



Christmas Newsletter 2016



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 Thursday 22 December 2016 until 9.00 am Monday 16 January 2017.

News from the Office:

We have been very fortunate to have long serving staff. At Christmas, Jayne and Robert will retire after their long service to us at Trevor Wolff & Associates and to the community. Even though we are sad to lose such valuable staff members, we wish them every success with their future. At the time of preparing this newsletter, we are interviewing for Jayne's position.

As Jayne moves into retirement, Margaret will take over the Office Manager role for the firm.

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 of \$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 returns by 30 June 2017 for Family Assistance lump sum payments:

Taxpayers who receive or expect to receive Family Tax Benefit, Child Care Benefit or Single Income Family Supplement (SIFS) claims for the 2015-16 financial year must lodge their claims and their tax returns by the 30 June 2017 to be eligible.

Superannuation Changes:

The Treasury Laws Amendment (Fair and Sustainable Superannuation) Bill 2016 contains the measures originally announced in the 2016/17 Federal Budget with subsequent amendments. The Bill was passed as introduced to Parliament without any changes. The majority of measures commence from 1 July 2017.

The **key measures** include:

- Introducing a \$1.6 million transfer balance cap which limits the amount that can be transferred to the retirement phase, where earnings are tax-free. This measure will also apply to death benefit income streams.
- Reducing the concessional contributions cap to \$25,000 for all taxpayers.

- Introducing a concessional contributions catch-up regime for those with total super balances of less than \$500,000 from 1 July 2018.
- Allowing a deduction for personal contributions without testing the proportion of employment income received (the 10% test).
- Reducing the non-concessional contribution cap to \$100,000 pa (or \$300,000 under the bring forward provisions), limiting the ability to make NCCs to people who have a total superannuation balance of less than \$1.6 million and introducing transitional rules for those who triggered the bring forward rule prior to 1 July 2017.
- Introducing a low income superannuation tax offset to replace the low income superannuation contribution (which will be abolished from 1 July 2017).
- Increasing the annual income threshold from \$10,800 to \$37,000 for eligibility for the spouse contribution tax offset.
- Abolishing the anti-detriment payment.
- Removing tax exempt earnings for transition to retirement income streams.
- Lowering the income threshold for Division 293 tax to \$250,000.

Comments on these changes and what they mean to you:

- Currently to 30 June 2017 the concessional contributions cap (tax deductible amount) is \$30,000 for taxpayers under 50 years and \$35,000 for those over 49 years.
- After 1 July 2017 if you are salary sacrificing into super, you will need to review your contributions so that they do not exceed \$25,000. (This \$25,000 includes employer contributions and salary sacrifice). There is additional tax to pay if your concessional cap is exceeded. You will pay additional tax on the over contribution at 34% which will increase the tax paid on the over amount of the concessional contribution cap to 49%.
- We have the opportunity now before 30 June 2017 to top up our super to the higher concessional cap limit.
- To 30 June 2017 wage earners are restricted in the amounts they can contribute to superannuation and claim a tax deduction. After 30 June 2017 wage earners will have the opportunity to top up their concessional contribution cap from after tax income and be able to claim a tax deduction for those additional funds contributed to the maximum of the concessional contributions cap, \$25,000.
- The Low Income Superannuation Tax Offset (LISTO) is capped at \$500 and is available to individuals whose adjusted taxable income is up to \$37,000. This means that the Tax Office will refund into your superannuation account the tax paid on the superannuation contributions to the maximum of \$500.

- A taxpayer can receive a tax offset of up to \$540 when he/she makes an after tax contribution to their spouse's superannuation fund. After 1 July 2017, your spouse can have adjusted taxable income of up to \$40,000 (up from \$13,800) and you, the taxpayer, can contribute \$3,000 to your spouse's super fund and receive a tax offset of \$540.

Does your Superannuation Fund have your Tax File Number?

If the Superannuation Fund does not have your Tax File Number, you may be charged an additional 34% tax on your concessional contributions (employer and salary sacrifice amounts) which makes a total of 49% paid on super contributions.

