

## Farm Management Deposits

The FMD scheme is a risk management tool to help primary producers deal with uneven cash flows.

FMD's allow primary producers to claim a tax deduction for a deposit you make in the income year you make it. This is provided you do not withdraw it within 12 months of making the deposit.

When you withdraw the FMD, you must include the amount withdrawn in your taxable income in the year of the withdrawal.

The maximum amount you can have deposited is \$800,000, and your non-primary production income must be less than \$100,000.



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## Year-end tax planning tips

- Defer receipts of income until after 30 June 2019
1. Accelerate deductions into the current year – this could mean buying small plant/equipment items worth less than \$30,000 per item – see below
  2. Scrap obsolete trading stock
  3. 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
  4. Write off bad debts
  5. Defer sales of capital gains tax assets until after 30 June 2019.
  6. Look at prepaying items such as loan interest, materials and other large bills before 30 June 2019 that will be consumed by your business in the new financial year (only prepay financially reliable suppliers).
  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.

**Each taxpayer's circumstances are different and for this reason we suggest you contact us first before making any decisions.**

## Instant asset write-off increased to \$30,000!

Small businesses can now immediately deduct the business portion of most assets purchased from 2<sup>nd</sup> April 2019 up to the value \$30,000 (net of GST) through until 30<sup>th</sup> June 2019.

The government have announced that this scheme will continue until 30<sup>th</sup> June 2020!

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.

**Primary producers can continue to claim an immediate write off for fencing, fodder storage and water facilities.**

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

From 1 July 2017, most people under age 75 can claim a tax deduction for personal superannuation contributions. The maximum tax-deductible contribution for the 2018/19 year is \$25,000.



## **Non-concessional (non-tax deductible) super contributions**

Taxpayers can make up to \$100,000 in non-concessional contribution to their superfund in 2018/19 year.

They can also access the 3 year \$300,000 bring forward cap up until 30 June 2019

## **Employers – reconcile your wages in your June BAS**

Prior to lodging your June 30th BAS statement, it is **EXTREMELY IMPORTANT** that you take the time to cross check the totals of employee gross wages including any allowances and tax withheld in your wages records against the totals of the amounts you have reported for that financial year in your BAS's at W1 (Gross employee wages including allowances) and W2 (tax withheld from employee wages).

If there are any differences you need to go back and find out why **prior to sending off your June Quarter BAS and preparing your employee PAYG Summary Statement for that year.**

### **Why?**

The ATO runs a matching process to make sure that data lodged through W1 & W2 on your BAS equals the amounts shown on your employee PAYG summaries. Any discrepancies can trigger an ATO audit enquiry and/or amendment with penalties for any underpaid amounts.



## **Downsizing your home? You can put the proceeds in to super from 1 July 2018.**

Many Australian retirees find they want a smaller home as they get older. For some Australian, selling the family home can be a great way to release built-up equity to pay for retirement living expenses or in-home support that will allow them to stay at home longer.

Older Australians are the people targeted by the governments law to allow homeowners aged 65 years or over, to downsize their family home and invest the surplus into their super account.

From 1 July 2018, Australians aged 65 years or older will be able to make a non-concessional (after tax) contribution in to their super account of up to \$300,000 from the proceeds of their family home if they have owned the property for at least 10 years.

The home must be your main residence and couples can contribute up to \$300,000 each, bringing the total contribution up to \$600,000 per couple.

**Note 1** – to be eligible, downsizer contributions must be made within 90 days of the settlement date of sale.

**Note 2** - You can only make downsizing contributions for the sale of one home. You can't access it again for the sale of a second home.

**Note 3** - If you sell your home, are eligible and choose to make a downsizer contribution, there is no requirement for you to purchase another home.



## Low & Middle-income tax offset increases!

Depending on the government passing legislation, immediate income tax relief will be provided for low- and middle-income earners of up to **\$1,080 for singles or up to \$2,160** for dual income families for the 2018/2019 year. Individuals with taxable incomes up to \$37,000 will have their tax reduced by up to \$255. This will increase incrementally for those earning between \$37,000 and \$48,000. The maximum offset of \$1,080 will be available to taxpayers with taxable incomes between \$48,000 and \$90,000. The offset then gradually reduces to zero at a taxable income of \$126,000.

**Note** - The offset will be received as a lump sum on assessment after individuals lodge their tax returns.

Taxable income (\$)	2018-2019 tax saving compared to 2017-2018 (\$)
22,000 – 37,000	255
40,000	480
48,000 – 90,000	1,080
100,000	915
120,000	315



## Fast-tracked company tax rate cut & increase in turnover threshold

Depending on the government passing legislation, in the 2018/2019 financial year, companies with a turnover of up to \$50 million will only pay tax at the reduced company tax rate 27.5% (threshold was \$25 million in 2017/2018).

By 2021/2022, companies with less than \$50mil turnover will only pay tax at the reduced rate of 25%



## Superannuation - carry forward concessional contributions allowed from July 1<sup>st</sup> 2018

From 2018/2019, individuals who contribute less than \$25,000 in concessional contributions will be able to accumulate the unused amounts for use in future years.

