

Welcome to the Accrue June 2015 newsletter. In this edition we provide:

- A checklist of things to consider before 30 June 2015
- Superannuation Update & SuperStream
- The importance of completing valid log books
- Budget Changes and other useful information

Please contact us should you require any assistance with your tax planning needs or to discuss any of the matters in this newsletter.

Things to consider before 30 June 2015

Superannuation: Consider maximising your concessional (deductible) superannuation contributions for the 2014/2015 year. Remember that concessional contribution caps are in place. Below is a summary of the current caps. If you are aged 65 or over you will need to have satisfied the work test (i.e., gainfully employed for 40 hours in 30 consecutive days) prior to making the contribution.

	Under age 50	50 and over
Concessional Cap	\$30,000	\$35,000

If you are making personal (non-employer) contributions you need to notify the receiving super fund that you intend to claim a personal deduction for the contribution and make sure you receive an acknowledgement from the super fund. The acknowledgement must be received before your tax return can be lodged.

If you are an employee and also want to claim a tax deduction for personal contributions, be aware that the compulsory 9.5% superannuation guarantee forms part of the concessional cap and that the 10% rule applies (your salary and employer contributed superannuation must be less than 10% of the total of your assessable income, reportable employer contributed superannuation and reportable fringe benefits).

Minimum Pension Drawdown: If you are drawing a pension (TRIS or ABP) from your superannuation fund then you need to ensure that you have withdrawn at least the minimum pension payment requirements for the 2014/2015 year by 26 June 2015. Contact us if you're unsure of the amount.

Trust Distributions: A reminder that if your trust has made a capital gain during the 2014/2015 year you need to let us know by 23 June 2015 so that we can manage the trustee resolutions. In addition, if you have children who have turned 18 years of age by 30 June 2015, then you need to provide us with their Tax File Number by 30 June 2015 so we can advise the ATO accordingly.

Prepay Expenses: Small businesses (turnover less than \$2m), individuals and investment trusts are able to prepay expenses and bring forward deductions on expenses such as interest and rent. Note that you cannot claim a deduction for prepaid expenses that exceed 12 months.

Bad Debts: If you have any of bad debt then you should consider physically writing them off before 30 June 2015. This ensures you can claim a deduction for the bad debt in the 2015 year and also claim back the GST.

Invoicing: If you can manage your cash-flow and you don't upset your clients in the process, consider raising invoices in July rather than in June.

Reporting for Businesses in the Building & Construction Industry

A reminder that businesses in the building & construction industry (BCI) must report the total payments made to each contractor for building & construction services (BCS) each year by lodging a *Taxable payments annual report*. The report is due by 28 August 2015 (and each year following). The ATO have advised that businesses who fail to provide the report could receive a penalty of up to \$3,400.

You will only need to report if:

1. You are carrying on a business that is **primarily** (50% or more) in the BCI;
2. You have an ABN; and
3. Your contractor supplies you with BCS or a combination of goods and BCS. There is no need to report if the supply of BCS is incidental to the supply of goods.

If you are unsure of your requirements, or how this will affect you, please do not hesitate to contact us.

Superannuation Update

Super Guarantee Contributions: A reminder that from 1 July 2014 the superannuation guarantee percentage has increased to the new rate of 9.5%. The Government intends for the rate to remain unchanged until 1 July 2021.

Period	Super guarantee rate (charge percentage)
1 July 2014 - 30 June 2021	9.5%
1 July 2021 – 30 June 2022	10%
1 July 2022 – 30 June 2023	10.5%
1 July 2023 – 30 June 2024	11%

Individuals earning above \$300,000: A reminder that individuals earning above \$300,000 are now subject to an additional 15% tax on concessional contributions. However, despite the extra 15% tax, there is still an effective tax concession of 17% (i.e. the top marginal rate less 30%) on their contributions up to the relevant cap.

Non Concessional Caps

For the 2015/16 year, the annual non-concessional contribution cap is \$180,000. It is possible to make non-concessional contributions up to \$540,000 in any one year by electing to bring forward the maximum contribution amounts from the following two years (if under 65 years of age).

