



## JUNE 2020 NEWSLETTER

Dear Clients,

Welcome to our June 2020 Newsletter. Each year there are changes to the Tax System and how the Tax Office wants information provided.

For the 2019 tax return, the Tax office required each line of expenses to be submitted, so that they could vet the claims. They are concerned that taxpayers are over-claiming expenses. We have not heard of the Tax Office questioning anyone over their claims.

This is not to say that they will not review the returns lodged and ask how the claims relate to earning income and would want to see receipts, invoices and diary substantiation of the expenses.

You are aware that you have to keep your receipts for 5 years. If the Tax Office request these receipts and you no longer have them, they may disallow your claims and hit you with penalties.

### Is your Motor Vehicle Log Book up to date

How long it is since you completed a Motor Vehicle Log Book?

Has your business % changed since your last log book? The Tax Office requires you to have a log book each 5 years and each year record your odometer reading.

### Substantiation

Have you noticed that cash register receipts fade over time. It is acceptable to take photos of the receipts and record them in one of the many Apps available. There is a free App that you can download from the Tax Office for recording your receipts. You could take your pen and write on the receipt all the information, i.e. date, where purchased from, what was purchased and \$ amount.

If you regularly work from home, you should for 1 month each year, keep a record of the hours you are working from home. Also, if you are using the internet, record the hours you use the internet for earning your income and the total hours for the internet.

The Tax Office has released a Fact Sheet on Work Related Expenses that may help you in substantiating your work expenses. We may be able to download the Fact Sheet and email this to you on request.

### Donations

Donations of \$2.00 & over made to a Registered Charity are tax deductible. To confirm deductibility go to the "ABR Website Lookup Tools", put in the name of the organisation or their ABN. This site will be able to identify tax deductible recipients. Keep your donation receipt.

You may however, receive a token item that has no material value, for your donation, such as lapel pin, wristband or stickers. Donations of up to \$1,500 can be made to a Registered Political Party or to Independent Candidates and Members. To claim a deduction, you must have a written record of your Donation.

### Bucket Donations

If you made donations of \$2 or more to bucket collections – for example, to collections conducted by an approved organisation for natural disaster victims – you can claim a tax deduction for gifts up to \$10 without a receipt. To claim contributions of more than \$10 you need a receipt.

### Family Tax Benefit (FTB) vs Child Care Subsidy (CCS)

Services Australia requires that you and your partner must confirm your 2019 income by 30 June 2020 to Centrelink. To do this make sure that your 2019 income tax return has been submitted to the Australian Taxation Office. If you do not have to lodge tax returns, please advise Centrelink. If Centrelink does not receive your 2019 income notification by 30 June they will cease your payments from 13 July.

### Tax Return Completion

Much of your tax information is made available to Tax Agents via the ATO Portal. This information would be also on your MyGov App.

This information slowly filters down to the ATO from various sources, such as financial institutions, Centrelink, Private Health Fund, STP. Your PAYG statements, in most cases will be generated by the ATO. Small Employers have until 31 July to finalise your PAYG with the Tax Office.

We can lodge your tax return before all information is available from the Tax Office but your return may have to be amended if your tax return is incomplete or has incorrect information.

The Tax Office has stated that for early lodgers refunds will be processed from Friday 12 July.

### Low & Middle Income Tax Offset

From the 2018-19 income year:

- Low and middle income offset of \$1,080 for incomes between \$48,000 - \$90,000
- The rebate fades out once income exceeds \$126,000.
- Low income offset of \$255 still applies for income below \$48,000.
- There is a gradual fading in of the low and middle income offset once your income exceeds \$37,000.

### Study and Training Loans – what's new

New VET FEE HELP students redress measures  
The Australian Government has introduced new legislation to provide a remedy for students who incurred a VET FEE-HELP debt because of inappropriate behavior by some VET FEE-HELP providers. Contact us if this applies to you.

For more information on the process to undertake a remedy for incurred VET FEE-HELP debt see VET-FEE HELP Student Redress Measures (/Individuals/Study-and-training-support-loans/VET-FEE-HELP-Student-Redress-Measures/).

### Minimum repayment threshold lowered

From 1 July 2019, the new minimum repayment threshold will be \$45,881 at a 1% repayment rate, with a further 17 thresholds and repayment rates. This graduates up to a top threshold of \$134,573 where 10% of income will be repayable for all study and training support loans. This may impact your 2019-20 tax return and subsequent years.

