

L.P.R. TAYLOR & ASSOCIATES PTY LTD

A.C.N. 009 394 334
CERTIFIED PRACTISING ACCOUNTANT
Quality Assured with CPA Australia
5 SAYER STREET, MIDLAND W.A. 6056
ABN 42 009 394 334



TELEPHONE: (08) 9274 6944

EMAIL ADDRESS: info@lprttaylor.com.au

FACSIMILE: (08) 9274 3011

WEBSITE: www.lprttaylor.com.au

2019 FINANCIAL YEAR END NEWSLETTER

The last 12 months went by quickly; by our reckoning this 2019 Year makes this Newsletter Number 35. As in the past in this Newsletter we seek to share with you some interesting and useful things ranging from simple Taxpayer compliance to Year-end tax planning tips.

As we did last year we have brought forward our page on Estate Planning and Wills. I cannot stress enough the importance of having your affairs in order. Remember my words live as though you will live forever but plan as though you will go to the next world in the night.

The Federal Government delivered its Budget on the 2nd April 2019. We have included a brief column with some of the taxation related matters within the 2019 Federal Budget. There was some good news for small business with the immediate \$20,000 asset write-off having been increased to \$30,000 from the 2nd April 2019 to the 30th June 2020. We have included more details within this Newsletter. There is also some good news for taxpayers generally where there will be a new Low and Middle Income Tax Offset which will see a tax reduction for some folks of up to \$530. As anticipated, the new Financial Year beginning 1st of July 2019 will see changes to the marginal tax rates in favour of those Tax Payers in the 32.5% Tax Bracket. For SMSF the existing annual Audit will be altered (maybe) to a formal audit once every three years (not sure how well this will work).

This is an election year, we have included some material as a guide to Liberal & Labors's plans for us.

We again remind you of our website (www.lprttaylor.com.au) where you can access this Newsletter, past Newsletters as well as other riveting information. As always, we are looking forward to the new financial year with keenness and enthusiasm. Our professional team will be rested up to strength and we are confident that we can meet your needs.

Be mindful the field of taxation is broad and complex. This Newsletter seeks to target just a few of the taxation/financial issues that could possibly affect you. Thus we hope that you read and enjoy this Newsletter but that you see it as only a very small part of a very large picture. Where we have your email address you will have received this Newsletter electronically.

Matter of the New Index

Just to make your life easier, we have set out below an Index to all the separate paragraph headings. In turn the headings are intended to provide you with an idea of the subject matter. The purpose of our Index is to enable you to click on the heading, be taken directly to the information that you are seeking. It is hoping this technological update will enhance your reading and learning experience.

List of Contents

Some things for your end of year Checklist.....	5
Capital Losses.....	5
Accept and write off Bad Debts.....	5
Write off obsolete Inventory.....	5
Prepay some Expenses.....	5
Trust Distribution Resolutions.....	5
Capital Expenditure vs Repairs.....	5
Review Unpaid Expenses (your business Creditors).....	5
Deferring some Income.....	5
Have you moved from employment into a self-employment business?.....	5
Maybe you have assets that have gone up in value and you have or want to sell.....	5
1. Use the Small business Concessions.....	5
2. Ensure you hold an asset for 12 months.....	5
3. Offset a capital loss against a Capital Gain.....	5
4. Defer Asset Sales.....	6
With CGT, timing is everything (this is really important).....	6
The 2019 Federal Budget and Small Business.....	6
Small Business Tax Discount Rate.....	6
Instant Asset Write-Off Threshold.....	6
Lowered Tax Rates.....	6
ATO Warning regarding Annual Leave Loading and Ordinary Time Earnings (OTE).....	6
Some Reminders for Self-Managed Superannuation Funds (SMSF) - End of Financial Year.....	7
Withdrawing minimum pension (this is important):.....	7
Valuations of Fund Assets at 30 th June 2019.....	7
Individuals Claiming a Tax Deduction for Super Contribution.....	7
Adding to Super by Downsizing your Home.....	7
Changes to the Work-Test.....	7
Superannuation Strategies for the end of the Financial Year.....	8
Concessional Contributions:.....	8
Non-concessional Contributions:.....	8
Spouse Contribution:.....	8
The Cash Economy remains in the crosshairs.....	8
Single Touch Payroll (STP) (the ATO wants you to stay in touch!).....	8
Work-related expenses / Standard Deduction.....	9
Claims for Motor Vehicle Running Costs.....	9

To be a Contractor or an employee; that is the question.....	9
Deductions for Travel Expenses by employees	9
1. No Travel allowance received then you need to substantiate	10
2. You do not have to substantiate your expenditure where you receive a Tavel allowance, provided:	10
Business Travel Expenses.....	10
The cost of travel between home and work	10
The itinerant worker:	10
You carry bulky equipment to and from work:	10
Conclusions on Tax Law and Deductions	10
Looking at the Future.....	10
Matter of Death and Wills	11
Estate Planning	11
Additional Estate Planning Documents	11
The Enduring Power of Attorney:.....	12
Enduring Power of Guardianship:	12
Advance Health Directive:.....	12
Mutual Wills Agreement:	12
Binding Death Benefit Nomination:	12
How are Super Death Benefits Taxed?.....	12
Information for Individuals.....	12
Cents per km method	12
2019 Individual Tax Rates.....	12
2018-2019 Repayment Income Thresholds and Rates for ‘HELP’ Education Loans	13
Internet, Telephone and Home Office Deductions	13
Other Deductions	13
Say Goodbye to AusKey.....	13
Tax Cuts for Small and Medium Businesses	13
FBT - Exempt Benefits & Motor Vehicles, and their Private Use	13
Private and Non-private Use.....	13
Logbook requirements (following the Guidelines).....	14
Eligible Vehicles.....	14
Superannuation and a “what if” Labor Government.....	14
Superannuation	14
The Employer Super Guarantee – 9.5% to 12%	14
Lowering the Non-Concessional Contributions Cap	14
Lowering the Division 293 Threshold	14

Removing the carry-forward concessional contributions cap	14
Removing the tax-deductibility of personal super contributions	14
Banning new limited recourse borrowing arrangements (LRBAs)	14
Including a right to superannuation in the National Employment Standards	15
General superannuation and retirement statements	15
What Labor has in mind as Taxation Changes	15
Tax Policies	15
The Dividend Imputation System	15
Negative Gearing	15
The taxation of trusts	15
The Capital Gains Tax (CGT) discount	16
Raising the top marginal tax bracket	16
Tax clinics for disadvantaged communities.....	16
Division 7A to be widened (This one) will be rather ugly	17
Financial Planning	17
Conclusion	17
How Can We Help You & Checklist.....	19
HOW CAN WE HELP YOU.....	19
PRE-APPOINTMENT CHECKLIST 2018/2019.....	20

THE OLD CHESTNUTS: FOR THOSE BUSY PEOPLE WHO ONLY READ THE FIRST PAGE - SOME REMINDERS:

2019 Year-end Tax Planning (the old chestnuts)

As the year-end looms it is important to be aware of those year-end tax savings matters must be in place before you go to bed on the 30th June 2019 (falls on a Sunday this 2019 financial year). Also be aware that the tax savings window of opportunity will not be there as you wake up on the 1st July 2019.