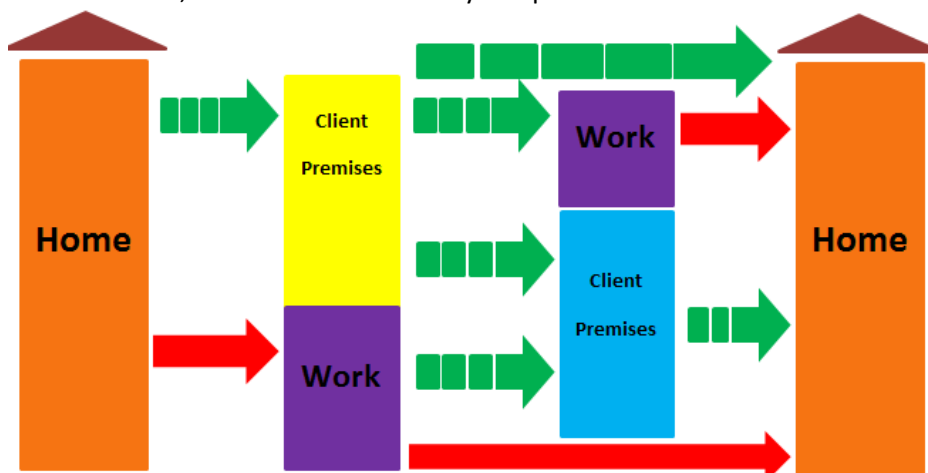
Under the brought forward rule you must ensure that the maximum non-concessional contribution cap amount is not exceeded. Penalties apply for exceeding the cap.

There are a number of rules that operate subject to age and work status. Penalties apply for breaching the limits and advice should be sought before making any contributions.

Log Books and Work Related Car Travel

Once a vehicle log book has been completed it is valid for five years. If you have a log book that was completed in the 2009/2010 year, or earlier, you will need to have completed a new log book before 30 June 2015 for it to be valid and used in determining car deductions for the 2014/2015 year.

When completing a log book, it is important to understand which trips are business related and which are private. Below is a summary of common trips undertaken by both employees and business owners. The green (broken) arrows represent business related travel and the red (solid) arrows represent private travel. Note that the trip from home to work, and work to home, will in most cases always be private.



Budget Changes (The following proposals were announced in the 2015 Federal Budget)

Accelerated Depreciation – All small businesses (less than \$2 million turnover) are eligible to receive an immediate tax deduction for any individual asset purchases that are less than \$20,000. This replaces the current threshold of \$1,000.

Both new and second hand items are eligible for this tax deduction with a small number of exclusions (e.g. Horticultural plants, Building improvements, Software)

The general pool value threshold will also be changed. You will become eligible to claim an immediate deduction if the balance of the pool is less than \$20,000 at the end of the financial year.

These arrangements commence from 7.30pm 12 May 2015 and will continue until the end of June 2017. From 1 July 2017 the threshold for the immediate deduction will revert to \$1,000.

Capital Gains Tax Relief – From 1 July 2016 relief will be available to small businesses with capital gains liabilities arising from the alteration of their business structure.

Immediate Business Start-Up Costs Deduction – An immediate deduction will be available for professional fees associated with business start-up costs (e.g. legal and accounting fees). This replaces the current rule which allows for the deduction of these expenses over 5 years.

Work Related Car Expenses – The government has announced that from 1 July 2015 the '12% of original value method' and the 'one-third of actual expenses method' will be removed.

Also from 1 July 2016 the 'cents per kilometre method' will have one set rate of 66 cents per kilometre regardless of engine size. This will replace the three current rates that are set based on engine size.

The 'log book method' will remain the same.

Small Business Tax Cuts – The Government has advised that they intend to reduce the company tax rate by 1.5% to 28.5%.

The 30% maximum franking credit rate for a distribution will remain unchanged.

The Government will also provide a 5% tax discount to unincorporated businesses (i.e. Trusts, Partnerships & Sole Trades) with annual turnover of less than \$2 million from 1 July 2015.

