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Business Supplement 2013

Important Dates to Remember

14 July 2013	PAYG Statements should be issued to employees
14 August 2013	PAYG Payment Summary Report to be sent to the ATO

PAY

SUPERANNUATION GUARANTEE BEFORE

28 July 2013

28 October 2013

28 January 2014

28 April 2014

28 July 2014

QUARTERLY BAS DUE

28 July 2013

28 October 2013

28 February 2014

28 April 2014

28 July 2014

Small business concessions: changes to simpler depreciation rules apply from 2012-13

From 2012-13, the entrepreneur's tax offset can no longer be claimed.

The Entrepreneurs offset has been replaced by the following concessions:

From the 2012-13 income year:

- the small business instant asset write-off threshold has increased from \$1,000 to \$6,500
- small businesses can claim an accelerated initial deduction for motor vehicles acquired in 2012-13 and subsequent years of \$5000
- the long life small business pool and the general small business pool have been consolidated into a single pool to be written off at one rate.

Building and Construction Industry- Taxable Payments Reporting

As foreshadowed in the 2011-12 Budget, the Federal Government announced a compliance focus on contractors operating within the building and construction industry. The new reporting regime commences on 1 July 2012, requiring businesses operating primarily in the building and construction industry to report the payments they make to contractors for building and construction work.

The ATO considers the following activities to fall within the reporting scope if performed on, or in relation to, any part of a building, structure, works, surface or sub-surface: Alteration, Assembly, Construction, Demolition, Design, Destruction, Dismantling, Erection, Excavation, Finishing, Improvement, Installation, Maintenance, Management of building and construction services, Modification, Organisation of building and construction services, Removal, Repair and Site preparation.

For each contractor the ATO will require their ABN (if known), name, address, gross amount paid during the financial year (including GST) and the total GST included in the gross amount.

The first annual reporting obligation will be due on 21 July. You may need to review your expense recording and record keeping now.

Superannuation Rate Change

The first step of the Governments graduation to 12% super has commenced. Employers are now to contribute 9.25% from the 1 July 2013.

Australian Taxation Office Active in Imposing Penalties – Don't Be Caught Out!

The Tax Office is imposing penalties for the failure to lodge on time of Business Activity Statements and Instalment Activity Statements and outstanding Tax Returns. Not only will you acquire a failure to lodge on time penalty you may also incur general interest charges.

Failure to Lodge on Time penalty is an administrative penalty which may be applied if you are required to lodge a return, notice, statement or other **approved form** with the ATO by a particular day and you do not do so.

Number of days overdue (or part thereof)	Penalty amount		
	Small taxpayer	Medium taxpayer	Large taxpayer
0 - 28	\$170	\$340	\$850
29-56	\$340	\$680	\$1,700
57-84	\$510	\$1,020	\$2,550
85-112	\$680	\$1,360	\$3,400
113+	\$850	\$1,700	\$4,250

Large taxpayer: assessable income (or a current annual turnover) of \$20 million or more, or 'large' for PAYG Withholding purposes,

Medium taxpayer : assessable income (or a current annual turnover) of more than \$1 million, but less than \$20 million, or 'medium' for PAYG Withholding purposes,

Small taxpayer: the rest.

- Generally, penalty will not be applied to a **late** lodged income tax return, annual GST tax return or activity statement where the lodgement results in:
 - a refund, or
 - a nil result, that is, neither a debt nor a refund.
- However, if FTL penalty has already been applied (because the document was not lodged), the fact that the subsequent lodgement of the document may result in a refund or nil result will not be sufficient reason for the penalty to be remitted.

Approved forms include:

- quarterly activity statements (but not monthly) , income tax returns , fringe benefits tax returns , pay as you go (PAYG) withholding annual reports , annual goods and services tax (GST) returns, and annual GST information reports.
- It does not apply to documents required to be lodged under Superannuation Guarantee legislation.

What if you cannot pay your tax debt on time?

If you cannot pay your tax debt on time, contact the ATO on 13 11 42 to discuss your circumstances.