Some things for your end of year Checklist

Review the useful lives of fixed assets and determine if there are any benefits in scrapping or trading in assets.

As part of our year-end work, we send out a prior year depreciation schedule. Take the time to review the schedule as you can often get you a tax deduction for any remaining book value of scrapped assets.

Capital Losses

Selling poor performing assets may enable you to bring forward a tax loss that can be offset against any capital gains made throughout the financial year.

Accept and write off Bad Debts

Painful as it is, some debts are going to be bad. Bad debts can be used to offset assessable income if they are written off before the 30th June and provided they have previously been included as assessable income.

Write off obsolete Inventory

The year-end stock-take should involve a review of all inventories. Obsolete stock may be scrapped or valued below cost subject to **specific** guidelines.

Prepay some Expenses

Small business entities and individuals may bring forward deductible expenses such as rent, repairs and office supplies that cover an advance period of no more than 12 months.

Trust Distribution Resolutions

For all of you Trustees of Discretionary Trusts, soon we will be communicating with you re the year end trust distribution draft resolution. Please ensure when we reach the final stage that the final resolution is reviewed, signed and sent back to us (or safely tucked into your file) before the 30th June 2019.

Capital Expenditure vs Repairs

Without breaking the law, where you can, ensure that where Capital expenditures versus repairs, that you favour repairs. The first step is to test if the asset was

mended with the same materials and only taken back to its “pre-broke” original condition. If yes, then the expense is normally a repair and not capital. So review all spending during the year to identify all repaired items as to deductibility. Remember capital purchases can often be depreciated.

Review Unpaid Expenses (your business Creditors)

For those in Businesses that account on an accruals basis and have fallen behind in paying their rent and other expenses, you may still claim the arrears amount as a tax deduction.

Deferring some Income

Businesses that return income on a cash basis may benefit from deferring the receipt of the income until after the 30th June. This can be as simple as deferring the issue of invoices for work not 100% complete.

Have you moved from employment into a self-employment business?

Small business entities starting up a business became entitled to immediately deduct a range of start up costs. The costs include legal work, accounting advice, and government fees and charges. These costs are often referred to as “Black hole Expenses”. Some can be claimed 100% in the year incurred and some over 5 years.

Maybe you have assets that have gone up in value and you have or want to sell

Here are four simple strategies to help you minimise your CGT bill:

1. Use the Small business Concessions

Small Business Entities may be eligible to use a number of CGT concessions from rollovers to retirement exemptions. Often with the correct application of these exemptions, CGT can be reduced to nil.

2. Ensure you hold an asset for 12 months

Taxpayers (excluding companies) can discount a capital gain by 50 percent if they hold the asset for more than 12 months.

3. Offset a capital loss against a Capital Gain

In your tax return, we track any prior capital losses and offset any capital losses to a current year gain. Sometime it is wise to sell a loss asset in the same year that you have a capital gain and use that capital loss against the gain realised in that year.

4. Defer Asset Sales

On the other hand, if you expect to make your capital gains on the sale of an asset, consider deferring the disposal until after the 30th June. This is a particularly good idea if you know for next year you will have a capital gains loss, or even just a taxable income.

With CGT, timing is everything (this is really important)

If you want to benefit from the 50% discount, you must hold the asset for 12 months before disposal.

If you signed the sale contract on the 28th June 2019 even if Settlement is 5 years later, you are deemed to have sold in the 2019 financial year (and any tax payable is associated with the 2019 tax return due in say March 2019).

The 2019 Federal Budget and Small Business

In the interest of reducing red tape, the Government has introduced a number of measures to make running a small business a little easier.

Small Business Tax Discount Rate

Unincorporated small business tax discount rate will be accelerated, increasing from the current rate of 8% to 16% by 2021-22 up to the cap of \$1,000.

Instant Asset Write-Off Threshold

The instant asset write-off threshold has been increased progressively over the 2019 Financial Year from \$20,000 to \$25,000 and from \$25,000 to \$30,000 depending on which date the purchase was made. In addition the turnover threshold was increased from \$10 million to \$50 million from the 2nd April 2019 to 30 June 2020. The threshold will apply on a “per asset” basis, meaning that eligible businesses can write off multiple assets.

Lowered Tax Rates

Companies with an annual turnover of below \$50 million will have their tax rate lowered to 25% by 2021-2022, five years earlier than previously planned (but change governments and this may never happen).

ATO Warning regarding Annual Leave Loading and Ordinary Time Earnings (OTE)

An employer pays their employees annual leave. In addition, an employer pays the employee a further 17.5% Leave Loading calculated on that annual leave. The ATO has recently advised employers that it has

concluded, the 17.5% annual leave loading that is paid is to be treated as Ordinary Time Earnings (OTE). The significance of the recent clarification is that the 17.5% leave loading will also become subject to the 9.5% Employer Super Guarantee.

It is worth noting that until this recent conclusion, the ATO Website did not list the 17.5% Leave Loading at OTE, nor did the schedule in ATO SGR 2009/2 (which lists those forms of remuneration that are OTE) make any mention of the 17.5% leave loading being OTE).

The exception to this enlightened view is that “...an annual leave loading that is payable under some awards and industrial agreements is not OTE if it is demonstrably referable to a notional loss of opportunity to work overtime, however the loading is always to be included in salary or wages.”

How we interpret the above statement is that if under the award that your wages fall, it is provided that the 17.5% leave loading is payable to compensate for a lost opportunity to earn overtime then the 17.5% leave loading is not subject to the 9.5% Super Guarantee.

Looking back, if an employer has self assessed on the basis that their annual leave is not OTE and there is a lack of evidence to demonstrate the purposes of the annual leave, there is the risk that employer may be liable for SG shortfall and the SG charge (i.e. catch-up interest).

However, the ATO acknowledges the uncertainty around this topic, and the evidentiary difficulties in identifying the purpose for Annual Leave Loading Entitlements, and consequently they will not apply compliance resources to scrutinise why Annual Leave Loading was paid in historical quarters where;

- The employer Self-Assessed that the Annual Leave Loading was not OTE, with the reasonable position that their Annual Leave Loading was for a notional loss of opportunity to work overtime; and
- There is no evidence that is less than 5 years old (the statutory period employers are expected to keep records related to their SG affairs) that suggests the entitlement was for something other than Overtime.

Looking Forwards

Evidentiary Requirements for Future Quarters:

As an entitlement to Annual Leave Loading arises under an award or agreement, the ATO would be satisfied that the entitlement is demonstrably referable to a lost opportunity to work overtime, if there is written evidence related to the entitlement.

