

CARDELL

CHARTERED ACCOUNTANTS

newsletter

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Super—how to avoid leaving a 'death tax' for your kids

Many Aussies are dying with an average SMSF balance of \$800,000, living frugally in retirement so they can pass on as much as possible to their children.

If that's your plan you need to make sure you set up your affairs properly because if you don't your beneficiaries could end up paying death tax of approximately \$120,000 (based on an average balance of \$800,000).

Super balances are broken down into tax-free and taxable components. When a person dies and their super is passed onto adult children (non-dependants), there is a 15% (plus surcharges) tax applied to the taxable portion.

Please contact Marcus Bond, our SMSF Expert, to discuss options in reducing this indirect death tax □

Super guarantee—ATO compliance program

The ATO provides enforcement action through their super guarantee compliance program to change employer behaviour and recover unpaid super guarantee.

The ATO analyses data they hold, as well as information received from super funds, unions, government agencies and other third parties, on possible unpaid super guarantee.

In addition, the recent introduction of pay event reporting by employers through Single Touch Payroll (STP) and transaction-based reporting of contributions by super funds will bring significantly improved transparency of the super guarantee system to the ATO and employees. Over time, this will enable the ATO to detect non-compliance earlier and targeted intervention where employers are not meeting their obligations.

The ATO currently has over 300 staff focused on super guarantee compliance and the recovery of super guarantee charge. In 2018-19 the ATO examined the records of over 22,000 employers to address super guarantee non-compliance. Every report of non-compliance is investigated and the ATO will undertake audits and apply penalties where necessary □

Using AUSKey or myGOV to access the Business portal?

The way you access ATO online services is changing. From 1 April 2020, you won't be able to use AUSKey, it's being replaced because it hasn't kept up with modern technology. This includes Manage ABN Connections (your ABN connected to your myGov account), meaning if you're accessing the Business Portal using your myGov details, you're also impacted.

ATO online services will instead be accessed through **myGovID** and **RAM**.

myGovID

Your myGovID is your unique digital identity. It's like the 100 point ID check, but on your smart device. It proves who you are when using government online services and can be used for both personal and business matters. (This is different to your existing myGov account which lets you select and link to government online services from one place). You can download the myGovID app from the App Store or Google Play.

Relationship Authorisation Manager (RAM)

RAM is an authorization service that allows you to link your myGovID to your ABN and manage who can act on behalf of your business online.

You can already use these new services for the Business Portal. For more information please contact our office □

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Missed the STP deadline?

If you missed the 30 September 2019 Single Touch Payroll (STP) reporting date, it's not too late! Make the move and get started by following one of three pathways:

- **Start reporting now**

If you already use accounting or payroll software, you need to check whether it offers STP reporting. If it does, you need to enable the STP function and start reporting straight away. If you're looking for software or need to upgrade, our office can provide assistance to help choose a provider that offers STP reporting products.

- **Apply for a reporting concession**

Depending on your circumstances you may be eligible for a reporting concession. This means you may be able to report less often (usually quarterly) if you meet certain criteria.

- **Ask for more time**

If you're not ready to report through STP, or you can't because of your location and access to services, you can ask the ATO for more time by applying for a deferral or exemption.

Most software providers offer assistance to set up STP reporting. Alternatively you can contact our office for more information

Christmas parties and fringe benefits tax

The ATO is reminding businesses that while staff Christmas parties can attract fringe benefits tax (FBT) there may be exemptions available depending on the venue and cost per employee.

There are two main exemptions to FBT that could apply to Christmas parties – exempt property benefits and exempt minor benefits.

Exempt property benefits:

- Christmas party costs include things like food and drinks served for employees as part of a Christmas party.
- the cost to provide these goods is exempt from FBT if they are provided on a working day on business premises and consumed by current employees of that business.

If the property benefits exemption doesn't

apply because the party is held at a restaurant or separate venue, the costs may be considered minor benefits and FBT exempt.

Exempt minor benefits:

- cost per employee must be less than \$300.
- the exemption also applies to associates of employees such as spouses and children, provided the cost is less than \$300 per associate.
- gifts are also considered separately from the Christmas party so, provided the cost of a gift and the party are each less than \$300, then both would be exempt from FBT.

GST implication:

Clients should be aware that Christmas party expenses are not tax deductible and the GST component cannot be claimed

Happy Holidays !

Our office will close for the holidays from 12 pm on 20 December 2019 and will reopen on 6 January 2020 at 9am.

We would like to thank you for your continuing support and wish you a happy festive season and prosperity in the coming year

visit us at www.cardell.com.au

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