

Check the ABN of your contractors!

Have you checked if the contractors you deal with in running your business are GST registered? Is the ABN they quote correct and current? It is important to confirm these details through the Australian Business Register website www.abr.business.gov.au

Some contractors may be charging GST when they are in fact not registered, or even trade under an inactive ABN. **It is your responsibility** to check these details so that you do not incorrectly report contractor payments, withhold PAYG, and claim excess GST credits.

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

INSIDE THIS ISSUE

- 2** Rental property deduction crackdown
Single Touch Payroll is mandatory
- 3** GST on insurance claims
Drought Community Support Initiative
GST limits for motor vehicles

Fuel Tax Credit rate increase from 5 August 2019

The ATO have announced an increase to the Fuel Tax Credit (FTC) rates from 5 August 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)	16.0
Fuel used for all other activities	41.8

Removing tax deductibility when you pay employees tax late

You can only claim tax deductions for payments you make to your workers (employees or contractors) from 1 July 2019 where you have complied with the **PAYG withholding and reporting obligations** for that payment.

If the PAYG withholding rules require you to withhold an amount from a payment you make to a worker, you must:

- withhold the amount from the payment before you pay it to them, and
- report the amount to the ATO

Any payments you make to a worker **where you haven't** withheld or reported the PAYG amounts are called **non-compliant payments**.

You won't be able to claim a deduction if you are required to withhold an amount and you don't withhold or report any amount to the ATO, unless you voluntarily tell the ATO before they advise of an audit.



New legislation: disclosure of business tax debt information to credit reporting bureaus

On 22 October 2019, the Government passed law which allows the ATO to disclose tax debt information of businesses to registered credit reporting bureaus (CRB's) without the business owners permission.

Under the law, the ATO will only be able to disclose tax debt information of a business where the following criteria are met:

- 1) the entity has an ABN and is not an excluded entity
- 2) the entity has one or more tax debts, the total of which is **at least \$100,000** and is overdue by more than 90 days
- 3) Businesses which are **engaging with the ATO** to manage their tax debts (regardless of the amount the debt is) **will not** have their tax debt information reported to CRBs.
- 4) the entity does not have an active complaint with the Inspector-General of Taxation concerning the proposed reporting or reporting of the entity's tax debt information

Rental properties: hot spots for ATO review

The ATO is taking a closer look at rental property deductions, particularly in the following areas:

Repairs & maintenance vs. capital works

- Repairs include restoring an existing asset to its original condition (e.g. patching up a hole in plaster, replacing roof tiles, re-painting scuffed walls).
- If the work you undertake improves the asset/structure beyond its original condition, it is deemed to be capital works (e.g. replacing a structure in full such as a roof or fence, renovations or extensions).

Initial repairs after purchasing a house

- rectifying defects to a property you have purchased in order to rent it out are not immediately deductible. However, they can be deducted over a number of years.

Interest deductions

- If you make extra repayments on your home loan and then redraw these funds to pay for private purchases, the interest on the redrawn monies is not deductible.

Have you got Safe Tax cover for 2019/20?

The ATO gather details of millions of transactions per year (600 million last year) from third parties and match these to what has been reported in your Income Tax Return and BAS statements.

If they find a mismatch, no matter the size, they will contact you for an explanation.

If the ATO are not satisfied with your response, an audit can arise.

It's not too late to take out Safe Tax cover for the 2019/20 financial year.

Phone our office today to find out more.

Single Touch Payroll is now mandatory for all employers

Single Touch Payroll is the next step in streamlining your payroll reporting. For employers with **20 or less employees it was 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** have started 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 still are not Single Touch Payroll compliant, get in touch with us today so we can assist with finding and implementing the right solution for your business.

GST limits when purchasing a motor vehicle

Are you aware of the limits that apply when claiming GST on the purchase of a motor vehicle?

The maximum GST you can claim on the purchase of a car or dual cab ute is **\$5,234**. This equates to the car value limit of **\$57,581**.

If you purchase a car with a price that is more than the car limit (\$57,581) you only include \$57,581 at label G10 on your Business Activity Statement.

Did you know? GST on insurance claims

Ever had an insurance claim for your business and wondered why the net payout figure doesn't include GST?

The idea of insurance is to put you back in the same position before your loss, not to gain. This means that the insurance company will only reimburse you for your net cost.

The reason for this, when you purchase a replacement asset, you can claim the GST on it in your BAS, so the business will only be out of pocket by the GST exclusive amount. The GST exclusive amount is what the insurance company will pay you.

Baby news at Adams Accounting

Adams Accounting are thrilled to announce the birth of two babies within our team.

Regan (accounting team) and wife Alyce welcomed the arrival of their son Oscar Robert Tait on 12th September 2019.



Sheridan (reception) and husband Paul welcomed the arrival of their son Bellamy Murphy Archer Byrnes on 10th October 2019.



Drought Community Support Initiative

The Salvation Army is working together with St Vincent de Paul Society to deliver the Drought Community Support Initiative (DCSI) for eligible drought affected households.

If you're a farmer, farm worker or farm supplier/contractor who is struggling financially because of the drought, you may be entitled to receive **a one-off payment of up to \$3,000** funded by the Australian Government's DCSI.

To be eligible you'll need to be over 18, an Australian citizen or permanent resident, and live/work in any of the following local shires:

- East Gippsland
- Latrobe
- Wellington

Payments can cover expenses such as groceries, vehicle maintenance, energy & utility bills, health & medical expenses, for example.

If you have any questions ahead of filling out an online application, you can call the Drought Community Support team on 1300 551 030.

Online application available via the following website:
<https://www.salvationarmy.org.au/need-help/disaster-relief-and-support/drought-community-support-initiative/>

Consumer Price Index (CPI) – Key statistics September QTR 2019

- CPI rose 0.5% this quarter, compared to a rise of 0.6% in the June 2019 quarter.
- CPI rose 1.7% over the twelve months to the September 2019 quarter, compared to a rise of 1.6% over the twelve months to the June 2019 quarter.

Overview of CPI movements

- The most significant price rises this quarter are international holiday, travel and accommodation (+6.1%), tobacco (+3.4%), property rates and charges (+2.5%) and childcare (+2.5%).
- The most significant price falls this quarter are automotive fuel (-2.0%), fruit (-3.1%) and vegetables (-2.5%).

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