This could be satisfied:

- If the wording in the relevant instrument clarifies the reason for the entitlement; or
- By other written evidence (for example a documented policy that clarifies the reason for the entitlement, and reflects the mutual understanding of both parties to the agreement that gives rise to the entitlement).

If employers do not now have this evidence, the ATO would expect them to ensure they obtain it as soon as practicable or assess their future obligations on the basis that their Annual Leave Loading falls within OTE.

Where the employers have obtained this evidence, as soon as practicable, the ATO will not apply compliance resources to scrutinise the purpose of the leave loading for quarters before they obtained the evidence.

Ref: ATO Website, *Super for Employers*, 12 March 2019

Ref: NTAA Voice, Edition No.290, *ATO Warning Regarding Annual Leave Loading and OTE*, April 2019

Some Reminders for Self-Managed Superannuation Funds (SMSF) - End of Financial Year

Withdrawing minimum pension (this is important):

We remind those of you drawing pensions from your superfunds that there is a minimum amount that must be extracted;

For the 2019 year, this percentage is based on your 1st July 2018 Members' balance, and would have been advised to you by us as part of our 30th June 2018 year end work.

If you have misplaced our advice or you are at all unsure as to what your Minimum Pension amount is, please contact us. Once you are reminded of the minimum percentage, please do your sums and ensure that the amount you have withdrawn equals or exceeds the minimum requirements.

<u>Age</u>	<u>2019 Standard Percentage Factor</u>
Under age 65	4%
65 - 74	5%
75 - 79	6%
80 - 84	7%
85 - 89	9%
90 - 94	11%
Age 95 and over	14%

Valuations of Fund Assets at 30th June 2019

The Trustee needs to ensure that for all assets their value is known as at 30th June. Valuing listed shares is easy but for other assets such as real estate, paintings, antiques, etc. it is a touch more tedious (but if the need arises we can help you organise an online property valuation).

Individuals Claiming a Tax Deduction for Super Contribution

If you are making a personal super contribution and are intending to claim tax deduction on your Individual Tax Return, remember that you must lodge a Notice of Intention to Claim a Tax Deduction form with your Super Fund before you lodge your Tax Return.

Adding to Super by Downsizing your Home

Just a reminder that from the 1st July, 2018 new law kicked in that enables Australian retirees to sell the family home (think down size) and deposit \$300,000 for each of the husband and the wife into a superannuation fund. The theory is that the \$300k/\$600k will enable the owners to stay at home longer. But as always there are some rules and things to weigh-up which include the following;

- 1) The Taxpayers must be 65 years or older and must have owned the family home (CGT main residence) for at least 10 years.
- 2) The Taxpayers are not required to buy another home. What's more, they can buy a more expensive home.
- 3) The contribution is a non-concessional contribution, but there is no need to pass the work test (indeed there is no work test).
- 4) But if you have reached the \$1.6m the \$300K must stay in the accumulation compartment (thus earnings are subject to 15% tax)
- 5) A bit of a downer is that the \$300K in the superfund will be included by Centrelink in the Asset and Income tests. Plus, they are counted in determining eligibility for age care and home care facilities.
- 6) The contribution to Super must be made within 90 days of Settlement (Settlement is when you have received the proceeds of your home).
- 7) The big one to ponder is, will the downsize (after costs) leave you enough extra money to make it all worthwhile?

Changes to the Work-Test

Older Australians will benefit from the Work Test exemption age being extended from age 64 to 66. The work test requires an individual to work at least 40 hours in any 30 day period in the financial year in order to

make voluntary personal contributions. This change in age will allow individuals aged 65 and 66 from 1 July 2020, who previously didn't meet the work test, to contribute three years of after-tax contributions in a single year, meaning up to \$300,000 can be injected into an account with a balance of less than \$1.6 million in super (tax-free pension threshold).

Superannuation Strategies for the end of the Financial Year

As the end of the financial year approaches, now is an ideal time to think about ways that you could grow your superannuation. Here are some strategies you can consider that will enable you to streamline your finances while also seeking some generous tax breaks.

Concessional Contributions:

Also known as before-tax contributions, these are the funds that go into your super account from your income before-tax. They include employer contributions, salary sacrifice payments and personal contributions you claim as a tax deduction. The concessional contributions cap is \$25,000 for all ages for the 2018-19 financial year. Be mindful that the \$25,000 is the all up limit when you combine the balances from all your super fund accounts.

Non-concessional Contributions:

Before-tax contributions are not the only way to top up your super account. Non-concessional contributions are made into your super fund from after-tax income. They include contributions made by you or your employer on your behalf from after-tax income, contributions made by your spouse to your super fund, or personal contributions not claimed as an income tax deduction. The annual non-concessional contribution cap for the 2018-19 financial year is \$100,000. Where your total superannuation balance is \$1.6 million or above, your non-concessional cap will be zero for future years. If non-concessional contributions have been made in excess of the \$1.6 million balance, you should discuss this matter with us.

Spouse Contribution:

Contributions that are paid by a spouse into the superannuation account of another spouse can be a useful way to grow your partner's fund and provide tax benefits in some cases. Under spousal contribution eligibility requirements; an individual can claim an 18% tax offset of contributions up to \$3,000 made on behalf of a non-working partner. A further \$3,000 can then be contributed with no tax offset.

It is propose that those aged up to and including 74 will be able to receive spouse contributions. Currently you cannot receive spouse contributions when you are aged 70 and over.

In order to receive the maximum tax offset of \$540 for the 2018-19 financial year, you must contribute to your partner's super fund (either de-facto or married) by 30 June and your spouse's income must be \$37,000 or less. The tax offset is then progressively reduced until it reaches zero for those who earn \$40,000 or more.

The Cash Economy remains in the crosshairs

Those clients associated with the building industry would know that a builder who makes payments to a subcontractor has to report those payments to the ATO. This information is then cross-checked to the subcontractor's tax returns.

The same reporting system was initially extended for payments made to Courier Services and Cleaning Services.

The law now will apply to payments made after the 1st July 2018, with the first Report to be due on or about the 28th August 2019.

And from 1st July 2019 the list extends to include;

- Security providers and investigation services;
- Road freight transport; and
- Computer system design and related services.

The first annual report for this latter lot will be will be required in 28th August 2020.

Single Touch Payroll (STP) (the ATO wants you to stay in touch!)

You will recall that from the 1 July 2018, the Australian Government introduced STP for employers with 20 or more employees. The reprieve for small employers has ended, in that from the 1st July 2019 the STP scheme will extend to employers with less than 20 employees.