In some circumstances, you may need to provide written details of your financial position, including a statement of your assets and liabilities and details of your income and expenditure.

The ATO takes into account what steps you have taken to obtain funds to pay your tax debt, as well as what you have done to make sure you meet future tax debts on time.

You may be given extra time to pay, depending on your individual circumstances. If the ATO give you extra time to pay you are required by law to pay the General Interest Charge (GIC). The GIC is tax deductible in the income year in which it is incurred. In certain circumstances this can be remitted.

Self Managed Superannuation Fund

Reporting, record keeping and administration

As a trustee of your SMSF you need to:

- appoint an approved auditor to audit your SMSF
- lodge your SMSF annual return each year by the due date, providing all the information required and paying the supervisory levy
- lodge an accurate Rollover benefits statement (NAT 70944) when rolling benefits into other funds
- keep comprehensive records
 - minutes outlining investment decisions and how decisions are made
 - the transactions of your SMSF
 - reasons for decisions on the storage of collectables and personal use assets
 - annual operating statements and annual statements of your SMSF's financial position
 - who the trustees of your SMSF are and their consent to act as trustees (trustee declarations)
 - copies of returns and information provided to members
 - required income tax and deduction documentation (including any actuary certificates)



Year End Issues Checklist

If you use a car in producing your income:

1. Motor Vehicle Odometer readings at 30 June.
2. Prepare a 13 week log book if your existing one is older than 5 years.

If you contribute to super:

The maximum tax deductible contribution for all eligible taxpayers is \$25,000. The \$50,000 concession for over 50's does not apply for 2012/2013.

On 1 July 2013, the proposed concessional contributions cap will increase to \$35,000 for taxpayers 60 years and older if passed by parliament.

If you are in business or earn your income through a company or a trust:

- Employer Compulsory Superannuation Obligations:
The deadline for employers to pay superannuation guarantee contributions for the 2012/12 financial year is the 28 July 2013. However if you want a tax deduction in the 2012/13 year you must pay it by 30 June 2013.
- The rules regarding trustee distribution resolutions have changed. The trustees must make the resolution and have evidence of this by 30 June 2013 at the latest; otherwise the ATO will deem that no resolution has been made. Previously the ATO allowed up to 31 August to make the distribution resolution.
- The ATO must be notified by 31 July 2013 of any new beneficiary Tax File Numbers.

- Is your Loan Account in your business in debit? Will the interest be tax deductible? Will your drawings be considered a deemed dividend? Have you paid at least the annual minimum payment required for your Div7A loan?
- Preparation of Stock Count Working Papers.

New from 1 July 2013:

1. New employee tax tables to be used.
2. **Make superannuation guarantee contributions for employees who are 70 years old or over.**
3. **Provide "Choosing a Superannuation Fund" form to all new employees.**

Tax Time Savings:

1. Pay all outstanding accounts before 30 June.
2. Pay your Superannuation obligations in time so that the Fund receives the contribution before 30 June.
Do not electronically pay the super on 30 June as the Fund will not receive the funds until July and it will not be tax deductible for 2013.
3. Prepay some expenses.
4. Do you know your estimated Taxable Income? Give us your trading information and we can prepare a forecast. You may be able to make decisions for tax savings or make additional contributions to Superannuation. Please phone 3396 1025 to make an appointment.
5. Write off any obsolete stock and/or assets.
6. Review shareholders/beneficiaries loan balances.

REMINDERS:

How long since you have kept a motor vehicle log book? - To be able to claim your motor vehicle expenses, the Tax Office requires a new log book to be kept for 13 consecutive weeks every 5 years. Read your odometer reading at 30 June.

Records - All financial information (receipts, invoices, deposit books, cheque books, bank statements, credit card statements used for business, loan statements, accounting records etc) have to be kept for 5 years after you receive your assessment. Records for purchasing assets have to be kept for 5 years after the asset is no longer used in your business.

Please note: It is the policy of this firm to only lodge returns upon receipt of payment and signed declarations.

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 take you off our email list.

