



# Trevor Wolff & Associates

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## Business Supplement 2020

### Important Dates to Remember

14 July 2020	PAYG Statements should be issued to employees
31 July 2020	Finalisation of STP Declarations
14 August 2020 (If not on STP System)	PAYG Payment Summary Report to be sent to the ATO
28 August 2020	Taxable Payments Report – Building & Construction Industry

### PAY

#### SUPERANNUATION GUARANTEE BEFORE

28 July 2020  
28 October 2020  
28 January 2021  
28 April 2021  
28 July 2021

#### QUARTERLY BAS DUE

28 July 2020  
28 October 2020  
28 February 2021  
28 April 2021  
28 July 2021

#### JOBKEEPER DECLARATIONS

Completed from 1<sup>st</sup> to 14<sup>th</sup> day of each month

### Jobkeeper Payments and WorkCover

WorkCover is ensuring all Queensland employers are treated fairly and equitably. The Jobkeeper Additional Payments will not be used to calculate the premium. This applies where workers are stood down without pay, or payments to workers are being topped up so that the employer can access Jobkeeper payments.

The WorkCover premium will only be calculated on wages paid for work done.

Below is examples How the Premium will be Calculated.

Rateable Remuneration for WorkCover Premium:

Employer's Situation	Example	Rateable Remuneration
Employee stood down	Employee does not perform any work and does not receive normal pay. Receives Jobkeeper wage subsidy via employer.	The Jobkeeper Payment (\$1,500) is not regarded as rateable remuneration.
Employee continues to work and currently earning a wage of less than \$1,500 per fortnight	Employee earns \$1,000 per fortnight	Any "additional" Jobkeeper Payment passed onto the employee (in this case \$500) is not regarded as rateable remuneration. Normal earnings (in this case \$1,000) remain as rateable remuneration.
Employee continues to work and normally earns at least \$1,500. These wages are subsidised by the Jobkeeper payment.	Employee normally earns \$2,500 per fortnight, but is subsidised with Jobkeeper payment via employer.	All of this payment is rateable remuneration.

### STP

For many of us, this is the first year of STP reporting. There are going to be some teething problems. The Tax Office has provided many fact sheets which are available – Google "STP".

An end of year finalisation should be completed by 31 July, unless you have applied for an extension. Check the ATO records against your own for any discrepancies. You will need to advise your employees that you will not be issuing them with a PAYG Payment Summary this year. An Income Statement will be available on their myGov account.

Dear clients,

What a year so far – Floods, Bushfires, COVID-19. With the Federal Budget delayed until later this year, I cannot report on Tax Changes for 2020/2021 year.

### Jobkeeper Subsidy

Keep all of your documentation and calculations used to claim Jobkeeper. The income received from the ATO is taxable and does not include GST. In your accounting programs, show the income under a separate account.

### Super Guarantee on Jobkeeper Payments

Super Guarantee is payable on your employees ordinary time earnings (normal pay). Super Guarantee is not paid on the additional amount made up of Jobkeeper Payments, for example: the normal income is \$500 per week and it is made up to \$750 from Jobkeeper. Super Guarantee is still paid on \$500, not \$750. Tax must be withheld from the Total Payment of \$750.

Once finalised, you will have to issue PAYG Payment Declarations for Payments you have made to your employees for Non-STP reporting.

We are here to help.

### **Unreported Cash Payments**

The Australian Taxation Office (ATO) reminds employers that any unreported "cash in hand" payments made to workers from 1 July 2019 will not be tax deductible.

"Cash in Hand" refers to cash payments to employees that do not comply with pay as you go (PAYG) withholding obligations. Payments made to contractors where the contractor does not provide an ABN and the business does not withhold any tax will also not be tax deductible from 1 July 2019.

Directors Fees may also be caught up within these new measures. Directors Fees are subject to PAYG Withholding and Super Guarantee.

If Directors Fees are not included in the STP System, record the expense and tax deducted on the June BAS when the directors fees are finalised, a paper PAYG Payment Summary will need to be completed and the June BAS amended.

These measures are part of the government's response to recommendations from the Black Economy Taskforce.

The ATO is focusing on the following:

- Under reporting income and over claiming expenses
- Ensuring businesses meet their employer obligations – so they don't pay employees or contractors cash in hand, underpay wages, fail to withhold tax or not contribute to super
- Preventing Tax Fraud
- Targeting intermediaries and agents who enable black economy behaviour.

### **Instant Asset Write Off for Eligible Businesses**

An amount can be written off for purchase of assets, net of GST up to \$30,000. These assets may be new or second hand and purchased prior to 12/3/2020.

### **Changes from 12 March 2020**

In an effort to stimulate the economy, the Government increased the instant write off from \$30,000 to \$150,000.

To be able to CLAIM the instant write off the asset must be installed ready for use by 31 December 2020.

Assets purchased after 1 January 2021, the instant write off amount reverts to \$1,000.

In addition, if you purchase a car (a passenger vehicle, except a motor cycle or similar vehicle, designed to carry a load less than one tonne or fewer than nine passengers) for your business, the instant write off is limited to the business portion of the car limit of \$57,581 for the 2019-20 income tax year. You cannot claim the excess cost of the car under any other depreciation rules.

Now for the Catch

### **Later Sale or Disposal of Asset**

If you use the instant write off for an asset and then sell or dispose of that asset, you need to include the taxable

purpose portion of the amount you received for the asset in your assessable income for that year.

If you use the instant asset write off for an asset that is later destroyed (for example, in a bushfire or flood) then the amount you receive (eg an insurance payout) for the destruction of the asset is included in your assessable income.

### **Superannuation Guarantee**

To claim a superannuation deduction made to your employees before the end of the financial year, you need to pay the amount into your Superannuation Clearing House by 23 June 2020. This will ensure that your payment reaches the super fund before 30 June.

### **Super Guarantee Charge (SGC)**

If you have missed paying or cannot pay your staff superannuation – you cannot get an extension. Due dates are set in law – you will need to lodge a superannuation guarantee charge form with the Tax Office.

They can help and work with you to work out a payment plan. Payments made using SGC form are not tax deductible and incur interest and administration charges, so it is important to pay super for your employees.

### **Superannuation Guarantee Amnesty now law**

Legislation providing the once-off amnesty for superannuation guarantee (SG) non-compliance, backdated to the original amnesty start date of 24 May 2018 has been enacted. Affected employers can take advantage of the amnesty which will cover SG contribution entitlements referable to the period from 1 July 1992 to 31 March 2018 provided that voluntary disclosure is made to the Australian Taxation Office (ATO) in the period up to 7 September 2020.

However, as a result of COVID-19, an employer's circumstances may change resulting in not being able to pay the resulting SG liability. The ATO has indicated that it will work with affected employers to establish a flexible payment plan. This may include the ability to extend the payment plan to beyond 7 September 2020 (it is important to note that only SG shortfall payments made under the amnesty by 7 September 2020 will be deductible).

The ATO will continue to conduct reviews and audits to identify employers not paying their employees SG. If the ATO identify these employers before they come forward, they will not be eligible for the benefits of the amnesty. They will also be required to pay:

- SG shortfall
- Nominal interest (10%)
- Administration component (\$20 per employee per quarter)
- Part 7 penalty (up to 200% of the SGC)

In addition, payments of the SGC won't be tax deductible.

If you qualify for the amnesty, you:

- Will be able to claim a tax deduction for the SGC amounts you pay to the ATO by 7 September 2020.
- Won't be required to pay the administration component (\$20 per employee per quarter).