The ATO is working to streamline payroll and Superannuation information reporting. Basically, STP involves reporting wages and superannuation information to the ATO in real time (i.e. as wages are paid). We have been sending targeted emails encouraging our small employer Clients to get ready. We are here to assist but should you want to make the journey on your own, first step can be the link to the

ATO website; <https://www.ato.gov.au/Business/Single-Touch-Payroll/>

<https://www.ato.gov.au/Business/Super-for-employers/Paying-super-contributions/When-to-pay-super/>

Work-related expenses / Standard Deduction

Just a reminder, when we ask our employee clients, whether or not they incurred any work-related expenditures (deductions), we often get the response that we should just include in their tax return the amount that can be claimed without receipts. On the face of it, the “Standard Deduction” amount is \$300.00 seems easy enough, but like most tax law the devil is in detail. Although the ATO does not require you to have receipts for the \$300.00, you need to be able to show how you worked out the claim.

A sting in the tail is that if you wish to claim say \$400.00 in work-related expenses, then it is not just the \$100.00 but rather the full \$400.00 for which you need documentation.

As to amounts greater than \$300.00, the ATO now requests that we have you confirm the following;

- a) That you spent the money and were not reimbursed;
- b) The expenses is directly related to earning your income;
- c) You have the records to prove the expenditure.

Finally, as evidence that the fine people of the ATO are taking this seriously, they have provided specific information together with real examples of taxpayer breaches. For your interest, the ATO link is as follows; <https://www.ato.gov.au/Media-centre/Media-releases/Pull-up-your-socks-and-don-t-claim-them/>

Claims for Motor Vehicle Running Costs

The ATO continues to run Big Bertha’s computing power over deduction claims for work-related car expenses (and it would seem rightly so). Of particular concern is the 900,000 taxpayers who claim car running expenses using the cents per KM method (i.e., up to 5,000 km @ 68 cents). The Tax Office has made it clear that although you do not need a complying log book, you do need to be able to show that the car usage was work-related and be able to produce a diary or similar document to show how you arrived at your total kms.

To be a Contractor or an employee; that is the question

It was once the clear position that if a Worker was controlled by the Boss, then they were an employee. What was meant by “control,” was that if the employee was told what task to do, and how and when it was to be done then the Boss was the Employer and the Worker was the Employee. Recently the goal posts were shifted to where “control” is still a part of decision making but it is no longer the only test. Arising from a recent Federal Court case (Putland v Royans Pty Ltd 2017), there are now at least 10 indicators to assist in answering the often vexing question of “employee or contractor;”

- 1) The existence of hourly rates and lack of profit points to an employee relationship;
- 2) If the Boss supplies the tools & equipment this leans to an employee relationship;
- 3) Working for just one Boss indicates employment;
- 4) A Worker who cannot delegate, points to an employee relationship;
- 5) If the Boss and not the worker gets the Goodwill from a happy customer, then this points to an employee relationship;
- 6) The fact that a Worker has an ABN carries little or no weight;
- 7) The issuing of invoices by the Worker and the keeping of accounting records is an indicator of a contractor relationship. But on their own does not carry great weight;
- 8) You can be working from home in your own office, but given the technology of modern times, you can still be an employee;
- 9) If you do not advertise your business to the market place this is an indicator of being an employee; and
- 10) The Federal Court found that if you wear the boss’s uniform this indicates employee status. In the inverse, if you do not wear the owners uniform that does not make you a Contractor!

Deductions for Travel Expenses by employees

Many of you travel in our job roles and incur expenses as a consequence. We receive many queries over the year as to the tax deductibility of travel expenses. To assist in your understanding, we have provided some notes as below:

1. No Travel allowance received then you need to substantiate

- Where you incur travel costs as an employee but are not paid a travel allowance, you can still claim the expenses under Sec 8(1), but you will need to substantiate the claim with written evidence (invoices, receipts, etc.); and
- If you travel away from home for six consecutive nights or more, you need to keep a travel diary.

2. You do not have to substantiate your expenditure where you receive a Travel allowance, provided:

- You receive a “bona fide” travel allowance for food, drink, and accommodation;
- The travel allowance is paid to cover a **specific trip** undertaken or to be undertaken;
- The deduction does not exceed a predetermined reasonable allowance; and
- If the allowance is for an overseas journey, there is an added obligation. Put simply, food, drink, and incidentals do not need to be substantiated, but accommodation does.

Then there is the fine print:

- a. The amount must be for a bona fide travel allowance (i.e., an amount that could reasonably be expected to cover the cost associated with the journey and not say just \$5.00).
- b. The allowance must be paid for a specific trip that involves the employee traveling overnight for work (it is incorrectly believed that the mere receipt of an allowance is sufficient to deduct the travel expenses (this is not correct).
- c. The expenses must be incurred (the money needs to have been spent) and the employee cannot simply claim expenses equal to the allowance.
- d. The employee may be required to show the nexus between the journey, the expenses and earning income.

Business Travel Expenses

The self-employed have not been overlooked.

The cost of travel between home and work

The cost of travel between home and work is not normally a deductible expense. The reason for this position is that you have yet to commence earning until you get to your place of work, thus the cost cannot be said to have been “incurred in gaining or producing your assessable income.” But like all good tax law there are exceptions:

The itinerant worker:

The cost of the journey between home and work can be deductible if the work is itinerant in nature, in that it involves traveling from place to place. The characteristics that one would look for include the following:

- Travel is a fundamental part of your work;
- You have a web of places in your regular work;
- You have continual travel from one location to another;
- You are confronted with the uncertainty of your daily location;
- Your home is your base of operations;
- You have a requirement to carry bulky equipment; and
- You are paid an allowance in recognition of your need to travel to different places of work.

You carry bulky equipment to and from work:

The cost of travel between home and work where you carry bulky, heavy equipment will be allowed; provided that **all** of the following conditions are met:

- The equipment is required by you on that particular day;
- It must be essential that you transport the equipment (i.e. and not just a matter of personal choice or convenience);
- The equipment is so bulky/heavy you need to use your vehicle (i.e. not practical to put on the bus); and
- There is not a secure place to lock it away at your place of work.

Conclusions on Tax Law and Deductions

You can see why care needs to be taken and questions are asked when we prepare tax returns. The devil truly is in the detail.

Looking at the Future

The 2018/2019 Federal Budget (2nd April 2019) has been delivered. The Morrison Government’s goal is to build the economy, create jobs, and get re-elected in mid-May (the 18th) this year. You would have been inundated by the Press, so we have highlighted just the main Tax related matters:

- Small business with a turnover less than \$50m in the 2019 year (note that it is \$25m in the 2018 year) will continue to be able to write off appropriate asset acquisition expenditure now up to \$30,000 incurred from the 2nd April 2019 for another year (to the 30th June 2020).

- A low and middle-income tax offset (LMITO) will be introduced from the 2019 year to the 2022 year LIMTO provides a non-refundable tax offset of up to \$1,080 per annum. Taxpayers with taxable incomes up to \$90,000 will receive the maximum benefit of \$1,080. This benefit ceases when your taxable income reaches \$126,000. The LMITO is on top of the existing low-income tax offset (LITO) for some but LIMITO only has its life of four years. Watch this space in four years.

