

Tax Planning for 2019

It is that time of year again to start thinking about a year-to-date review of your business's financial performance.

There is nothing more frustrating than an unexpected tax liability!

To avoid this potential problem, we recommend that you undertake a planning process with us before the end of June.

Planning will alert you to what your potential income tax situation is for the 2018/19 year and what options you have in relation to managing that potential tax liability.

To start the ball rolling, please contact us now.

**Pay your employees superannuation on time or you lose the tax deduction
 Did you know?**

As a business, if you do not pay your employee superannuation guarantee contributions by the quarterly cut-off date, you are not able to claim a tax deduction for the superannuation amount!

Late payments also attract penalties and interest!

To avoid this, and in order to claim a full tax deduction for the payments, they must be paid and received by the superannuation fund by the quarterly cut-off dates below:

Quarter	Period	Payment cut-off date
1	Quarter end 30 Sept	28 October
2	Quarter end 31 Dec	28 January
3	Quarter end 31 March	28 April
4	Quarter end 30 June	28 July

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Instant asset write-off limit has INCREASED from 3rd April 2019!

Currently small businesses can immediately deduct the business portion of most assets if they cost less than \$20,000 (net of GST) and were purchased between 1 July 2018 and 2nd April 2019.

As of Budget night, 2nd April 2019, this threshold has been increased to \$30,000 (net of GST).

That means from now until 30 June 2020, you can immediately deduct the business portion of most assets if they cost less than \$30,000 (net of GST).

This deduction applies to each asset that costs less than \$30,000, whether new or second-hand. The deduction is claimed through the income tax return in the year the asset was purchased.

Fuel Tax Credit rate increase from 4 February 2019

The ATO have announced an increase to the Fuel Tax Credit (FTC) rates from 4 February 2019.

Type of fuel	Rate for fuel acquired from 4 Feb – cents
Fuel used on the road (in heavy vehicle greater than 4.5 tonnes)	15.8
Fuel used for all other activities	41.6

Personal superannuation contribution deduction for employees

Previously only self-employed taxpayers could claim a deduction for a personal superannuation contribution.

From 1 July 2017 this changed, which means that any individual who makes a personal contribution to their superannuation fund may be eligible to claim a tax deduction whether they are self-employed or not.

Warning – the total tax deductible (concessional) contributions that an individual can contribute to their fund and claim for the 2018/19 year is \$25,000.

Example

Employer contribution for year at 9.5% \$5,700
Employee salary sacrificed to super via employer \$5,200 for year
Employee can make further deductible contributions up to \$14,100 from their own funds for the 18/19 year.

Timing - The additional contributions need to be in the super funds bank account prior to the 30/6/2019. Make any personal contributions by the 23rd June 2019.

ATO wants to work with you when you have a debt

Most taxpayers pay amounts they owe on time or shortly after the due date.

For the minority of payments that remain outstanding, the ATO take action to recover the debt.

How the ATO treat you when you have a debt is not a straight forward process. It takes into consideration your:

- individual circumstances
- past behaviour
- lodgement and payment history.

As a result, two people may have what looks like similar debt circumstances, but the ATO may treat them differently. Not every taxpayer will go through each step of ATO's treatment or approach to debt recovery.

The ATO is taking a focus on early action – as soon as you know you have a debt you are unable to pay in full, please contact the ATO or ask us to contact them on your behalf to discuss payment options.

The ATO would rather you enter into a payment arrangement than just ignore their requests and allow the debt to grow. Ignoring the debt allows the ATO to take further action with far more severe consequences.

How long do I need to keep business records for?

You need to keep your tax and GST records for 5 years from the date you lodge your return.

Domestic violence leave for employees

On 12 December 2018 the Fair Work Amendment (Family and Domestic Violence Leave) Act 2018 took effect.

This amendment entitles ALL employees up to 5 days unpaid family and domestic violence leave each year.

What is family and domestic violence?

Family and domestic violence means violent, threatening or other abusive behaviour by an employee's close relative that:

- seeks to coerce or control the employee
- causes them harm or fear.

A close relative is:

- an employee's:
 - spouse or former spouse
 - de facto partner or former de facto partner
 - child
 - parent
 - grandparent
 - grandchild
 - sibling

Single Touch Payroll is coming

Single Touch Payroll is the next step in streamlining your payroll reporting. For employers with **20 or less employees it is mandatory from 1 July 2019.**

You will report payments such as salaries and wages, PAYG withholding tax and super information to the ATO when you pay your employees by processing a pay run.