This means that the first year of the increased cap will start from 2019/2020, with any unused credits from 2018/2019 being added to the \$25,000 concessional contributions cap

**Note 1** – Individuals must have a super balance less than \$500,000 at the end of the previous financial year to be eligible

**Note 2** – Unused amounts will expire after 5 years

## Pay your employees superannuation on time or you lose the tax deduction

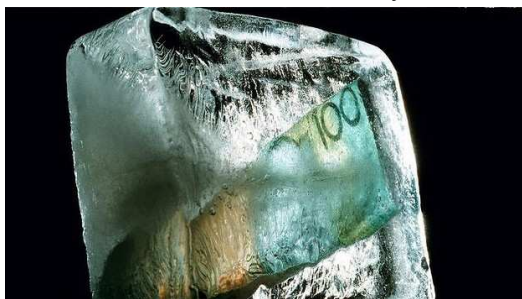
### Did you know?

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 be able 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



## Superannuation Co-Contribution

The superannuation co-contribution has continued in the 2018-19 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 \$37,697 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 \$52,697.

## 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 2018 return lodged by the 30/6/2019** so that you can claim any Centrelink entitlements in time.

## 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 developed small business benchmarks for over 100 different small businesses which it uses 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 2020.*

If you have taken Safe Tax cover before, we will be sending you an invoice for 2019/20 cover in June.

If you are interested in Safe Tax cover, please contact Trish at our office.

In addition to this, there are also several measures which you can take to minimise the risks and costs in the event of an audit.

These include:

- 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 5,000 kilometres, keep a written record of trips which you have undertaken



## **Private Health Insurance (PHI) rebate means tested**

You need to advise your PHI organisation of your estimated income for 2019-20 year so that the correct rebate amount is paid by the government over the next twelve months. 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 payback the excess to the ATO once your ITR is lodged and it will show on your NOA of funds paid for underpaid premiums.

## **Medicare Levy Surcharge Thresholds**

For the year ending June 2019, 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



## **Do we have your mobile number?**

Adams Accounting have implemented a text messaging system for reminders to collect your tax returns, BAS information and so on.

If we have your mobile number, we will be sending text messages instead of calling for reminders and collection notifications.

If you would like to opt out of our text messaging system, please let one of our administration team know.

## **Single Touch Payroll**

Have you been reading or hearing the words Single Touch Payroll lately? Want to know what it's all about?

Single Touch Payroll is the next step in streamlining your payroll reporting. For employers with 20 or more employees you will already have this in place.

If you have **19 or less employees, from 1 July 2019 you are required to use Single Touch Payroll enabled software.**

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 payroll run via payroll software which will report to the ATO.

If you are using payroll software, you should have already received notification from them of the introduction of Single Touch Payroll within the software.

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](http://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.

## **Division 293 threshold reduced (extra tax on superannuation contributions)**

In prior years individuals with an adjusted taxable income plus concessional (employer or tax deductible) superannuation contributions of \$300,000 or more trigger extra income tax to be paid on their deductible super contributions.

From 1 July 2017 the Government has lowered the Division 293 income threshold to \$250,000.

### **Livestock on hand record as at 30/6/2019**

This year, in order to assist farmers when collecting information for their income tax returns, 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 30/6/2019**

	<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"/>

#### **WHERE TO FIND US**

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# **INCOME TAX RETURN CHECKLIST**

## **Companies, Partnerships, Trusts and Other Businesses**

### **INCOME:**

- PAYG payment summaries (*group certificates*)
- Income from foreign sources (*inc. details or foreign taxes paid*)
- Trading income
- Other income (*e.g. rent, interest*)
- Dividends & trust distributions (*inc. details of franking credits*)
- Stock on hand (*note any obsolete stock*)
- Primary producer subsidies
- Details of CGT assets (*e.g. shares & real estate*) sold, inc. dates and costs associated with acquisition and disposal

### **ASSETS:**

- Bank statements for the financial year to June 30
- Details of depreciable assets acquired and/or disposed of during this income year (*inc. type of asset, date of acquisition, consideration received/paid*)
- Investment allowance (*date asset first used or first installed for use*)
- Debtors at June 30

### **LIABILITIES:**

- New loans taken out during the year & their purpose (*inc. copy of new lease or mortgage agreements*)
- Statements from the lending authority detailing the opening and closing balances of existing loans during the financial year
- Creditors at June 30
- Details of loan accounts to directors, shareholders, beneficiaries & partners

### **DEDUCTIONS:**

- Repairs & maintenance
- Salaries, wages, including fringe benefits (*copy of PAYG annual summary sent to ATO*)
- Rates, land taxes & insurance premiums
- Advertising expenses
- Interest on borrowed monies
- Deductions relating to foreign-source income
- Retirement payments & golden handshakes
- Research & development expenditure
- Bad debts written off during the year
- Donations of \$2 and over
- Commissions/Legal expenses
- Lease documents (*eg. motor vehicles, premises, equipment*)
- Superannuation contributions
- Subscriptions/memberships
- Car expenses (*maintain logbook, inc. petrol, repairs & parking*)
- Tax agent's fees
- Rent/Royalties paid
- Details of the purpose and destination of any interstate or overseas trip (*expenses must be fully documented where travel involves one night away, inc. travel diaries where travel exceeds 5 nights*)
- Bank fees

### **OTHER INFORMATION:**

- Rental property income & expenses
- Private health statement
- Medical expenses details