## **Reduce your Taxable Income and Increase your Superannuation Balance**

Claim up to \$25,000 Tax Deductible Superannuation Contributions. This is the maximum tax deductible amount and includes contributions from employers, super guarantee and extra employer contributions, salary sacrifice, and your after tax contributions.

In the past year, you had to have at least 10% of your income from employment or business income. Now even if your income is wholly from investments, you can make a claim up to \$25,000.

If you wish to make a contribution for this financial year, the contribution must be in the Super Funds Bank Account before 30 June. I would suggest that the contribution is made a week before the end of the financial year.

For taxpayers aged between 65 to 75, there is a work test to comply with before you can make a contribution.

## **As from 1 July 2019, Superannuation Catch-Up – What is it? Who is Eligible?**

Introduced from 1 July 2018 where your concessional (tax deductible) contributions did not reach \$25,000.

## **Who is eligible to make catch up concessional contributions?**

It's a good idea to be across the rules so that you can plan ahead.

- The ability to make a catch up concessional contribution applies to people whose total superannuation balance was **less than \$500,000** on 30 June of the previous financial year.
- The **five year carry forward period** started on 1 July 2018 so the 2019-20 financial year is the first one when you can actually make extra concessional contributions using any unused super contributions cap.
- **Work test rules** still apply for people aged 65 or over.
- The usual notice requirements continue to apply for **personal deductible contributions**.
- **Unused amounts** can be carried forward regardless of your total superannuation balance but expire after five years.

## **How to boost your super in the lead up to retirement – Ashlea's story**

Ashlea knows she needs to save for a comfortable retirement. At the moment, it's not the right time. So Ashlea makes do with her employer's SG payments of \$5,000 a year.

Fast forward a year and things have changed, she can now start playing catch up with her super.

Until recently, Ashlea would generally have been limited to the \$25,000 concessional contribution cap, but now she can use her unused cap amounts from previous years to put more into her retirement savings.

## **2020 Changes**

### **Claiming Deductions for running expenses while working from home due to COVID-19**

The Australian Taxation Office (ATO) has released (PCG 2020/3) which provides a simpler alternative for claiming deductions for additional running expenses incurred whilst working from home due to COVID-19. The new arrangement will allow people to claim a rate of 80 cents per hour for all their running expenses, rather than calculating costs for specific running expenses. Multiple people living in the same house can claim this new rate. For example, a couple living together could each individually claim the 80 cents per hour rate. Under this guidance, it is also not a requirement to have a dedicated work from home area. You will need to keep a record of the total number of hours you are working from home during this period, so we can maximum your deduction.

The Big Change this year is "Social Distancing" due to COVID-19. We, at Trevor Wolff & Associates have been observing these measures.

We have been receiving your information by internet, mail or drop off and can provide phone interviews.

Who knows when these restrictions will end. We will see you at the office, but will adhere to the guidelines and clean down after your appointment. We thank you for your help and understanding during this period.

This year many of us for the first time will not be issued with a Payment Summary for our wages from our employer. They will be available on the MyGov website. We will have access to your employment information once the employer finalises your payments with the Tax Office.

This year you may not receive your Private Health Fund Information/Statement. The health funds are making this information available to the Tax Office and you should be able to access through your MyGov account, once the Tax Office received the information from the health fund, they will make it available to Tax Agents.

## **Time for a smile ☺**

Two hunters are out in the woods when one of them collapses. He's not breathing, so his friend calls 000. My friend is dead! What should I do? The operator replies, calm down Sir, first make sure that he's really dead.

There is a silence then a loud bang. Back on the Phone, the guy says "Okay – now what?"

## **Time for a smile ☺**

One friend says to the other – Your husband says he leads a dog's life. "Yes, it's very similar. He comes in with muddy feet, makes himself comfortable by the fire and waits to be fed".

**Lodgement reminder:** For those of you who have not yet lodged their 2019 Tax Returns, we remind you that it is now overdue and can be completed when doing your 2020 return. You can either email, post or drop your information to our office.

Email: [admin@wolffaccountants.com.au](mailto:admin@wolffaccountants.com.au)

Post: PO Box 5131, Manly QLD 4179

We would like to take this opportunity of thanking all established clients for your continued support of our business – it is very much appreciated and acknowledged. After all, without you we would not have a business. For those new clients that have joined us during the year, we thank you for choosing our firm as your professional partner in business and we hope that we have met or indeed exceeded your expectations. We also would like to thank those of you who referred new clients to our company, such referrals are always greatly appreciated and your faith in us is fully recognised and appreciated by all of us here. We look forward to working with you all again next year.

Thank you again for choosing Trevor Wolff & Associates

