

Spring 2017 Newsletter

The 2018 financial year is now well underway with the arrival of Spring. We have been busy over the last three months and this is set to continue in the coming months leading up to Christmas.

Desborough Accountants was excited to be chosen to participate in the **Youth Creatives Mural Project** which gives young, local artists the opportunity to showcase their abilities within the community. The project was run by **The Influence** and the **City of Kalamunda**. Recently, Lisa designed and completed a chalk art window piece for us.



Check it out next time you are heading down Barber Street (up on the second floor) and keep an eye out throughout the City of Kalamunda for more of these fantastic artworks.



We have also recently been nominated for the **Kalamunda Chamber of Commerce Business Excellence Awards**. We are looking forward to getting dressed up to attend the Gala Dinner in November and find out the results. This is also a fantastic opportunity to mingle with some of Kalamunda's finest business people. We are proud to be a part of this evening.



If you haven't already, please like our page to keep up to date with any relevant tax or business law changes, as well as interesting facts and articles.



Tax Tip – Work Clothes

The ATO is currently concerned about people's many incorrect claims for work-related clothing and laundry expenses. In 2014–2015, around 6.3 million people made claims against clothing expenses, but **work-related deductions are in fact only available for specific uniforms and protective clothing items**, not for everyday clothes you buy, launder and wear for work.



Tax Debts: Consider a Payment Plan

Do you (or does your small business) have a tax debt that you are struggling with? **Remember that the ATO is usually happy to set up a payment plan.**

If the debt is \$100,000 or less, you can use the ATO's self-help service to easily arrange paying by instalments, or we are more than happy to set up a plan on your behalf. If your debt is more than \$100,000, call us for assistance for setting up an arrangement.

It is important to note that even if you have a payment plan or can't pay by the due date, you still need to lodge all of your ongoing activity statements and tax returns on time.

**Need some help or advice?
Call our office on (08) 9226 2039**



HOBBY OR BUSINESS

Are You in Business?



Starting up a new venture is an exciting and busy time. Often,

people are not quite sure what the tax consequences of beginning a new project will be. **It is important to understand the differences between a hobby and a business for tax and other purposes.** If you are in business, that is when tax and other obligations start.

There is no single factor that determines if you are in business, but **some of the factors you need to consider** include:

- You've made a decision to start a business and have done something about it to operate in a businesslike manner, such as registered a business name, or apply for an ABN.
- You intend to make a profit, and that is your aim (this can be in the long or short term)
- The size or scale of your activity is consistent with other businesses in your industry.
- Your activity is planned, organised and carried out in a businesslike manner. This may include keeping your "books", having a separate business bank account, operating from business premises, having licenses or qualifications or having a registered business name.

You may determine from the above that you are not running a business and your activities are simply a hobby. **If you determine your activities are a hobby then you do not have any additional tax or reporting obligations.** It is possible for a hobby to become a business, so it is important to keep these factors in mind as your activities change or grow, so you'll know when you need to register for tax and other business responsibilities.

For more information, feel free to contact our office.

Work-related Expense Claims Under Scrutiny

Most employed people will claim work-related expenses on your tax return this year. The ATO now uses real-time data to compare people's tax returns with others in similar occupations and income brackets. **This year the tax office is focused on identifying higher-than-expected claims for expenses related to work vehicles, travel, internet and mobile phones, and self-education.** In some instance, they may even check the legitimacy of people's work deduction claims with their employers.



Tax Tip - \$300 Deduction

Have you heard the old story that you can make a standard claim of \$300 for work-related expenses even if you don't have evidence? This isn't true! The ATO doesn't ask for receipts up front for claims up to \$300, but you must have actually spent what you claim, and be able to show how you worked out your deductions if the ATO asks.

Income Tax Rates (from 1 July 2017)

Individual Tax Rates (not including Medicare)

Taxable Income	Tax Payable
0 – \$18,200	Nil
\$18,201 – \$37,000	19c for each \$1 over \$18,200
\$37,001 – \$87,000	\$3,572 plus 32.5c for each \$1 over \$37,000
\$87,001 – \$180,000	\$19,822 plus 37c for each \$1 over \$87,000
\$180,001 +	\$54,232 plus 45c for each \$1 over \$180,000

Medicare Levy – 2% on top of marginal tax rate (subject to income threshold).

Company Rate – 30% (or 27.5% for small business entities).

Medical Expenses Offset – Availability & Limitations

As you may have heard by now, the ATO is phasing out the net medical expenses tax offset. This was an offset that was claimed on out of pocket medical expenses over a particular threshold. **As of 1 July 2015, claims for this offset are restricted to net eligible expenses for disability aids, attendant care or aged care.** The amounts must also be reduced by any refunds received from Medicare, the National Disability Insurance Scheme (NDIS) or Private Health Insurers.

The offset is also now income tested. If you are eligible for the offset, the percentage of net medical expenses you can claim is determined by your adjusted taxable income (ATI) and family status.

The offset will be phased out completely from 1 July 2019. If you have any questions or would like to know if you are eligible to claim the medical expenses offset, please speak to one of our accountants.

Unclaimed Super – ATO Reminder



The ATO have reported that as at 30 June 2017, there are over 6.3 million lost and ATO-held super accounts with a total value of almost \$18 billion. **Lost super accounts refers to accounts**

held by super funds where they have lost contact with the fund member. By law, after a period, these accounts and their balances are transferred to the ATO and are then considered to be ‘unclaimed super’ held by the ATO.

People can lose contact with their super funds when they change jobs, move house, or haven’t updated their details with their super fund. They may also lose track of their super from accounts established earlier in their career. While the number of people with multiple accounts has been falling, there are still almost 2.3 million Australians with three or more super accounts.

Australian Taxation Office Assistant Commissioner Debbie Rawlings said the easiest way for people to keep track of their super, find lost or unclaimed super, or combine their accounts is by using ATO online services through myGov.

“More people are finding their lost and unclaimed super through our online services every year, but these figures show there are many people who still may not realise how quickly and easily they can check their super accounts.

“Once you have linked your myGov account to ATO online services, you will be able to view all your super account details, including any that have been lost or forgotten, and you can choose to claim or transfer your super online. Alternatively you can call the ATO Super Helpline on 13 10 20 to request direct claim or transfer paper forms, or speak to your super fund. **For more information, go to ato.gov.au/checkyoursuper.**



Desborough Pty Ltd ATF Desborough Unit Trust trading as Desborough Accountants is a CPA Practice.

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Key Tax Dates

Date	Obligation
21 October	Pay annual PAYG instalments
	Lodge and pay September 2017 monthly activity statement.
	Lodge and pay quarter 1, 2017–18 activity statement if lodging by paper. Pay quarter 1, 2017–18 instalment notice
	Make super guarantee contributions for quarter 1, 2017–18 to funds by this date.
28 October	Final date for individuals to be registered with a tax agent and be potentially eligible for concessional lodgement dates.
31 October	Lodgement due date for all 2017 tax returns if not lodged by a registered agent
	Lodge PAYG withholding annual report – payments to foreign resident for entertainment & sport activities, construction and related activities & casino gaming activities.
21 November	Lodge and pay October 2017 monthly activity statement
25 November	Lodge and pay quarter 1, 2017-18 activity statement if you lodge electronically or through a registered BAS/Tax agent.
1 December	Pay income tax for companies and super funds when lodgement of the return was due 31 October 2017.
21 December	Lodge and pay November 2017 monthly activity statement.



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