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Business Supplement 2014

Important Dates to Remember

14 July 2014	PAYG Statements should be issued to employees
14 August 2014	PAYG Payment Summary Report to be sent to the ATO

PAY SUPERANNUATION GUARANTEE BEFORE

28 July 2014
28 October 2014
28 January 2015
28 April 2015
28 July 2015

QUARTERLY BAS DUE

28 July 2014
28 October 2014
28 February 2015
28 April 2015
28 July 2015

Dear clients,

Last year I reported that the Entrepreneur's Tax Offset was replaced by instant write offs for assets purchased with value under \$6,500 and a write off of up to \$5,000 on purchase of a vehicle. With the change of government they have ceased the increased asset write off concessions as from 1 January 2014. As the legislation has not been passed by parliament, we are in a situation of not knowing what the legislation will bring.

There is a thought that for assets purchased after 1 January 2014 we claim on the old rules. If and when the legislation is finally passed and the start date for reduction in the write off concession is for a date later in the year, then we can amend your tax return to claim the extra deduction.

Building and construction industry taxable payments reporting. This year you can lodge the report online with the Tax Office. The Tax Office has produced a video "How to lodge your taxable payments annual report". Go to "www.ato.gov.au/business". Search for taxable payments annual report.

Superannuation Guarantee. As from 1 July 2014, the Superannuation Guarantee payment will increase from 9.25% to 9.5%. The Super Guarantee rate will remain at 9.5% until 30 June 2018 and then increase by 0.5% each year until it reaches 12% in 2022/23 (one year later than previously proposed).

ATO Data Matching Projects. The ATO has announced that it will conduct the following three data matching projects:

- **Online selling** – the ATO will obtain details of online sellers who sold goods and services to the value of \$10,000 or more in the 2011/12 and/or 2012/13 financial years via online selling sites. It will collect data relating to between 15,000 and 25,000 individuals for 2012 and 2013 from eBay Australia & New Zealand Pty Ltd.
- **Childcare Service and Educator Payments** – the ATO will acquire details of more than 12,000 taxpayers receiving taxable Childcare Service and educator Payments from the Department of Education for the 2011/12 and 2012/13 financial years.
- **Qld State Gov't payments and grants** – the ATO will acquire details of more than 5,000 individuals receiving taxable payments and grants from the Queensland State Government for the 2010/11, 2011/12 and 2012/13 financial years.

End of Financial Year Tax Savings Tips

1. **Delay income and bring forward expenses.** Where possible, and cashflow permits, defer income until the next financial year by not invoicing out until after 30 June. Prepay all your expenses. Prepay interest on loans thus bringing forward the expense. Purchase consumable items such as spare parts, stationery, printer inks, etc.
2. **Look at Bad Debts.** If you account on a cash basis, there will be no bad debts even if you don't get paid. A bad debt is one where it has been included as income in your accounts during a previous period and is now uncollectable. Where we declare our income on a cash basis, the now bad debt has never been declared as income. Where bad debts are written off, the GST paid on that bad debt can also be claimed back.
3. **Superannuation Savings.** You may be able to pay additional money into superannuation to boost your savings. You can claim up to \$25,000 as a tax deduction (note that the \$25,000 also includes any superannuation guarantee and salary sacrifice paid on your behalf) if you are aged 59 or under. For those aged 60+ \$35,000 is allowable as a tax deductible contribution.
4. **Paying your Employees' Super.** Pay this last quarter super guarantee for your employees before 30 June and obtain a tax deduction. As with all superannuation payments, the superannuation providers must receive the payment before 30 June 2014. If the payment is received after 30 June, you won't be able to claim the deduction until July. A good rule-of-thumb is to pay the super by 25 June.
5. **Write off obsolete stock.**
6. **Check your assets on the depreciation schedule and write off those no longer there.**
7. **Review shareholders and beneficiaries loan accounts.**
8. **Motor vehicle.** Record the odometer reading at 30 June for each vehicle used in the business. Please check on when was the last period you kept your motor vehicle log book. A new log book must be kept each 5 years. Record your business distances travelled during 13 consecutive weeks.

Tax Office checking on your Benchmarks. The Tax Office is insisting that tax agents check your trading with their benchmarks of performance in your industry. The Tax Office uses the benchmarks as a risk assessment tool to identify businesses that report significantly below their industry average for further compliance work or audit activity. The Tax Office promotes the use of the benchmarks as a management tool for small businesses to compare their performance against similar businesses. We will use this tool to compare your figures against the standard Tax Office benchmarks. This will give you time to review your operations and if your operations are below the industry standard, to check all income and expenses have been accounted for and look for the reason why your figures are below the average. They are also using the benchmarks to make an assessment where the taxpayer's records are inadequate. Keep good records so you can avoid any benchmark adjustments.

