where their non-primary production income does not exceed \$100,000. The FMD contribution will need to be made before 30 June 2015 to be deductible in the 2015 tax return.

## 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 2014 return lodged by the 30/6/2015 so that you can claim any Centrelink entitlements in time.

## Medicare Levy Increase

From 1 July 2014, the basic medicare levy has increased from 1.5% to 2% of taxable income. Individuals start to pay medicare where their taxable income exceeds \$20,896, or \$35,261 for families.

## Dependent spouse & mature aged worker offsets removed

In the 2014-15 Federal Budget, the government announced that it will abolish the Dependent Spouse Tax Offset from 1 July 2014.

In addition, a person who is eligible for the zone offset will from 1 July 2014 only be entitled to claim for a dependent (including a spouse) who is an invalid or cares for an invalid.

## Mature age worker offset abolished

From the 1 July 2014, the mature age worker offset will no longer be available. Previously, the offset was available to taxpayers born before 1 July 1957.

## 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 been increasing their audit activity over the last few years and will be provided with another \$337.5 million from the Government towards GST compliance alone over the next four years.

Another \$107.9 million will be spent focusing on the cash economy over the next four years. 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 2016*. 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

## Private Health Insurance (PHI) rebate means tested

The income tiers effectively means that higher income earners will receive less PHI rebate and can be explained as below:

Status	Income thresholds			
	Base tier	Tier 1	Tier 2	Tier 3
<b>Single</b>	\$90,000 or less	\$90,001 – \$105,000	\$105,001 – \$140,000	\$140,001 or more
<b>Family</b>	\$180,000 or less	\$180,001 – \$210,000	\$210,001 – \$280,000	\$280,001 or more
<b>Age</b>	<b>Rebate for premiums paid, 1 July 2014 – 31 March 2015</b>			
<b>Under 65 yrs</b>	29.040%	19.360%	9.680%	0%
<b>65–69 yrs</b>	33.880%	24.200%	14.520%	0%
<b>70 yrs or over</b>	38.720%	29.040%	19.360%	0%
	<b>Rebate for premiums paid, 1 April 2015 – 30 June 2015</b>			
<b>Under 65 yrs</b>	27.820%	18.547%	9.273%	0%
<b>65–69 yrs</b>	32.457%	23.184%	13.910%	0%
<b>70 yrs or over</b>	37.094%	27.820%	18.547%	0%

You need to advise your PHI organisation of your estimated income for 2014-15 year so that the correct rebate amount is taken from the premium. 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 2015, 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. These thresholds apply to taxpayers who **do not** have private health insurance that includes hospital cover – see the table above for the rate of Medicare levy surcharge for high income earners.



### Medicare Levy Low Income Thresholds

The Medicare Levy low-income thresholds for the 2014/15 year are \$20,896 for individuals and \$35,261 for families. These thresholds increase by \$3,238 per dependent child/student. The low-income threshold for Senior Australian and Pension Offset (SAPTO) claimants is \$46,000.

**Livestock on hand record as at 30/6/2015**

This year, in order to assist farmers when collecting information for their ITR, we have prepared a livestock account checklist, which is set out below.

The best time to fill out this form is as soon as possible after 30 June.

Please complete and return this form with your tax information. If you want to, you can email or drop this form into our office once completed.

**Farmer Name:**

**Farmer livestock account for the year ended 30/6/2015**

	<b>Number of head</b>
Deaths	<input type="text"/>
Killed for rations	<input type="text"/>
Natural increase	<input type="text"/>
Closing stock	<input type="text"/>

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