



TAX TIME

Its tax time again! Below is a reminder of what to bring to your appointment...

- Annual Tax Statements from your **investments** - these may not arrive until August.
- Annual statement from your **private health fund**
- **Bank Details** – BSB, Account Number, Account Name
- *Centrelink* Statements
- Completed worksheet - **see INSERT**
- Dependent children's income
- **Dividends** received
- Details of shares received under an **Employee Share Scheme** – must now be reported in your tax return.
- **Interest received** from banks and/or other financial institutions.
- List of Income Tax **Deductions** including receipts for larger items - for example - laptops – **see page 2**
- **Medical Expenses** - *annual summary of claims* can be obtained from Chemist, Medicare and your Health Fund
- **Share sales**, including:
 - date of purchase and purchase price
 - date of sale and sale price
- Settlement Statement(s) for the purchase and sale of land and/or houses - **not your main residence**
- **Spouse Details**, including your spouse's:
 - Taxable Income
 - Reportable Fringe Benefits and Superannuation contributions
 - Net investment losses
- Your PAYG Payment Summaries – **Group Certificates**

On the inside...

- Checklist of possible income tax deductions
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Checklist of possible income tax deductions

- Brief Case
- Calculator
- Computer Accessories – for example, flash drives, anti virus software
- Conference Costs
- Diary Purchase
- Donations
- Income Protection Insurance
- Interest on equipment or investment loans
- Internet Costs
- Km's travelled to Tax Agent
- Laptops
- Medical Expenses - if "gap" amount paid is greater than \$2,000.
- Mobile Phone - % of work related use
- Motor Vehicle Expenses - % of work related use
- Organisers
- Protective Clothing
- Reference Books
- School Building Fund (if voluntary)
- Self-Education Costs directly related to your job
- Stationery
- Subscriptions to Professional Bodies
- Sun Protection
- Superannuation Contributions
- Tax Agent Fees
- Telephone Expenses - % of work related use
- Tools of Trade
- Uniforms
- Union Fees

IF YOU ARE CLAIMING a portion of any expense (eg. mobile phone, computer) you should keep a log-book for one month detailing the proportional split between private and business use.

BUSINESS OWNERS

- What to bring

- Copies of BAS statements and Instalment Activity Statements
- Details of equipment and motor vehicles purchased or sold during the year
- Any loan agreements from banks or finance companies for business loans
- Your reconciled cashbook or computer disk/flash drive with program details
- Bank statements including any loan statements – check that you have them all
- List of amounts and people who owe you money as at 30 June - **Debtors**
- List of who you owe money to and amounts as at 30 June - **Creditors**.
- Value of stock on hand as at 30 June - at cost
- Chattel Mortgage Documentation including Tax Invoice for the asset purchase.

Important note - businesses with turnover (income before expenses) less than \$20,000 that make a loss cannot offset that loss against the owner's salary and wage income. Instead, the loss gets carried forward and is offset against profits in future years.

30% Private Health Insurance Rebate

From 1 July 2012, the Federal Government's 30% Rebate on private health insurance rebate will be income tested.

If you expect to earn more than \$84,000 as a single, or more than \$168,000 as a family in the 2012/13 financial year, your rebate will be affected.

High income earners may elect to advance pay their health insurance premiums before the income testing of the Private Health Insurance Rebate comes into effect on 1 July 2012.

Advance premium payments must be made **no later than 27 June 2012**.



Small Business Industry Benchmarks

One of the Australian Taxation Office's most significant initiatives in tackling the cash economy was the introduction of the "small business industry benchmarks" in 2009.

The benchmarks include financial ratios and are updated annually, with new benchmarks being developed to cover more industries. To date, the ATO has released benchmarks for over 107 industries and plans to release benchmarks for a further 30 industries in the next 12 months.

These benchmarks are developed using information reported on tax returns and business activity statements (BAS's).

What does all this mean?

The Tax Office are now using sophisticated risk-detection systems to identify those businesses that either under-report or fail to report income from cash transactions.

