

CARDELL

CHARTERED ACCOUNTANTS

newsletter

ISSUE 23
JUN
2018

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Single Touch Payroll

Single Touch Payroll (STP) is a reporting change for employers.

STP starts from 1 July 2018 for employers with **20 or more employees**.

You will need to report to the ATO each time you pay your employees. The information you will need to send to the ATO will include your employees' salaries and wages, allowances, deductions, pay as you go (PAYG) withholding and superannuation information.

Single Touch Payroll will be expanded to include employers with **19 or less employees** from 1 July 2019. This is subject to legislation being passed in parliament.

If you require any assistance regarding STP please contact our office

Focus on work related expenses

This year the ATO is paying close attention to what people are claiming as 'other' work-related expense deductions.

Before you include claims for work-related expenses this year, make sure you can show:

- you spent the money yourself and were not reimbursed
- the expense was directly related to earning your income
- you have a record to prove it.

If the expense is for work and private use, you can only claim a deduction for the work-related portion.

You are **not** automatically entitled to claim standard deductions. You need to be able to show how you worked out your claims. Keep records when incurring expenses or be able to provide evidence on how you calculated your claim

Change to personal super deductions

Effective 1 July 2017, the 10% maximum earnings condition was removed for the 2017-18 and future financial years.

This means most people under 75 years old can claim a tax deduction for personal super contributions (including those aged 65 to 74 who meet the work test).

This change improves the flexibility of the super system so that more Australians can use their concessional contributions cap

Scam alert!

Scams are designed to trick you into paying money or giving out your personal information.

In addition to suffering financial loss, your stolen personal information may be used to commit identity crimes. This could result in a bad credit rating or may impact your ability to gain finance, run a business or access government services.

Scammers strike businesses and individuals with official-looking e-mails and text messages and it is often impossible to tell the difference. Remember that the ATO and most other organisations will not contact you by e-mail or message to request passwords, payments or personal information. Please be vigilant and verify with a trusted source before acting to confirm the request is legitimate

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2018/19 Budget announcements

We have identified a few of the more important announcements that could impact you and your business.

Personal income tax

A series of tax cuts have been announced to take effect over the next 7 years. From 1 July 2018, a tax offset will be introduced for low to medium income earners (up to \$530 per year). From 1 July 2018, the 32.5% tax rate threshold will also be increased from \$87,000 to \$90,000. Thereafter, progressive changes will be made to the thresholds at which the differing marginal tax rates shall apply from.

\$20,000 Instant asset write-off

The Government has announced that the \$20,000 instant asset write-off concession available to Small Business Entities with turnover of less than \$10M for the 2018 financial year will be extended to 30 June 2019.

Wage & contractor payments

Businesses will be denied tax deductions for wages or contractor payments where they have not withheld PAYG withholding for employees or ABN withholding on payments where an ABN is not quoted.

Cash payments

From 1 July 2019, there will be a cap of \$10,000 on the amount of cash payments that a business is able to accept in consideration of the provision of goods or services □

Residential rental property depreciating assets

From 1 July 2017, you cannot claim depreciation of second-hand plant and equipment in rental premises used for residential accommodation.

These changes apply to second-hand plant and equipment you acquired at or after 7.30 pm (AEST) on 9 May 2017 unless you acquired them under a contract entered into before this time. Additionally, you cannot claim for plant and equipment installed on or after 1 July 2017 if you have ever used it for a private purpose □

Self-education expenses

Self-education expenses are deductible when the course you undertake leads to a formal qualification and meets the following conditions:

The course must have a sufficient connection to your current employment and:

- maintain or improve the specific skills or knowledge you require in your current employment, or
- result in, or is likely to result in, an increase in your income from your current employment.

You cannot claim a deduction for self-education expenses for a course that does not have a sufficient connection to your current employment even though it:

- might be generally related to it, or
- enables you to get new employment.

Please be aware of these factors when contemplating pursuing work related self-education □

Your myGov account

A simple and secure way to access government services online, but please take note:

Your myGov account creates a single inbox for your messages from all **linked** government services, including Centrelink, Medicare, Child Support and the Australian Taxation Office (ATO).

Please note that correspondence from these services will only be issued to your myGov inbox and will no longer be posted to you. **This includes your income tax Notice of Assessment from the ATO.**

For more information contact our office or visit www.humanservices.gov.au □

visit us at www.cardell.com.au

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