CARDELL
CHARTERED ACCOUNTANTS

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newsletter

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Instant asset write-off increased and extended

The threshold has increased to $30,000 and has been extended to 30 June 2020.

The instant asset write-off now also includes businesses with a turnover of up to $50 million. These businesses can claim a deduction of up to $30,000 for the business portion of each asset (new or second hand), purchased and first used or installed ready for use from 7.30pm (AEDT) on 2 April 2019 until 30 June 2020.

Businesses with a turnover of up to $10 million can also claim a deduction, up to the following thresholds:

- $30,000, from 7.30pm (AEDT) on 2 April 2019 until 30 June 2020
- $25,000, from 29 January 2019 until before 7.30pm (AEDT) on 2 April 2019
- $20,000, before 29 January 2019

Businesses can't immediately claim a deduction for individual assets that cost $30,000 or more. They can continue to deduct these over time using the small business pool or the general depreciation rules, depending on their turnover □

$300,000 Downsizer superannuation contribution

From 1 July 2018, if you are 65 years or older and meet the eligibility criteria, you may be able to make a downsizer contribution into your super of up to $300,000 from the proceeds of selling your home.

Eligibility for the downsizer measure

You will be eligible to make a downsizer contribution into your super if you can answer **yes** to **all** of the following:

- you are 65 years old or older at the time you make a downsizer contribution (there is no maximum age limit)
- the amount you are contributing is from the proceeds of selling your home where the contract of sale exchanged on or after 1 July 2018
- your home was owned by you or your spouse for 10 years or more prior to the sale – the ownership period is generally calculated from the date of settlement of purchase to the date of settlement of sale
- your home is in Australia and is not a caravan, houseboat or other mobile home
- the proceeds (capital gain or loss) from the sale of the home are either exempt or partially exempt from capital gains tax (CGT) under the main residence exemption, or would be entitled to such an exemption if the home was a CGT rather than a pre-CGT (acquired before 20 September 1985) asset
- you have provided your super fund with the Downsizer contribution into super form either before or at the time of making your downsizer contribution
- you make your downsizer contribution within 90 days of receiving the proceeds of sale, which is usually at the date of settlement
- you have not previously made a downsizer contribution to your super from the sale of another home.

Note that you will **not be eligible**, if you sign a contract **before 1 July 2018**. Please contact our office if you are looking at potentially using the downsizer contribution into super □

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PAYG Withholding

The risk of losing tax deductions for payments to employees and contractors.

From 1 July 2019 new tax legislation will deny a tax deduction to a business which fails in its obligations with respect to Pay-As-You-Go Withholding. A business will be denied a deduction for the underlying payment where it:

- Pays employees and fails to withhold tax from their wages; or
- Pays other suppliers who fail to quote a valid Australian Business Number (ABN); or
- Actually withholds the tax as required, but either:
  - fails to report the withholding in the appropriate Business Activity Statement (BAS); or
  - fails to lodge the BAS on which the withholding is reported on time

Fringe benefits tax (FBT)

FBT is paid by employers on certain benefits provided to employees or their employees' family or other associates.

FBT also applies if the benefit is provided by a third party under an arrangement with the employer. For FBT purposes, an employee includes a current, future or past employee, a director of a company, or a beneficiary of a trust who works in the business.

Examples of fringe benefits:

- allowing an employee to use a work car for private purposes
- giving an employee a discounted loan
- paying an employee's gym membership
- providing entertainment by way of free tickets to concerts
- reimbursing an expense incurred by an employee, such as school fees
- giving benefits under a salary sacrifice arrangement with an employee

Employers can generally claim an income tax deduction for the cost of providing fringe benefits and for the FBT they pay. Employers can also generally claim GST credits for items provided as fringe benefits.

Employers must assess the amount of fringe benefits tax (FBT) they have to pay when lodging their FBT return at the end of each FBT year (1 April to 31 March).

For more information please contact our office

Focus on ABN holders

From 1 July 2021, ABN holders will be stripped of their ABN if they do not meet their income tax lodgement requirements.

They will also be required to annually confirm the accuracy of their details on the Australian Business Register from 1 July 2022, at the time of lodging their income tax return

Single touch payroll (STP)

Is your business ready?

All employers will need to report through STP from 1 July 2019.

If you won't be ready by this time you can apply for a deferred start date.

Note that employers with four or less employees have additional options.

Contact our office for more information

visit us at www.cardell.com.au

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