



Trevor Wolff & Associates

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Christmas Newsletter 2015



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 Tuesday 22 December 2015 until 9.00 am Monday 11 January 2016.

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

BAS payers: Please note that your next 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

Penalties are imposed at 1 penalty unit at \$180 for each 28 days the return is lodged late. The penalties are not tax deductible. The rate of penalty increases on 31 July each year.

Centrelink clients must lodge tax return by 30 June 2016 for Family Assistance lump sum payment

Taxpayers who receive or expect to receive Family Tax Benefit, Child Care Benefit or Single Income Family Supplement (SIFS) claims for the 2014-15 financial year must lodge their claim and their tax return by the 30 June 2016 to be eligible.

Welcome Margaret

Margaret Goss has been with us now for 6 months and is making a real difference to the firm. Margaret came to us with 11 years experience in tax return preparation. Margaret has commented that since she has been with us she is overwhelmed with the amount of tax education provided to all our staff with one or two tax education webinars per week.

Tax Changes

Overseas repayments

From 1 January 2016, if you have moved overseas and have a Higher Education Loan Programme (HELP) or Trade Support Loan (TSL) debt, you will have the same repayment obligations as those who live in Australia. This applies if you already live or intend to move overseas for a total of more than six months in any 12-month period.

From 1 January 2016, you will need to update your contact details through the ATO online services within seven days of leaving Australia.

If you are living overseas and earning an income that exceeds the minimum repayment threshold, you will be

required to make compulsory repayments towards your debt from 1 July 2017.

You will need to notify the ATO if you move or intend to move overseas by updating your contact details, including international residential and email addresses, using the ATO online services via myGov. You must continue to update your contact details while residing overseas through the ATO online services via myGov. If you already reside overseas, you will need to update your details no later than 1 July 2017.

From 1 July 2017, you will need to work out your worldwide income for the 2016-17 financial year and submit the details to the ATO via myGov. Your income details should be submitted to the ATO by 31 October each year.

From 1 July 2017, you will need to:

- Determine your residency status
- Assess your worldwide income
- Submit the details to the ATO via myGov

Your debt will continue to be indexed each year until it is paid off. You can make additional voluntary repayments at any time to reduce the balance of your debt and these repayments can also be made from overseas.

ATO issues scam warning

The ATO has issued several warnings recently regarding a number of scams targeting taxpayers.

Firstly, they have warned the public of a phone scam in which "fraudsters are intimidating people into paying a fake tax debt over the phone". This scam involves the callers threatening people with arrest if they do not comply and make the 'payment'. The ATO would never contact taxpayers about a debt in such a threatening manner. **Never** send money or give your financial details to someone you don't know and trust.

Anyone who receives a phone call from the Tax Office, but is concerned about providing their personal information over the phone, should ask for the caller's name and then phone them back through the ATO switchboard on 13 11 42. In another statement, the ATO warns of "Scam emails, SMS or phone calls where criminals try to steal money or information from unsuspecting individuals and tax professionals. These scams can be very convincing." They suggest some of the common characteristics of a scam include:

- they are unsolicited and do not address the recipient by name
- they ask for personal or financial information
- they are poorly worded, contain spelling and grammatical mistakes

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- they promise the recipient money
- often contain an attachment or fake links requesting the recipient to lodge a form. Opening these attachments or links can lead to spyware or a virus being downloaded.

If you are unsure about a phone call or email from the Tax Office about a debt we can access the ATO Portal for you and check if you have an outstanding debt.

"One of the most glorious messes in the world is the mess created in the living room on Christmas Day. Don't clean it up too quickly." – Andy Rooney.

Superannuation Contribution Caps

Please ensure that you do not contribute over the super contributions caps for your age. Maximum tax deductible contributions for the year ending 30 June 2016 are:

- if under 50 years of age the maximum cap is \$30,000
- if over 49 years of age the maximum cap is \$35,000.

The contribution cap includes employee superannuation guarantee 9.5% contributions plus employee extra contributions plus salary sacrifice. Once the contributions have been received by the Fund, it pays 15% contributions tax to the Tax Office. If you exceed your contributions base, then the excess contributions are then added to your income and you pay tax on that amount at your current tax rate. This means that 15% of those contributions has already been sent to the Tax Office and the balance of the over contribution is again taxed at your marginal tax rate – an expensive exercise for a simple mistake.

I suggest that you monitor your super fund and contributions made and liaise with your employer to cease your salary sacrifice contributions where your total contributions will exceed your cap.

Car Expenses

To simplify the rules, from 1 July 2015 the government will abolish the one-third of actual expenses method and 12% of original value method. The cents per kilometre method (with the existing 5,000 km cap) and the logbook method (with unlimited kms) will remain. The cents per kilometre method will be simplified to use a standard rate of 66 cents per km rather than a rate based on the engine size of the car. This new standard rule of 66c per km will reduce your tax claims. For example, a 6 cylinder car travelling 5000 kms for work purposes would be able to claim 5000 x 77c/km - \$3,850. From 1 July 2015, the same vehicle travelling 5000 kms will have the claim reduced to \$3,300.

Christmas Parties & Gifts

The expenses for employers providing a Christmas party for their staff and families are not tax deductible. There could be limited claims if the Christmas party is held on work premises for staff only as long as alcohol is not provided.

Gifts - Non-entertainment gifts for staff or clients costing less than \$300 can be a tax deduction. The following would be part of tax deductible gifts, i.e.

- Bottled spirits
- Bottles or cartons of wine or beer
- TV sets, DVDs
- Computers, etc.

- Gift cards for stores such as Myer or David Jones etc. (However if the gift card was for Ticketek this would not be tax deductible as it would be deemed entertainment.)

I found this joke in the "Business Trader" magazine I would like to share with you.

The New Doctor

A doctor moves to a new town and decides to open his own clinic. To help bring in patients, he puts up a sign outside that says:

**Treatments - \$20
If not cured, I will pay you \$100**

A lawyer thinks this is a great opportunity to make \$100 and goes to the clinic.

Lawyer: "I have lost my sense of taste."
 Doctor: "Nurse, bring medicine from box number 22 and put 3 drops in patient's mouth."
 Lawyer: "Ugh, this is kerosene!"
 Doctor: "Congratulations, your sense of taste is restored. That will be \$20, thank you."

The annoyed lawyer goes back after a few days to recover his money.

Lawyer: "I have lost my memory. I cannot remember anything."
 Doctor: "Nurse, bring medicine from box number 22 and put 3 drops in his mouth."
 Lawyer: "This is the same medicine you gave me last time for restoring my taste."
 Doctor: "That is excellent. You have got your memory back. That will be \$20."

The fuming lawyer pays him. He comes back a week later determined to get back \$100.

Lawyer: "My eyesight has become very weak, I cannot see at all."
 Doctor: "Well, I don't have any medicine for that, so take this \$100."
 Lawyer: (Staring at the note): "But this is \$20, not \$100!"
 Doctor: "Congratulations, your eyesight is restored. That will be \$20!"

Lodgement Reminder

For those of you who have not yet lodged your 2015 Tax Returns, we remind you that the due date for lodgement is **15 May 2016**. We suggest that you ring us on **3396 1025** for an appointment in the New Year (from Monday 11 January) or you can also email or post us your information if you would prefer.

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We'd like to take this moment to say thank you and send our best wishes to you and your families. May your new year be filled with all the success and happiness you deserve.