- There will also be change in your income tax rates.

Rate	2019FY -2022 FY	2023 FY
Nil	Up to \$18,200	Up to \$18,200
19%	\$18,201 - \$37,000	\$18,201 - \$45,000
32.5%	\$37,001 - \$90,000	\$45,001 - \$120,000
37%	\$90,001 - \$180,000	\$120,001 - \$180,000
45%	Above \$180,000	Above \$180,000

- The previously proposed increase in the Medicare levy rate to 2.5% (to help fund the NDIS) from 1 July 2019 has now been suspended.
- It is proposed that from 1 July 2019, the annual audit requirement for SMSFs will be changed to a three-yearly cycle (rather than each year - but only for SMSFs with a history of good record keeping and compliance; i.e., a history of three consecutive years of clear audit reports and timely lodgements of the fund's Annual Returns). This all sounds good but your Auditor will still need to process three individual years of numbers.
- Exit fees on all Superannuation Accounts will be banned from 1 July 2019.
- Business cash transactions over \$10,000 will need special treatment from the 1st July 2019. It means if your business is to receive more than \$10,000 in cash payments in one transaction, you will need to inform your customers that amount cannot be in cash, rather they must transfer the money electronically or write a cheque to complete the payment.

Matter of Death and Wills

(This article is carried forward as it is really important to us).

Estate Planning

Part of your life planning should include death planning. Death planning is more comfortably defined as Estate Planning. A standard stock tool of Estate Planning is the Will. To capture your interest in this topic, we have included some contemplations:

- For something as certain as death we plan for it so badly.
- Live your life as you will never die, but plan as though you will pass in the night.
- Part of your role as a parent is to leave a united family; to die without a Will is to invite family conflict and disintegration.
- Dying is something you need to do right the first time.
- Your Will allows you to communicate from the grave, why miss the opportunity?

As you would guess, having had close to 40 years in this profession, I have witnessed some unpleasant family outcomes in estate administration simply for want of a valid Will.

I thought I would share some tips with you to help ensure your final message from the grave is both valid and clear.

- It is best that your Will be drafted by a suitably qualified Solicitor, but it need not be.
- The Will must appoint an Executor.
- The Will must dispose of your property.
- You must have the capacity to make a Will which includes being at least 18 years of age and have the mental capacity to make a Will (there is no point in making a Will once you been diagnosed with Dementia).
- You must demonstrate your intention to make the Will, and this intention needs to be evidenced by your compliance with the formalities in the Wills Act (1970).
- The Will must be in writing and have been witnessed in your presence by two witnesses who in turn sign the Will in your presence.
- Remember the making of a new Will revokes any earlier Will.
- Getting married or divorced after making your Will automatically revokes a Will.
- You can use your Will to establish a Testamentary Trust, where an entitlement can be held by a Trustee until a beneficiary of your Estate becomes entitled (say reaches the age of 18).

To conclude on this, make it your new financial year resolution to make a Will. If you already have a Will revisit it to make sure it reflects your current intentions.

Additional Estate Planning Documents

Your Will "kicks in" on your death. Often there is a period in one's life between being mentally and physically fully functional and our demise. During this period, some useful documents can make life much

easier for not only yourself but also those who will care for you.

The Enduring Power of Attorney: This document allows your Attorney the authority to make legal and financial decisions on your behalf even after you have lost the capacity to make these decisions regarding your own affairs.

Enduring Power of Guardianship: This document grants the Guardian the authority to make personal, lifestyle and treatment decisions on your behalf for any period in which you are incapacitated.

Advance Health Directive: This document contains treatment decisions in respect of your future treatment. This document can be very specific regarding the types of medical treatment and care to which a person does or does not consent. It is interesting to note that when it comes into play, it overrides the Enduring Power of Attorney and Guardianship.

Mutual Wills Agreement: This agreement is a contract where a couple have agreed not to revoke their Wills or not to substantially alter the way in which they distribute their joint assets. This agreement is useful in the case of blended families and stipulates that the survivor has use and enjoyment of the joint assets during their life but on their death, must deal with the joint assets as agreed. As a safeguard, once the first party dies the mutual Wills agreement becomes irrevocable.

Binding Death Benefit Nomination: the money you have in superannuation is an asset which is outside of your estate. A Binding Death Benefit Nomination directs that your death benefits be paid to a person of your choice or to your estate to be dealt with in accordance with your Will.

How are Super Death Benefits Taxed? When it comes to how the super death benefit is paid out, there are specific tax implications involved which affect the amount a nominated beneficiary will receive.

Where Superannuation is paid out after an individual has passed to the next world, it is generally split up into two components; taxable and tax-free. The tax-free portion of a super death benefit is tax exempt and can include payments of after-tax contributions and government co-contributions. While the taxed component (i.e. those components that have been taxed in the funds) is primarily made of employer contributions, personal contributions (when a tax

deduction is claimed) and salary sacrificed contributions.

Upon receiving a super death benefit, the amount of tax you as the beneficiary will be required to pay will depend upon your age and a number of considerations.

These include:

- The deceased individual's age at the time of their passing
- If the superfund has already paid all tax owing on the taxable component
- Whether the income stream is account-based or a capped defined benefit income stream
- Whether you are the dependant of the deceased individual (i.e., you rely on their financial support)
- If it is paid out in one payment or as an income stream

The Australian Tax Office (ATO) does not require you to pay any tax on the taxable component of a super death benefit you receive when you are a dependant of the deceased individual and receive the payment as a lump sum. However, varying rates may apply (depending upon the above considerations) if you accept the balance of the benefit as an income stream.

In cases, where you are not a dependant of the deceased individual, you will receive the balance of the benefit in one payment. The taxable component of the amount will be taxed at your marginal tax rate. However, you may have this rate reduced providing you are eligible for tax offsets (so for easy figuring, think 17% going to the Taxman).

Information for Individuals

There will be several changes made to the treatment of Individual Tax matters in the 2018-2019 Year. Namely;

Cents per km method

The cents per km method for claiming work-related travel expenses will increase from 66 cents to 68 cents.