Higher than expected deduction claims on ATO's radar:

The ATO says it has been paying extra attention to taxpayers claiming higher than expected deductions during tax time this year. Assistant Commissioner Graham Whyte said if the ATO sees a claim that appears to be unusual, it will check it with the employer. The ATO noted that claims made by individuals using myTAX will be compared with the claims of taxpayers in similar occupations and with similar income giving a real-time warning if their claims are unusually high in comparison. In making work-related expense claims, Mr Whyte reminded taxpayers to make sure:

- They had spent the money themselves and had not been reimbursed;
- The expense is directly related to earning their income; and
- They have a record to prove it.

The ATO has released examples of what they are looking at. One of their examples is reproduced here:

"A tiler lodged his tax return using a registered tax agent and claimed over \$4,000 in deductions relating to his car (based on transporting bulky equipment), travel and tools. To verify the tiler's car claims, the ATO contacted his employer who confirmed that he was not required to transport any equipment to work that would be considered bulky – just a few pencils and a utility knife. The employer also advised that secure lockers were provided at the work site to store tools. When asked to provide records of the travel and tools expenses, the tiler produced receipts for car parts, and receipts for all-day parking at the same workplace (not for travel between different worksites or jobs). The tiler's claims for purchasing tools, carrying bulky equipment and car parking were disallowed because they were private expenses, not directly related to earning his income."

Reportable fringe benefits amounts and government payments:

Changes have been made to how reportable fringe benefits amounts (RFBA) are treated for family assistance and youth income support payments. The ATO says the change means that the Department of Human Services (DHS) will use 100% of the RFBA reported by a person on their income tax return, instead of adjusting the amount to 51%. However the DHS will continue to adjust the RFBA to 51% if it is provided by certain non-profit organisations.

ATO data matching programs continue:

The ATO has gazetted notices advising on the following data matching programs:

Share transactions – 2016-17 and 2017-18

The ATO said it will continue to acquire details of share transactions. Data will be acquired for the period 20 September 1985 to 30 June 2018 from various sources including: Link Market Services Limited; Computershare Limited; and Australian Securities Exchange Limited.

The ATO will collect various data items including: full name and address; holder identity number (HIN); share registry

number (SRN); entity name and ASX code; purchase date and price; etc.

The ATO said the purpose of the data matching program is to ensure that taxpayers are correctly meeting their taxation obligations in relation to share transactions. Based on prior programs it is estimated that records relating to 3.3m individuals will be matched.

Online selling 2015-16, 2016-17 and 2017-18:

The ATO said it will continue to **acquire annually online selling data**. Data will be acquired relating to registrants who sold goods and services to an annual value of \$12,000 or more during the 2015-16, 2016-17 and 2017-18 financial years. The ATO said data will be sought from eBay Australia and New Zealand Pty Ltd, a subsidiary of eBay International AG which owns and operates www.ebay.com.au.

The ATO will collect personal details of online selling account holders (such as name, address and contact information) and the value and quantity of transactions processed for each online selling account.

The ATO will match the data provided by online selling sites against ATO records to identify businesses that may not be meeting their registration, reporting, lodgment and/or payment obligations.

The ATO said the data will be used to identify those apparently operating a business but failing to meet their registration and/or lodgment obligations, and promote voluntary compliance with tax obligations. It is estimated that between 20,000 and 30,000 records will be obtained and that around half of the matched accounts will relate to individuals.

Lodgement Reminder:

For those of you who have not yet lodged your 2016 Tax Returns, we remind you that the due date for lodgement is **15 May 2017**. We suggest that you ring us on **3396 1025** for an appointment in the New Year (from Monday 16 January) or you can also email or post us your information if you would prefer.

Email: admin@wolffaccountants.com.au

Post: PO Box 5131, Manly Qld 4179

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.

Senior Computer Skills:

A customer called the Canon help desk with a problem with a printer ...

Tech support: Are you running it under windows?

Customer: "No, my desk is next to the door, but that is a good point. The man sitting in the cubicle next to me is under a window, and his printer is working fine."

Tech support: How may I help you?

Customer: I'm writing my first email.

Tech support: OK, and what seems to be the problem?

Customer: Well, I have the letter 'a' in the address, but how do I get the little circle around it?