Trade support loans for apprentices. From 1 July 2014, Tools For Your Trade payments will cease with payments instead to be provided through the Trade Support Loans Programme. This Programme will provide apprentices with financial assistance of up to \$20,000 spanning a four year apprenticeship with the following amounts provided in the relevant years of the apprenticeship: \$8,000 provided in the first year; \$6,000 in the second year; \$4,000 in the third year; and \$2,000 in the fourth year. These loans will be provided at a concessional interest rate and be available to apprentices undertaking a Certificate III or IV qualification leading to a job listed on the National Skills Needs List. Similar to existing HELP loan arrangements, loans under this programme will be required to be repaid when apprentices' income exceeds a minimum repayment threshold (\$53,345 in 2014/15), however, the amount required to be repaid will be reduced by 20% for apprentices who successfully complete their training.

Businesses hiring over 50s to get cash incentive. Businesses could get up to \$10,000 if they hire a job seeker aged 50 or older in a wage subsidy programme announced in the budget, but the Mature Age Worker Tax Offset will be scrapped. The wage subsidy programme is called "Restart". Starting from July 1 this year, eligible employers will receive \$3,000 if they hire a full-time mature age job seeker (including those receiving a disability support pension) who was previously unemployed for a minimum of six months if they employ that person for at least six months. Once the job seeker has been working for the same employer for 12 months, the business will receive another payment of \$3,000, then another \$2,000 at 18 months and a final \$2,000 at two years. To be eligible, businesses will need to demonstrate the job they are offering is sustainable and ongoing, and that they are not displacing existing workers with subsidised job seekers. But the government said it will scrap the Mature Age Workers Tax Offset and the Seniors Employment Incentive Payment and the savings will be directed to the Restart programme.

FBT rate increase. The Fringe Benefits Tax (FBT) rate will be increased from 47% to 49% from April 1, 2015 until March 31, 2017 (to align with the FBT income year). This measure is associated with the 2% "Budget Repair Levy" with the government saying it is to prevent high income earners from utilising fringe benefits to avoid the levy.

Paperless Returns/Activity Statements. The age of paper returns and paper activity statements are nearly coming to an end. Activity statements that are electronically lodged with the Tax Office will not be issued in paper from after 1 July 2014. Often we rely upon the paper form to remind us that the activity statement is due to be lodged. The Tax Office will send electronic copies of the BAS & IAS to the email address from where they were generated, i.e. Trevor Wolff & Associates or your personal email address. In any

case, we will have access to your activity statements from the Tax Office Portal if neither of us receive them.

Self-Managed Superannuation Funds. On 18 March 2014, royal assent was given to the Tax and Superannuation Laws Amendment (2014 Measures No 1) Bill 2014, ushering in new powers for the ATO to give directions and impose administrative penalties for contraventions relating to SMSFs. This means effective from 1 July 2014, a breach by an SMSF reported in an auditor contravention report can result in the trustees of the fund being personally liable to pay significant fines of up to \$10,200 each. Below is a reproduction of the penalties that may be applied.

Section or Subsection	Description	Penalty units	Penalty \$ per trustee or director
34(1)	Each trustee must ensure that the prescribed standards applicable to the operation of the Fund are complied with at all times.	20	\$3,400
35B	Accounts must be prepared	10	\$1,700
65(1)	Must not lend to a member	60	\$10,200
67(1)	Must not borrow (67A exemption)	60	\$10,200
84(1)	Breach of the in-house asset provisions	60	\$10,200
103(1) & (2)	Must keep records & minutes for 10 years	10	\$1,700
103(2A)	Must retain for at least 10 years an election under section 71E relating to pre 1999 geared related party investments.	10	\$1,700
104(1)	Must keep change of Trustee information for 10 years	10	\$1,700
104A(2)	Must keep ATO Trustee Declaration for 10 years	10	\$1,700
105(1)	Must keep reports for 10 years	10	\$1,700
106(1)	Must notify the Regulator of significant events immediately	60	\$10,200
106A(1)	Written notice must be given to the ATO if a fund is no longer an SMSF	20	\$3,400
124(1)	Investment manager must be appointed in writing	5	\$850
160(4)	Failure to undertake an education direction when required	5	\$850
254(1)	Must give information to the Regulator in the approved form	5	\$850
347A(5)	Trustees must complete a survey form	5	\$850

The penalties are applied to each individual trustee, i.e. if the penalty is \$10,200 then if there are two trustees, the total of the penalty charged is \$20,400. If there was a corporate trustee, the penalty would be \$10,200. If you need assistance to comply with the new requirements, talk to us and we will see how we can help.

From time to time during the year, we will email you information that we think you may be interested in. If you do not wish to receive these emails, please advise us and we will remove you from our email list.

The Tax Office has a range of videos to help small business. Go to www.ato.gov.au/business. In the search bar enter "Videos Business" and a whole variety of videos will pop up for your viewing.