If you are using payroll software, you should have already received notification from them of the introduction of Single Touch Payroll within the software. If you are not using payroll software and have less than 20 employees you **MUST** start using Single Touch Payroll enabled software from 1st July 2019.

Nothing will change with your payroll cycle or due dates for payment of super or PAYG withholding tax, all Single Touch Payroll means is that each pay run the information will be submitted to the ATO.

For more information about Single Touch Payroll, please check the ATO website www.ato.gov.au/stp

If you don't currently use payroll software and would like to know more about which payroll software is right for you, please contact us.

ATO Scams on the rise

The ATO are aware of many scams doing the rounds at the moment.

If you receive a phone call or an email and are unsure if it is a scam, remember:

The ATO will not:

- ask you to transfer money into an account with a BSB that is not held with the Reserve Bank of Australia
- ask for payment through unusual methods such as iTunes gift cards or other prepaid cards
- ask you for money in order to receive a refund or other payment
- stay on the phone with you while you go to the bank, post office, or shops to make a payment.
- ask you to respond via email or text to provide personal information, supply your TFN, credit card or bank details
- send you downloadable files or tell you to install software.

If you still are not sure, please contact us, and we can verify any amounts said to be owing to the ATO before you take any further action.

WHERE TO FIND US

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Changes to Farm Household Allowance

From 1 September 2018 to 30 June 2019 the Government has **increased the net asset threshold** meaning you may wish to revisit your eligibility if you have not already.

The increase in farm assets test is from \$2.6375mil to \$5mil. If you pass under these rules you will continue getting the FHA after 30/6/19 until Centrelink cancels your payments.

Basic conditions have not changed;

- Be a farmer or partner of a farmer and over 16yo
- Contribute major part of your time & capital to the running of Australian farm
- Have income & assets below the threshold
- Farm must have significant commercial purpose (several assessments involved)

You will require financial information (provided by your accountant) in which Centrelink will provide assistance in paying for these fees.

How to claim:

All claims can be submitted either online via MyGov or paper form.

Instructions can be found at

<https://www.humanservices.gov.au/individuals/service/centrelink/farm-household-allowance/how-claim>

Alternatively visit your nearest Centrelink office or contact Adams Accounting for assistance in getting started.

AUSTRALIAN FEDERAL BUDGET

2019/20

The 2019/2020 Federal Budget sees the Government predicting a return to surplus of \$7.1 billion.

For 2019/20 the Government is lowering taxes and increasing spending with a focus on low/middle income earners, small business, senior Australians and transport infrastructure.



MORE THAN DOUBLING
LOW AND MIDDLE
INCOME TAX
OFFSET IN 2018/19



INSTANT ASSET WRITE-OFF
INCREASED TO
\$30,000
AND EXPANDED
FOR BUSINESS UP TO
\$50 MILLION TURNOVER



\$550 MILLION
TO RESTORE TRUST
IN THE FINANCIAL SECTOR
WITH ADDITIONAL FUNDING
FOR ASIC AND APRA



\$525M
SKILLS PACKAGE
INCLUDING 80,000 NEW
APPRENTICESHIPS



SUPER FUND
ACTUARIAL CERTIFICATE
RULES RELAXED



\$1 BILLION
OVER 4 YEARS FOR ATO
CRACKDOWN
ON MULTI-NATIONAL
TAX AVOIDANCE



\$62 MILLION
ON NEW LANGUAGE,
LITERACY, NUMERACY AND
DIGITAL SKILLS
PROGRAMS



\$3.5 BILLION
CLIMATE
SOLUTIONS
PACKAGE
TO DELIVER AUSTRALIA'S
2030 CLIMATE COMMITMENTS



\$6.3 BILLION IN
DROUGHT
SUPPORT
AND NEW \$3.9 BILLION
EMERGENCY
RESPONSE FUND



ADDITIONAL
\$800,000
OVER 3 YEARS TO
IMPROVE
AUDIT QUALITY



BOOST INFRASTRUCTURE
FUND TO \$200 BILLION
OVER 10 YEARS
FOR OVER ROADS, BRIDGES
AND HIGH SPEED RAIL



\$18 MILLION
FOR NATIONAL STRATEGY FOR
ELDER ABUSE