Fringe Benefits Tax – The current exemption for portable electronic devices used primarily for work purposes will be expanded from 1 April 2016.

The four rates used in the statutory formula method for determining the taxable value of car fringe benefits have been replaced with a single statutory rate of 20% for fringe benefits.

SuperStream

What is SuperStream?

SuperStream is a government initiative aimed to benefit employers by creating efficiency and reducing processing costs through single channel superannuation contributions and to aid employers in meeting their superannuation obligations.

SuperStream is designed to send superannuation payments and associated information electronically. The superannuation fund then processes and reconciles the payments by reference numbers.

SuperStream is made available by upgrading your business payroll software (check with your software as each system is different), outsourced service providers or a Superannuation Clearing House.

Employers

Medium to large employers (20 or more employees) **must** have their systems in place by 30 June 2015 to meet the SuperStream requirements. Penalties may be imposed if you have not made a genuine attempt to comply with the obligations.

Small employers (19 or fewer employees) have until 30 June 2016 to comply with the standard.

If contributions from an employer are sent to a related party SMSF, they are exempt from SuperStream. Contributions can be made using existing processes.

Self-Managed Super Funds (SMSFs): Employers depositing superannuation contributions into their employees' SMSFs will need to be advised by the SMSF trustee of the applicable electronic service address.

Tips from Accrue

Audit Shield Service

The ATO continues a high volume of audit, review and investigation activity for Individuals, Businesses and Self-Managed Superannuation Funds. If you are subject to an audit, the cost incurred can be substantial.

For this reason we have a Tax Audit Insurance arrangement available to cover the professional fees incurred (up to a prescribed limit) with the preparation of material and management of the response process. This provides cover for your latest lodged return and all previous years' lodged returns. The service fee is tax deductible.

If you wish to participate in this service or would like further information, please contact us.

How Long You Need to Keep Your Tax Records

A reminder that if you are claiming expenses and other deductions in your tax return, you must keep written evidence for the later of **five years** from when your tax return is due to be lodged or from the date that your tax return is actually lodged.

Depreciating Assets – if you are claiming the decline in value of an asset, you must keep written evidence for the entire period over which you claim the deductions and a further five years from the date of your last claim.

Disputes with the ATO – if you are in dispute with the ATO, you must keep your written evidence for the later of five years from when your return is lodged or when the dispute is resolved.

Capital Gains Tax – You must keep records of all transactions relevant to calculating a capital gain or loss from an asset for **five years after you sell or dispose of the asset**. CGT records that need to be kept include:

- records of the date you purchased the asset and the purchase price (i.e. purchase contract);
- records of the date you disposed of the asset and proceeds (i.e. sales contract);
- details of commissions or legal expenses paid when purchasing the asset;
- details of improvements you made to the asset; and
- details of any holding costs.

Please call or book an appointment to see us should you wish to discuss any of your tax or accounting matters.

Scheduling of 2015 Compliance Work

Each year we schedule client work to ensure that your annual tax compliance obligations are completed in a timely manner by the ATO lodgement due dates.

Letters will be sent out to clients in July with the proposed time that we will be completing your 2015 compliance work.

If the proposed scheduling of your work does not suit your requirements please contact our office so that we can reschedule the proposed timing of your work to suit your needs.

To assist you in gathering the information that we require to complete your income tax return, we have checklists available on our website that you can use to ensure that all relevant information is provided.

Please follow the link to download the checklists: <http://www.accrue.com.au/clients/>

ATO Business Portal and AUSkey

The ATO Business Portal is a secured website for you to manage your business tax affairs. In the Business Portal, you are able to:

- Prepare, lodge and revise Business Activity Statements (BAS)
- View your statement of account and payment options
- Request a refund or transfer of funds between accounts
- Update your business registration details
- Test, lodge and/or download files
- Lodge a super guarantee charge statement
- Communicate with the ATO through a secure mailbox.

AUSkey is a secured login used to access government online services on behalf of a business. To access the Business Portal, you are required to have an AUSkey. To register for an AUSkey, you must have a valid ABN. You can register or obtain further information by visiting: <https://abr.gov.au/AUSkey/>