2019 Individual Tax Rates

<u>Taxable Income</u>	<u>Tax on this Income</u>
0 - \$18,200	Nil
\$18,201 - \$37,000	19c for each \$1 over \$18,200
\$37,001 - \$90,000	\$3,572 + 32.5c for each \$1 over \$37,000
\$90,001 - \$180,000	\$20,797 + 37c for each \$1 over \$90,000
\$180,000 and over	\$54,097 + 45c for every \$1 over \$180,000

(**excluding the Medicare levy of 2%)

2018-2019 Repayment Income Thresholds and Rates for 'HELP' Education Loans

<u>Repayment Income</u>	<u>Repayment Rate</u>
Below \$51,957	Nil
\$51,957 – \$57,729	2.0%
\$57,730 – \$64,306	4.0%
\$64,307 – \$70,881	4.5%
\$70,882 – \$74,607	5.0%
\$74,608 – \$80,197	5.5%
\$80,198 – \$86,855	6.0%
\$86,856 – \$91,425	6.5%
\$91,426 – \$100,613	7.0%
\$100,614 – \$107,213	7.5%
\$107,214 and above	8.0%

Internet, Telephone and Home Office Deductions

To be able to claim a deduction on your Individual Tax Return for the Business use of your Internet, Telephone or home office, you must have kept a diary for a 4-week period detailing the business use and personal use. For example, if you made 120 total calls in the month, you must identify how many of these were business-related i.e. if 60 were business-related, then the telephone would be used for 50% business and 50% personal. In the case of a Home Office, you would keep a 4-week diary detailing how many hours were spent engaging in income-producing work. For internet, a similar logbook of business usage must be kept for the 4-week period.

Other Deductions

Where you may wish to claim other deductions, be that for stationery, fuel or the cost of a compulsory uniform etc. you must keep the receipts for every deduction you wish to claim that detail what was purchased, it's cost, and the date of purchase. Though Bank Statements may supplement your claim for a deduction alongside the relevant receipt, they cannot be used as sole documentation to support a deduction.

Say Goodbye to AusKey

The ATO is developing new online services systems as AUSKey will be retired next year. Replacing AUSKey will be myGovID and Relationship Authorisation Manager (RAM).

MyGovID will be a way to prove who you are online as an individual. This system will work by establishing your identity once online and then using your myGovID credentials to access government services you need online. The myGovID will feature facial recognition, ability to scan identity documents and options to add or remove multiple devices. Relationship Authorisation

Manager (RAM) will manage authorisations across government services for businesses and their staff. RAM gives you the ability to add multiple businesses, access the business portal on behalf of multiple businesses, modify authorisations, customise and delegate the level of business authorisation for employees and nominate who can act on behalf of your practice. AUSKey can still be used to access online ATO services while myGovID and RAM are being developed.

Tax Cuts for Small and Medium Businesses

Incorporated businesses with an aggregated turnover below \$50 million will be taxed 25 per cent in 2021-22, instead of the current 27.5 per cent. Previous legislation stated the tax cuts would be implemented by 2026-2027. The tax cuts will be gradual with a decrease to 26 per cent for the 2020-21 financial year. The \$29.8 billion tax cut will benefit three million businesses that employ nearly seven million Australians. For example, small businesses like an independent pub or cafe making \$500,000 profit, will have an additional \$7,500 in 2020-21 and \$12,500 in 2021-22 to grow their business, increase staff or manage cash flow.

The Government has also announced a 16 per cent increase for the tax discount for unincorporated entities, which will apply from the 2022 income year, rather than the 2027 income year.

FBT - Exempt Benefits & Motor Vehicles, and their Private Use

The ATO has released draft guidelines to eliminate confusion and more closely define FBT exempt benefits for work vehicles and their private use.

Guidelines will be enforceable by the end of the 2019 FBT year (31st March 2019). Employers could be forced to pay a 20 percent FBT compulsory tax payment on the cost of the vehicle if they fail to comply.

Employers who make an otherwise exempt vehicle (think company Ute or Van) they hold available to their employees for work related or private use will fall within the scope of the ATO's new fringe benefit guidelines and those employers/employees who do not comply with the guidelines are in the crosshairs. Be mindful that this vehicle fringe benefit may only remain an exempt benefit if other private use of the vehicle is "minor, infrequent and irregular." In short, this ATO guideline is all about enabling you (and the Tax Office) to be certain as to what is intended by the words 'minor, infrequent and irregular' use of the otherwise exempt vehicle.

Private and Non-private Use

The ATO has determined that the vehicle cannot deviate more than two kilometres from its usual route to and

from work if it is to be classified as work-related travel. The reason being that any deviations longer than two kilometres mean the primary purpose of the trip is no longer work-related. Dropping the kids off to school before work, adding only 500 metres to the route, is still work-related travel.

Attending sports training after work, deviating five kilometres, is private use. Non-work related travel of 1,000km per year is permitted provided that there is no single trip exceeding 200km. A single trip to visit the relatives or grocery run will not leave employers non-compliant, so long as their employees record that the trip was non-work-related travel.

Logbook requirements (following the Guidelines)

Employers must ensure their workers keep detailed logbooks related to their use of the vehicles. Regardless of whether the logbook is electronic or not, the distance of the journeys must be recorded every time the vehicle is used for wholly private purposes. The records must be emailed to employers before the end of the FBT year.

Eligible Vehicles

Check the ATO to see if your vehicles are eligible. Keep in mind that these guidelines have recently changed to include single and dual cab utes. If you would like some more reading on this topic, we have included the link below to the ATO website.

[https://www.ato.gov.au/general/fringe-benefits-tax-\(fbt\)/in-detail/exemptions-and-concessions/fringe-benefits-tax---exempt-motor-vehicles/?page=2#Eligibility_criteria](https://www.ato.gov.au/general/fringe-benefits-tax-(fbt)/in-detail/exemptions-and-concessions/fringe-benefits-tax---exempt-motor-vehicles/?page=2#Eligibility_criteria)

Superannuation and a “what if” Labor Government

Superannuation

Superannuation is a pool of money saved by the citizens of Australia, which governments cannot seem to leave alone. Bill Shorten and his Labor team are no exception. We thought we would share with you some of the plans that the Labor Party has in store for your Superannuation, should they win government on this coming 18th of May.

The Employer Super Guarantee – 9.5% to 12%

The coalition government has scheduled to increase the Employer Super Guarantee rate to 10% from July 2021 and progressively increase it to 12% by July 2026.

However, Labor is proposing to end the freeze on the current rate of 9.5% and has fast-track the increase to 12%.

Lowering the Non-Concessional Contributions Cap

The non-concessional contributions cap is the total amount you can contribute to your superannuation from your after-tax income. The current cap is \$100,000 per financial year.

Labor is proposing to lower this cap to \$75,000. Their rationale for this and many other changes is the claim that half of all super tax concessions are currently delivered to the top 20 per cent of income earners.

Lowering the Division 293 Threshold

The Division 293 threshold is currently an additional Contribution tax of 15% paid by people whose combined income and concessional super contributions exceed \$250,000. The tax payable is levied on the excess over this \$250,000 threshold, or on the super contributions, whichever is less. Labor is proposing to lower this threshold to \$200,000 if elected.

Removing the carry-forward concessional contributions cap

The carry-forward concessional contributions cap (also known as the ‘catch-up’ concessional contributions cap) allows you to accumulate any unused portion of your annual cap (currently \$25,000) for up to five years in order to make additional super contributions, provided your total superannuation balance is less than \$500,000.

The policy was announced by the coalition in the 2016 Federal Budget but only first comes into effect from 1 July 2019, allowing you to catch-up on unused contributions from the 2018/2019 financial year.

