

Tax Time 2017

There goes another year, and that means it is time to start gathering the records for your income tax return preparation. To ensure speedy preparation of your income tax return, try to make sure that you have documents supporting the income you earned (employment & investments). It is also **important** where possible to make sure you have a receipt or invoice for any amount which you are claiming as a tax deduction.

Income Tax Rates

Listed below are the tax rates for the 2016/17 financial year. ** includes temporary budget repair levy.

Tax rates for 2015/16 year Income range (\$)	Tax rate %	Tax rates for 2016/17 year Income range (\$)	Tax rate %
0 – 18,200	0	0 – 18,200	0
18,201 – 37,000	19	18,201 – 37,000	19
37,001 – <u>80,000</u>	32.5	37,001 – <u>87,000</u>	32.5
80,001 – 180,000	37	87,001 – 180,000	37
180,000+	47 **	180,000+	47 **

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Substantiation Reminder

In order to claim a deduction for work related expenses which you have incurred, you must have written evidence to verify your claim where the **total** amount of all your tax claims exceed \$300.

Written evidence can be in a variety of forms, with both electronic and written versions equally acceptable.

Common types of such written evidence include:

- Bank and credit card statements
- BPay reference numbers
- Email receipts
- Other paper or electronic copies of documents
- Tax invoices or receipts

Medicare Levy 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.

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.

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.

Note: From 1 July 2017, the concessional contributions cap will reduce to \$25,000 regardless of age.

Legislation has also passed which allows any individual under age 75 to claim a tax deduction for personal superannuation contributions made to their fund, up to a limit of \$25,000.



Non-concessional (non tax deductible) super contributions.

Taxpayers are able to make up to \$180,000 in non-concessional contribution 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.



Minors

Minors (children under 18) will not be taxed until their annual income from passive investments (i.e. interest & dividends) exceeds \$416 for the 2016/17 year.

Do you have a smart phone and need to use a log book?

The ATO is increasing its compliance program, with a focus on Motor Vehicle travel claims.

If it's one of those tasks that seems more like a chore than a breeze, we've got 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. There are many apps out there, and 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.

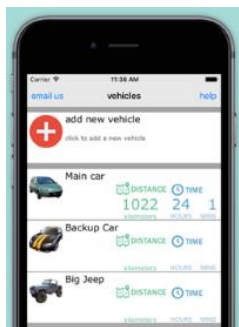
Using your smartphone's GPS function, it'll record all your journeys, remembering your odometer reading from the last trip, and also allowing you to set your favourite trips. Retrospective trips can be entered by using the manually record trip function.

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

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

Download: iTunes Store

Home office expenses

Where part of your home is used for income earning activities, you may be eligible to claim home office expenses. Individuals who have a home office can claim running expenses for that office.

To claim this, there is a standard rate of **45 cents per hour** of usage. This rate is designed to cover the basic home office operating expenses of electricity, gas and depreciation of office furniture.



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.



HELP (HECS) repayment rates

The following repayment income and rates for the Higher Education Loan Programme (HELP) apply for the 2016/17 income year:

Tax payer's repayment income	Applicable repayment %
\$54,869 - \$61,119	4%
\$61,120 - \$67,368	4.5%
\$67,369 - \$70,909	5%
\$70,910 - \$76,222	5.5%
\$76,223 - \$82,550	6%
\$82,551 - \$86,894	6.5%
\$86,895 - \$95,626	7%
\$95,627 - \$101,899	7.5%
More than \$101,900	8%

There is no requirement to repay any of your HELP debt until your income exceeds \$54,869 for the 2016/17 year.

The ATO are no longer issuing paper HELP debt statements, if you wish to receive such statements you need to contact the ATO.

WHERE TO FIND US

170 Johnson Street Maffra Victoria 3860

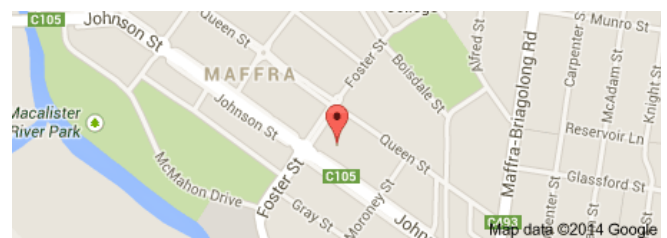
PO Box 251 Maffra Victoria 3860

Phone: (03) 5147 1525

Fax: (03) 5147 3211

Email: admin@adamsaccounting.com.au

Website: www.adamsaccounting.com.au



2017 INCOME TAX RETURN CHECKLIST

Before coming to your interview this year please take the time to look over the list below of information which you may need to bring to your appointment.

Tick if applicable and bring to appointment:

Income:

- PAYG summaries (group certificates)
- Centrelink year end summary statement – newstart allowance, youth allowance, parenting payment, sickness payment or pension (note: Centrelink no longer sends these in the mail, you will have to print these off or request one to be sent prior to your appointment)
- Interest received
- Dividends from shares / investments held (*including any dividends which have been reinvested*)
- Trust and investment distributions (*please ensure you have the “Annual Taxation Statement” provided by the fund – some of these will not be provided until Aug/Sept*)
- Rental income received
- Lump sum and termination payments (*provide all documents including an ETP payment summary from the employer or fund*)
- Foreign source income and details of any tax credits (*employment and pension*)

Expenses:

- Motor vehicle travel (*details of the kilometres travelled for the cents per kilometre method, or details of all motor vehicle expenses for the log book method*)
- Other travel costs (*parking fees, Citylink costs etc.*)
- Clothing / uniform purchases, cleaning and sun protection costs
- Donations of \$2 and over
- Income protection insurance
- Self-education expenses (*this may include costs such as: course fees, union fees, printing and stationery, parking, transport fees, journals and publications, books, internet, repairs to equipment and motor vehicle travel*)
- Any other work related expenses (*this may include costs such as: union fees, telephone / mobile phone, tools and equipment, home office, internet, printing and stationery, journals and publications, conferences and seminars, subscriptions, professional memberships and practising certificates*)
- Rental property expenses (*this may include costs such as: advertising, body corporate fees, cleaning, council rates, gardening, insurance, interest on loans, legal fees, pest control, agent fees and commissions, repairs and maintenance, stationery and postage, travel inspections, water charges and bank fees*)

Other:

- Private health insurance statement
- Spouse details (*if applicable – name, date of birth and taxable income for the year*)
- Capital gains details for real estate, shares, managed funds and other investment acquisitions or disposals (*purchase cost and date as well as sale price and date for disposals*)
- Personal superannuation contributions letter for your spouse or yourself (*if you are claiming as a tax deduction*)
- Medicare exemption certificate