

Issue # 8

June 2013

TAX NEWS

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
- Completed worksheet - **see INSERT**
- Details of shares received under an **Employee Share Scheme**
- **Income Earned:**
 - Employment Income
 - Centrelink/Pension Income
 - Employment Termination Payment (ETP)
 - Interest
 - Dividends
 - Partnership & Trust Distributions
 - Capital Gains
 - Rental Property Income
 - Foreign Income
 - Business Income
- List of Income Tax **Deductions** including receipts for larger items - for example - laptops – **see checklist over the page**
- **Medical Expenses** - *annual summary of claims* can be obtained from Chemist, Medicare and your Health Fund
- **Sale of Shares**, including:
 - date of purchase and purchase price,
 - date of sale price 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 rental and net investment loss

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Checklist of possible income tax deductions

- Airport Lounge Membership
- Briefcase
- Calculator & Electronic Organisers
- Computer Accessories
- Conferences, Seminars & Training Courses
- Diary Purchase
- Depreciation
- Dry Cleaning & Laundry
- Donations & School Building Fund (if voluntary)
- First Aid Course
- General Interest Charge (GIC)
- Home Office Expenses
- Income Protection Insurance
- Interest on equipment or investment loans
- Internet Costs
- Km's travelled to Tax Agent
- Laptops & Tablets
- Motor Vehicle Expenses - % of work related use
- Overtime Meal Expenses
- Parking Fees & Tolls
- Protective Clothing
- Reference Books & Professional Library
- 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
- Travelling Expenses
- Tools of Trade
- Uniforms, Clothing & Footwear
- 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.

Small business concessions - simpler depreciation rules

From the 2012/13 income year:

The small business instant asset write-off threshold has increased from \$1,000 to \$6,500.

Small businesses can claim an accelerated initial deduction for motor vehicles (second hand or new).

The long life small business pool and the general small business pool have been consolidated into a single pool to be written off at one rate.

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Taxable payments reporting - 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 the Australian Taxation Office on the *Taxable payments annual 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 activity statement quarterly, you can lodge by **28 July 2013**.

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

The information reported about payments made to contractors will be used in data matching to detect contractors who have not lodged tax returns or included all their income on tax returns that have been lodged.

Applying for payment arrangements with the ATO

When a request is made for an arrangement to pay over a period of time, the ATO will take the following into account:

- Your capacity to pay off debt, while meeting future payment obligations.
- The time it will take to pay off the debt, and
- How well you have met your tax obligations in the past

Payments made under this arrangement (as well as future obligations, such as Activity Statements) must be made on time. Consequences of not meeting your obligations will result in recovery action taken by the ATO, which may include legal proceedings, or the recovery of the full amount from bank accounts without providing further notice.

Where any amount is not paid by the due date, the general interest charge (GIC) accrues on the outstanding balance until the entire amount has been paid. The ATO calculates interest on a daily compounding basis. GIC is currently composed at a rate of 9.95% per annum (reviewed every 3 months) and is tax deductible the year that it is incurred.

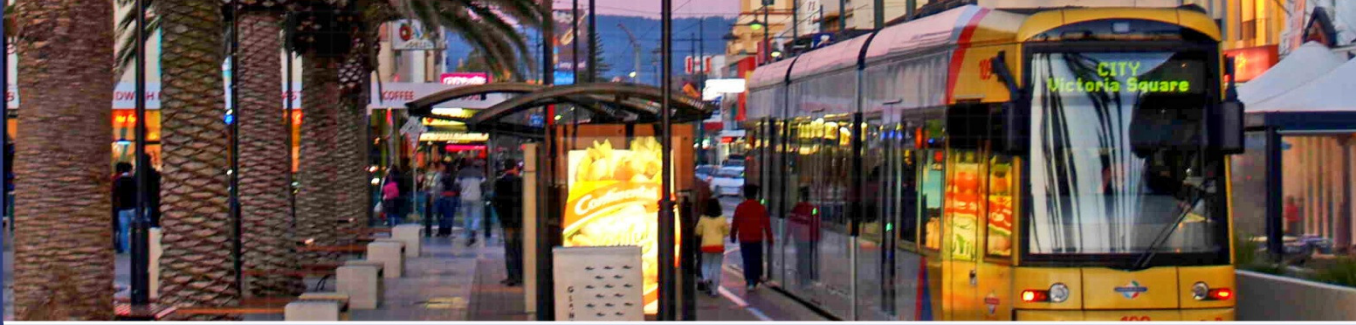
Superannuation Guarantee increases to 12%, eventually

Effective from 1 July 2013, the Superannuation Guarantee percentage will increase to 9.25%, and will eventually rise to 12% by July 2019.

Superannuation Guarantee (SG) is the official term for compulsory superannuation contributions made by employers on behalf of their employees. The current SG contribution rate is 9%.

The SG rate will be increased gradually with initial increments of 0.25 percentage points on 1 July 2013 and on 1 July 2014. Further increments of 0.5 percentage points will apply annually up to 2019/20, when the SG rate will be set at 12 %.

<u>Year</u>	<u>Rate (%)</u>
2013/14	9.25
2014/15	9.50
2015/16	10.00
2016/17	10.50
2017/18	11.00
2018/19	11.50
2019/20	12.00



Tax-free threshold increased

The tax-free threshold has been increased to \$18,200.

If your taxable income is under the tax-free threshold, there are reasons why you may still need to lodge an income tax return.

You must still lodge a tax return if:

- your payment summary shows you have had tax withheld,
- you have paid tax under the PAYG instalment system,
- you had a reportable fringe benefits amount on your payment summary
- you had reportable employer superannuation contributions on your payment summary, and
- you have an ABN

If you still don't need to lodge a tax return, we encourage you to complete a Non-Lodgment advice for 2012/13.

Our Fees

The fees to complete personal tax returns will start from **\$165.00 (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.

Hours of operation

During the tax season (July, August, September), our opening hours are as follows:

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

4 reasons why your 2012/13 tax refund may be lower – or tax owing higher

- 1. Removal of the Entrepreneurs tax offset**
- 2. Private health insurance rebate is now income tested** – High Income Earners (\$84,000 as a single, or more than \$168,000 as a family) are no longer entitled to the rebate.
- 3. Net medical expenses tax offset is now income tested** – High income earners can still claim the offset, but at the reduced rate of 10% of their net medical expenses over \$5,000.
- 4. Mature Age Worker tax offset** is now only available to taxpayers born before 01-Jul-57.

ATO no longer paying refunds via cheque

From 1 July 2013, refunds will only be paid directly into a nominated Australian Bank Account using electronic funds transfer (EFT).

Individual tax returns will require bank account details including BSB and account number, to be entered when lodging using the electronic lodgement service, where a refund is expected.

note: If you are a member of a Credit Union be sure to provide us with your ACCOUNT NUMBER and not your member number as this will cause a bounceback.

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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