Labor is proposing to remove the carry-forward concessional contributions cap.

Removing the tax-deductibility of personal super contributions

The coalition government implemented a policy in July 2017 that made personal super contributions tax-deductible for employees, up to the annual concessional contributions cap. Previously, only self-employed people could claim a tax deduction for personal super contributions.

Labor is proposing to remove the tax-deductibility of employee personal super contributions if elected.

Banning new limited recourse borrowing arrangements (LRBAs)

An LRBA is a type of loan that Self-Managed Super Funds (SMSFs) can take out from a lender. They trustees of the fund can then use those funds to purchase an SMSF asset (typically property). Any asset purchased with LRBA funds must be held in a separate trust from the SMSF.

Labor is proposing to ban new LRBA's for property investment if they win the election.

Including a right to superannuation in the National Employment Standards

This Labor policy will give all employees the power to pursue any unpaid superannuation guarantee from their employer through the Fair Work Commission or Federal Court.

General superannuation and retirement statements

In addition to the more specific policies outlined above, Labor has made some more general superannuation and retirement statements, including:

- Supporting exploring a policy to potentially provide Aboriginal and Torres Strait Islander (ATSI) peoples with early access to both super and the aged pension (to reflect the lower life expectancy of this group compared to the rest of the population).
- Pursuing policies that promote the super guarantee coverage for workers in Australia despite the increasing fragmentation of work arrangements (for example, the rise in contracting and casual work versus more traditional employer/employee relationships).
- Committing to implement the recommendations of both the Financial Services Royal Commission and the Productivity Commission in relation to underperforming super funds.
- Recognising “the need to review the interaction between the Age Pension and superannuation”. This is a general statement but may potentially involve a review by the Productivity Commission.

What Labor has in mind as Taxation Changes

Tax Policies

The Dividend Imputation System

Labor has proposed a significant change to dividend imputation, which is a part of Australia's company tax system. It allows Australian companies to provide their shareholders with a tax rebate on the share of dividends they receive. These rebates are known as “franked credits”. This credit reflects the tax already paid by the company on the dividends they distribute to their shareholders.

A shareholder receiving franked credits is able to reduce their tax payable by the amount of the credit. The dividend imputation system therefore avoids dividends being taxed twice (once at the company level and once at the shareholder level).

Under the current dividend imputation system, if you receive more franking credits than you owe in tax, you're entitled to a tax refund from the Australian Taxation Office (ATO).

Labor's policy is to abolish cash refunds generated by franking credits for all Australians except:

- Pensioners (who will be protected under a “Pensioner Guarantee” provision),
- Charities, and
- Non-for-profit organisations.

In other words, under Labor's policy you'll only be able to use franked credits to reduce the amount of tax you pay, you won't be able to use them to receive a tax refund (unless you're an age pensioner). If they win the federal election, Labor plans to make this change to the dividend imputation system from 1 July 2019.

Negative Gearing

Labor has also proposed a significant change to negative gearing. Many property investors currently use negative gearing as a tax-effective investment strategy. A property is negatively geared if the expenses associated with it (for example, loan interest, repairs, maintenance, and depreciation on furniture and appliances) exceed the rental income that it generates from tenants.

You can deduct your investment property expenses and lower your taxable income to pay less tax. If the property achieves capital growth over time, this can more than offset its additional expenses.

Currently you can negatively gear any type of investment property (i.e. both new and existing homes). Labor's policy is to limit negative gearing in the future to newly constructed homes only. They argue that negative gearing is a speculative strategy that is primarily used by wealthier Australians and that it drives up property prices, making home ownership less affordable for all Australians.

Under Labor's proposal, this change to negative gearing won't be retrospective. In other words, if you're already negatively-gearing an existing investment property, you'll still be able to do that. You just won't be able to negatively gear any existing properties that you might want to buy in the future. You'd have to buy a newly constructed property instead.

The taxation of trusts

Trust can be used as an income-splitting vehicle to distribute income from trust members on higher marginal tax rates to those on lower rates. They can therefore be used to reduce tax.

It is important to realise that the trust is not being tested at 30% rather the income from the trust in the beneficiary tax return will be taxed at a minimum rate of 30%.

Labor's policy is for trusts distributed income to be taxed at a standard rate of 30%, rather than enabling income to be transferred to trust members who are either in the 19 per cent marginal tax bracket (i.e. earning \$18,201 to \$37,000), or who earn below the tax-free threshold of \$18,200.

Labor's rationale is that this policy change will only affect 2% of wealthy Australians.

The Capital Gains Tax (CGT) discount

Labor is also proposing to reduce the CGT discount for capital gains made on future asset sales. Currently, you're liable for CGT on any capital gains you make on an asset that you've held for 12 months or more at your marginal income tax rate, less a 50% discount. Labor's policy is to reduce this CGT discount to 25%.

As with their negative gearing policy, Labor is claiming that this change to the CGT discount won't be retrospective. In other words, it will only be applied to

assets purchased and subsequently sold after the date the CGT discount rate is changed. Their rationale is that the current CGT discount arrangements are more beneficial for wealthier Australians.

Raising the top marginal tax bracket

Australia's top marginal tax rate is currently 45% for people earning over \$180,000 (47% including the 2% Medicare levy). Labor's policy is to increase this rate to 47% (49% including the Medicare levy).

Tax cuts for lower-and-middle income Australians
Labor is promising to deliver higher tax cuts to Australians earning between \$25,000 and \$125,000 than those that the coalition government is introducing. People earning between \$50,000 and \$90,000 will benefit the most, receiving a \$398 tax cut.

Tax clinics for disadvantaged communities

Labor has announced that they will establish ten tax clinics across the country where low-income taxpayers will be able to obtain tax assistance and free legal advice to resolve any issues or disputes with the ATO.

Division 7A to be widened (This one) will be rather ugly

Where you carry on your business in a company structure, and you enjoy a 30% or 27.5% company tax rate, as long as you leave the net after-tax profits in the company, there is no further tax to pay. However, you draw the profits out, out as a Franked Dividend, then it comes with a 27.5% tax credit and you pay tax on the difference between the 27.5% and whatever your personal tax rate is. If your tax rate is less than 27.5%, then you get a refund of some of the tax the company has paid. All good. But if you just reach in and take those company profits from the company without recognising the amount as a dividend, then you are in effect borrowing company funds without having paid any extra tax. The act of taking out Company funds, other than as a dividend or a complying loan, causes you to breach Division 7A.

The Government had decided to widen the scope of Division 7A to include unpaid present entitlement). Division 7A is an integrity rule of the Tax Act that requires benefits provided by private companies to taxpayers to be taxed as dividends unless they are structured as Division 7A complying loans or where another exception applies. An example of the application is where a related private company is entitled to a share of trust income as a beneficiary but has not been paid that amount (unpaid present entitlement.)

