

CARDELL

CHARTERED ACCOUNTANTS

newsletter

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changes to super contribution caps

The Government is lowering both the concessional (pre-tax) and non-concessional (after-tax) contribution limits from 1 July 2017.

With many of the changes announced in the 2016 Federal Budget now passed by Parliament, there is an amount of certainty that you can have when approaching your superannuation planning and the contributions you might wish to make to your superannuation fund.

Pre-tax contributions will be limited to \$25,000 for all taxpayers from 1 July 2017. Below is a summary of the changes for both concessional and non-concessional contributions.

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After-tax contributions

- From 1 July 2017 there will be a \$100,000 annual cap. The rules allow the opportunity to bring forward three years of contributions – making it possible to contribute \$300,000 in one year.
- For the 2016/17 year, it is still possible to make a contribution of up to \$180,000 for one year, or to bring forward three years' contributions – so you are able to make a contribution of up to \$540,000. If you do not use this full limit of \$180,000 or \$540,000 in the 2016/17 year, then you will be limited to the \$100,000 annual and \$300,000 bring forward caps for future years.
- Where the bring forward of contributions has been triggered before 1 July 2017, transitional contribution caps may apply.
- If you have a balance of \$1.6m or more in your superannuation fund at 1 July 2017 then you will not be able to make further after-tax contributions.
- When approaching the \$1.6m cap, care will need to be taken with the bring forward rules as these are restricted by the new \$1.6m balance restriction.

Pre-tax contributions

- The concessional contributions cap is lowered to \$25,000 per year for all taxpayers from 1 July 2017.
- Taxpayers who were aged 49 or over on 30 June 2016 can make up to \$35,000 in pre-tax contributions in 2016/17.
- Those aged under 49 on 30 June 2016 can make up to \$30,000 in pre-tax contributions in 2016/17.
- The threshold at which high income earners will pay 30% contribution tax will be lowered to \$250,000 pa (down from \$300,000 pa).
- Tax deductions will be allowed for personal contributions (removing the requirement that a person must earn less than 10% of their income as an employee before being able to claim a tax deduction).

Some of these changes may require you to adjust your contribution strategies going forward. This will most likely be the case if you have a superannuation balance of over or close to \$1.6 million or were planning on making significant contributions to superannuation in the next few years □

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super contributions from downsizing

It is proposed a person aged 65 or over can make a non-concessional contribution into superannuation of up to \$300,000 from the proceeds of selling their principal residence. They must have owned their principal residence for at least 10 years. This measure will apply from 1 July 2018 and is available to both members of a couple for the same home.

These contributions are in addition to existing rules and caps and are exempt from the age test, work test and the \$1.6m total superannuation balance test for making non-concessional contributions □

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budget announcements

Rental property travel expenses

Deductions for travel expenses related to inspecting, maintaining or collecting rent for a residential rental property will be disallowed from 1 July 2017 □

CGT main residence exemption removed for foreign and temporary residents

Individuals who are foreign or temporary tax residents will no longer have access to the CGT main residence exemption from 7.30pm (AEST) on 9 May 2017.

Existing properties held before this date will be grandfathered until 30 June 2019 □

Note – Couriers & Cleaners

The Government will extend the taxable payments reporting system (TPRS) to contractors in the courier and cleaning industries from 1 July 2018.

The TPRS is a transparency measure and already operates in the building and construction industry, where it has resulted in improved contractor compliance.

Businesses in these industries will need to ensure that they collect information from 1 July 2018, with the first annual report required in August 2019 □

Instant asset write-off extended

The \$20,000 instant asset write-off for small business will be extended by twelve months to 30 June 2018, for business with an aggregated annual turnover of less than \$10m.

Small businesses will be able to immediately deduct purchases of eligible

depreciating assets costing less than \$20,000 provided they are first used, or installed ready for use, by 30 June 2018.

From 1 July 2018, the immediate deductibility threshold, and the balance at which the pool can be immediately deducted, will revert to \$1,000 □

First home buyers

Land transfer duty (commonly known as stamp duty) to be abolished for first time home buyers purchasing a property up to \$600,000, and a duty concession for first-home purchases valued between \$601,000 and \$750,000. This applies to contracts entered into from 1 July 2017.

A \$20,000 First Home Owners Grant (FHOG) to be available for homes up to \$750,000 built in regional Victoria on contracts entered into from 1 July 2017 to 30 June 2020 □

beware of scams

You should be aware of emails, faxes, SMS and phone calls claiming to be from the ATO.

These could be scams designed to trick you into paying money or providing personal information.

We remind you that the ATO would never threaten jail or arrest and does not email, call or SMS asking for credit card or bank details to issue a refund.

Scams are more common during tax time and you need to be vigilant to protect your information □

simpler bas

Goods and services tax (GST) reporting on the business activity statement (BAS) is getting easier for small business.

This is due to a change to GST reporting called Simpler BAS – a partnership between the ATO, software developers, tax professionals and small business associations.

With Simpler BAS, from 1 July 2017 small businesses will have less GST information to report on their BAS. The only GST information required will be:

- G1 Total sales
- 1A GST on sales
- 1B GST on purchases

The following GST information will no longer be required:

- G2 Export sales
- G3 GST-free sales
- G10 Capital purchases
- G11 Non-capital purchases

If your annual GST turnover is less than \$10 million, you will be transitioned to Simpler BAS reporting from 1 July 2017 □

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