In 2010/11 over 1.4 million small businesses were evaluated and more than 16,000 were directly contacted by the ATO which raised about **\$151 million** in tax revenue.

The ATO utilises benchmarking in their **audit selection activities** and will raise **default assessments** and amended BAS's where businesses perform outside the relevant benchmarks for their industry.

New Tax Reporting Requirements for those in the Building and Construction Industry

From 1 July 2012, businesses in the building and construction industry need to report the total payments they make to each contractor for building and construction services each year.

You need to report these payments to us on the *Taxable payments Annual Report*.

Why the Building and Construction Industry?

Recent ATO research shows that the building and construction industry was the least compliant of the six largest industries in the market.

The aim of the system is to improve compliance with tax obligations by those contractors who are currently not doing the right thing

When to report?

The first *Taxable payments annual report* is due 21 July **2013** for payments made in the 2012-13 financial year. In this first year, if you lodge your business activity statement quarterly, you can lodge by 28 July 2013.

For more information contact Ben Dixon – Tax & Business Adviser – on 8376 0455 or ben.dixon@sheridans.net.au.

Super co-contributions

The government has proposed a reduction in the maximum amount it will contribute through the co-contribution scheme as of 1 July 2012. While this proposal is yet to be confirmed, it's another reason to make the most of the current co-contribution amounts while you still can.

The co-contribution rates are as follows:

FINANCIAL YEARS:	<u>Current 2011/12</u>	<u>2012/13</u>
Matching rate	100%	50%
Maximum co-contribution	\$1,000	\$500
Lower income threshold	\$31,920	\$31,920
Income cut-off	\$61,920	\$46,920

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Changes to the net medical expenses tax offset

A means test will be introduced for the net medical expenses rebate from 1 July 2012.

For high income earners (\$84,000 for singles and \$168,000 for families), the threshold above which a taxpayer may claim the net medical expenses tax offset will be increased to \$5,000 (up from \$2,000).

Furthermore, the rate of reimbursement will be reduced to 10% (down from 20%) of eligible out of pocket expenses.

Those with incomes below \$84,000 (for singles) and \$168,000 (for families) will be unaffected by these changes.

Thinking about self managed super ?

Self Managed Superannuation Funds (SMSFs) offer a great opportunity for you to be in control of your own super fund.

Once your SMSF is established and a bank account opened, your existing super funds can be rolled into it and investments then made into term deposits, shares or property.

There are issues to discuss concerning how much you need, where to invest, insurance and costs.

If you would like to find out more contact Greg Sheridan on 8376 0455 or greg.sheridan@sheridans.net.au.

Our Fees

The fees to complete personal tax returns will start from **\$154.00 (inclusive of GST)**. A higher fee will apply for more complex tax returns. For example, capital gains tax calculations, motor vehicle expenses, tax offsets, depreciation, multiple dividends, small businesses, rental properties etc.

Other Changes Effective 1 July 2012

New Schoolkids Bonus

From the 2012/13 year, the Government will transform the **Education Tax Refund** into a “**Schoolkids Bonus**” that will automatically be paid to eligible families.

As a result of this reform, eligible families will no longer have to wait until tax time to claim this concession, and will no longer have to keep receipts during the busy back-to-school period.

The bonus will be paid in two equal instalments in January and July each year, starting from January 2013.

As a transitional measure, the full Education Tax Refund for the 2011/12 year will be paid this month.

Simplified Depreciation Measures and Instant write-offs...

The Government will simplify tax for small businesses (SBEs) by:

- Allowing SBEs to instantly write-off each and every business asset costing less than \$6,500 (*formerly \$1,000*) that is purchased from 1 July 2012; and
- Introducing an immediate deduction for the first \$5,000 of the cost of a new or second-hand motor vehicle purchased from 1 July 2012.

Hours of operation

During the tax season (July, August, September), our opening hours will be:

Monday to Thursday	9am - 8pm
Friday	9am - 5pm
Saturday	9am - noon

PRIVACY: Your privacy is important to us. If you do not wish to receive information of this kind in the future, please contact our office on 08 8376 0455 or enquiries@sheridans.net.au.
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