Unpaid Present entitlements that have their origins before December 2009 have been allowed set in the Balance Sheets of Companies.

The hardening of the government's stance originally was scheduled to commence as of the 1st of July 2019, but as per the 2019-2020 Federal Budget it has been postponed until the 1st of July 2020. Delaying the start date will allow additional time to further consult with stakeholders and to refine the Government's implementation approach.

Cutting to the heart, in application, the changes mean that for Loans from companies to associates of those companies affected the Government aims to clarify the operation of the Division 7A integrity rule to ensure the unpaid present entitlement is either required to be repaid to the private company over time as a complying loan or subject to tax as a dividend.

From 1 July 2020, the following measures will be introduced:

- A self-correction mechanism to assist taxpayers to rectify inadvertent breaches of Division 7A promptly.
- Appropriate safe harbour rules to provide certainty and simplify compliance for taxpayers.
- Simplified rules regarding complying Division 7A loans, including loan duration (10-year complying loan to replace both 7 and 25-year loan terms), and the minimum interest rate being increased by more than 3% from housing rate to overdraft rate.
- Those companies who have Pre Dec 2009 Unpaid Present Entitlements (UPE) are in the crosshairs. We think the ATO wants these amounts move to 10 years loan which will be P & I. But we are not certain.
- A number of technical amendments to improve the integrity and operation of Division 7A and provide increased certainty for taxpayers.

Financial Planning

There are items in this Newsletter that are of the nature of Financial Planning but none of which should be seen other than as General Advice. Just for completion and compliance the following should be noted;

Lane Taylor is a Director of L.P.R. Taylor Financial Services Pty Ltd of 5 Sayer Street, Midland WA 6056 and is an Individual Authorised Representative (No. 346050) of InterPrac Financial Planning Pty Ltd (AFSL No. 246638).

Conclusion

This Newsletter as with the operation of the office itself is made possible by the combined efforts the whole Team. For those of you who either by reading or skimming this newsletter have got to the end, well done. Thank you for sharing it with us. If there is anything on which you would like further information, then please contact us either by email: info@lprtaylor.com.au or by telephone: (08) 9274 6944. Finally, copies of earlier Newsletters are on our Website at www.lprtaylor.com.au.

Please note this Newsletter should be taken as a guide only, and none of the comments contained in this letter are intended to be taken as advice, and this Newsletter is for the exclusive use of the clients of L.P.R Taylor & Associates Pty Ltd.

Kind regards,

Lane Taylor and the team

How Can We Help You & Checklist

There was so much to tell and so little space to tell it. So by popular demand, we include an extra page for the checklist. We also set out below a page headed "HOW CAN WE HELP YOU" following by the checklist.

If you wake up in the middle of the night in cold sweat and say to yourself "I wish I could talk to someone about this commercial problem", jot it down on the form and share it with us.

HOW CAN WE HELP YOU

Complete this form and fax / email it back to us. Our fax number is (08) 9274 3011 and email address is info@lprtaylor.com.au

Name: _____ Company: _____

Telephone: _____ Email: _____

ESTABLISH YOUR OWN BUSINESS

Business Structure (i.e. Sole Trader / Partnership / Company / Trust)

- Explain the difference of each business structure.
- Analyse the advantage and disadvantage of each structure.
- Help you to choose the best structure that suits you.
- Provide you guidance with your business plan.

Business Registration

- Company Formation and prepare all required documents that the ASIC needs.
- Business Name Registration.
- Apply for A.B.N. & T.F.N.
- GST Registration.
- Fringe Benefits Tax Registration.
- Payroll Tax Registration.

Buying an Existing Business

- Analyse Seller's Financial Statements.
- Valuation of Goodwill.
- Calculate the amount of Duty.
- Valuation of Inventory.

Other Services

- Preparing an effective business plan.
- Prepare financial reports for bank.
- Prepare budget for cash flow statement.
- Provide support on accounting systems.
- Explain what your tax and legal obligations are (including Workers Compensation Insurance, Wages, Superannuation, PAYG Withholding etc.)

I would like further information and advice on the following: (please tick)

- How I can improve my business performance and profitability.
 - Better strategic planning for the future of my business.
 - How your Company Secretarial services can offer me peace of mind.
 - Making my estate tax-efficient for my heirs.
 - Tax-efficient investments and savings.
 - How will the Government Budget affect me / my business?
 - Minimising capital gains tax legally.
 - Retirement planning.
 - I would like to know more about the following areas:
-
-

PRE-APPOINTMENT CHECKLIST 2018/2019

INDIVIDUAL DETAILS:

- PAYG Payment Summaries
- PAYG Payment Summary - Employment Termination Payment
- PAYG Payment Summary – Superannuation Income Stream / Lump Sum
- Bank Statements / Passbooks (*Detailing Interest Earned*)
- Dividend and Re-investment Statements
- Partnership & Trusts Taxable Distribution Statements
- Share Trading Statements (*i.e. Buy & Sell Contracts*)
- Foreign Income
- Rental Property Income & Expenses
- Rental Property Depreciation Report
- Buying or Selling Contract / Final Settlement Statements/ Offer & Acceptance Forms Re; Purchase / Sale of Property
- Details of Personal Property Sold (if acquired for \$10,000 or more)
E.g. Antiques Jewelry Art etc.
- Receipts for Work-Related Expenses
- Motor Vehicle Logbook
- Travel Diary / Business / Private Use Diary
- Telephone/ Internet Logbook (12 weeks every year)
- Receipts for Donations
- Private Health Insurance Statement
- Acknowledge Letter from Super Fund to claim Deduction for Personal Superannuation Contribution
- Zone & Overseas Forces Rebate
Location: _____

No. of Days: _____
- Medicare Exemption / Reduction Certificate
- Family Information (Spouse's & Child's - Name, TFN, DOB & Taxable Income)

BUSINESS DETAILS:

- Cashbook / USB (e.g. MYOB, Reckon or Xero file)
- Cheque Butts & Deposit Books
- Bank Statements
- Bank Reconciliation Statements
- Loan Statements
- Loan, Lease, Chattel Mortgage & Hire Purchase Agreements
- Invoices for New Assets
- Details of Income Invoiced, but not received at 30th June (Debtors)
- Details of Expenses Invoiced, but not yet paid at 30th June (Creditors)
- Valuation of Stock at 30th June
- Details of Livestock Numbers:
Sales: _____
Killed (Rations): _____
Deaths: _____
Closing Stock: _____
Purchases: _____
Births: _____
- PAYG Payment Summaries
- Superannuation Clearing House Report
- Motor Vehicle Details & Logbook(s)
- Motor Vehicle Odometer Readings at 31st March & 30th June
- Buying or Selling Contract / Final Settlement Statements/ Offer & Acceptance Forms Re: Purchase/Sale of Business
- Personal Services Income (if applicable)
- Annual GST Return
- Insurance Invoices & Statements