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Christmas Newsletter 2013



Dear Clients,

From all the staff at Trevor Wolff & Associates, we wish you and yours all the very best for Christmas and a healthy and prosperous New Year.

Please note that our office will be closed from 11.00 am on Friday 20 December 2013 until 9.00 am Monday 13 January 2014.

Should you like to see us in that week, please make your appointment now. I will drop into the office from time to time and check the telephone messages and emails during the break so if anything comes up urgently, I can attend to it.

*May this Christmas be filled
With happiness in all that you do
And may this joy continue
The whole year through
Wishing you a Merry Christmas
And a Happy New Year.*



Another year of change – change of Government. It was hoped with the change of Government that taxes would get better but it seems that the tax grab from individuals is deemed to continue.

Mr Abbott wishes to reduce company tax from 30% to 28% then replace the reduction with a levy to fund the paid parental leave. While the company will be still out of pocket for the same dollars the shareholder will receive a lower franked credit – not 30% but now 28% - for those who rely on the dividend to fund their living expenses – they will have a reduced income. (Refund of Imputation Credits).

Reminder to employers to pay your Superannuation Guarantee **before 28 January**.

BAS payers: Please note that your BAS has to be lodged by **28 February**. The Tax Office will not allow any extensions after this date and may apply Late Lodgement Penalties. Please get your information into us early.

Penalties for failure to lodge on time

Penalty points imposed will rise from \$110 to \$170. This means if your BAS is lodged after the due date, the late lodgement penalty will be \$170 if lodged within the next month. If the BAS is lodged 2 months late, the fee is \$340.

The Tax Office is vigorously applying late lodgement penalties now.

Centrelink clients must lodge tax return by 30 June 2014

Taxpayers who receive or expect to receive Family Tax Benefit, Child Care Benefit or Single Income Family Supplement (SIFS) claims for the 2012-13 financial year must lodge their tax return by the 30 June 2014.

Medicare Levy Increase to fund National Disability Insurance Scheme

From the 1 July 2014 the Medicare Levy will increase from 1.5% to 2%.

Concessional Super Contribution Cap Increase

For individuals 60 or over the cap has increased to \$35,000. For everyone else the cap remains at \$25,000.

Net Medical Expenses Offset to be phased out

From 1 July 2013, those taxpayers who received the offset in their 2012-13 income tax assessment will continue to be eligible for the offset for the 2013-14 income year if they have eligible out-of-pocket medical expenses above the relevant claim threshold. Similarly, those who receive the tax offset in their 2013-14 income tax assessment will continue to be eligible for the offset in 2014-15.

The offset will remain for taxpayers with out-of-pocket medical expenses relating to disability aids, attendant care or aged care expenses until 1 July 2019.

Dependent Spouse tax offset

For Dependent spouses born after 1 July 1952 the offset is no longer available.

Highlights of proposed mid year Federal Budget

The Abbott government has introduced proposed legislation to repeal the carbon and the mining tax. As a result of the bill the Government has made some tax and superannuation changes.

Changes to Compulsory Super – information for employees and employers.

Increasing the compulsory super rate - The proposed measures for the compulsory super rate (the amount your employer contributes to your nominated super fund) has been slowed. The Super Guarantee Charge was previously scheduled to reach 12% by 2019, however this will now not happen until 2021.

Instant Asset write-off threshold

Small Business can currently claim an immediate deduction for depreciating assets costing less than \$6500. **From 1 January 2014 the threshold will**

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drop back to \$1000. So if you are thinking about buying any equipment less than \$6500, you will need to do so **before 1 January 2014.** You must take possession of the Asset by the 31 January 2013.

The \$5000 immediate deduction for motor vehicles.

This measure will also be repealed from the 1st of January 2014. If you are considering purchasing a motor vehicle you have up until the **31st December 2013** to claim this deduction.

Carry back Losses for Companies

These measures were introduced so that companies could offset tax they have paid in previous years against current year losses. The repeal of this will mean that the measures are only valid for the 2013 year.

Repeal of the Low Income Super Contribution

This contribution was introduced so that those on low incomes were not penalized by the taxation of superannuation contributions. The 15% tax on the super was refunded on super contributions by those earning less than \$37,000. The current government wishes to repeal this safeguard.

Income Support Bonus (ISB)

This bonus which was paid to certain Centrelink recipients will be removed. The payment scheduled for March 2014 will be paid unless it is repealed before then.

School Kids Bonus

This tax free bonus will be scrapped, but the payment occurring on the 1 January 2014 will take place unless repealed before then.

The following measures proposed by the Labour government will not proceed

- Work-related Self-Education Cap -This will no longer be capped at \$2000.
- FBT Regime changes for company cars.
- Superannuation Tax on pension earning above \$100,000 in funds in pension phase.
- Imposing a tax for earnings on superannuation assets supporting retirement income streams.
- Reforms to retirement incomes – establishment of a council of superannuation guardians.
- Luxury car tax – tax-free importation of cars by public measures.
- Philanthropy – updating the list of specifically listed deductible gift recipients to include Tasmanian Centre for Global Learning.
- Low value import threshold – set threshold by regulation.

*Christmas is a time of joy
A time for love and cheer
A time for making memories
To last throughout the year*

FBT and Christmas Parties

Normally where a Christmas party and associated gifts given are less than \$300 per employee including spouse, these are called minor benefits, and are not subject to FBT. As they are not subject to FBT, a tax deduction is denied for the expense. The minor benefit of \$300 per employee is a yearly amount. If the employee benefits

exceed \$300 per year then the total benefit given is subject to FBT and would be tax deductible.

SuperStream

From the 1 July 2014 SuperStream will affect the way employers meet their employee super obligations. SuperStream requires that the super obligations be processed electronically based on Standard Business reporting, which will be integrated into accounting software.

Employers with 20 or more employees will have to be compliant by 1 July 2014 and employers with fewer than 20 employees being compliant from 1 July 2015.

To Employers:

Please note that the WorkCover Act has changed from the end of October – it would be worthwhile taking a look at the changes:

<http://www.workcoverqld.com.au/forms-and-resources/acts-and-regulations/legislative-amendments-october-2013>

Local Community Support

'The Wynnum Manly Community Legal Service Inc' is an organisation, staffed by volunteers, available to members of the local community who may need legal advice or information. The free legal service is provided by pro bono professionals. This service operates from the old Wynnum Central School and is only funded by donations from the public. Donations are tax deductible and a receipt will be issued. To know more about this worthwhile cause, use Google. Search for 'Wynnum Manly Community Legal Service' or www.wmcls.drupalgardens.com

Donations can be sent to:

PO Box 5557, Manly Qld 4179
Phone number: 3348 6067 Email:
info@wmcls.org

Their office is staffed Monday, Tuesday and Wednesday between 11:00 am and 3:00 pm. Donations of cash or kind (i.e. stationery etc) can be dropped off there or alternatively at my office at Manly West and I will see that it goes to this worthy organisation.



There's more, much more to Christmas than candlelight and cheer; it's the spirit of sweet friendship that brightens all year. It's thoughtfulness and kindness, it's hope reborn again, for peace, for understanding, and for goodwill to men!

A farmer sends his accounting sheepdog, Spot, off to gather in his 8 sheep. On returning the farmer is astonished to find he now has 10 animals in his pen and asks the dog to explain. "Woof! You asked me to **round them up.** Woof!" barks Spot.

