desborough accountants

March 2017 Newsletter

Practice Update…

We have had a busy quarter since our last newsletter in December. Once the silly season was over it was back to work for us as I'm sure it was for most of you.

Unfortunately we have said goodbye to our Accountant, Anna, who has decided to try her hand at law and gone back to university to do further study. We will miss her and wish her all the best in her endeavours.

Joel and his wife Tanya welcomed their baby girl, Abigail, in February. Joel has spent some quality time bonding with his family and they have been in for a visit so we could all have a cuddle.

On a more serious note, there are some pretty major changes to tax laws coming up at the end of this financial year. We have outlined some of them in this newsletter for you but if you think they will affect you or your business, please ensure you contact us so that we can advise you on how to best take advantage of these changes and avoid any costly mistakes.

Tax Planning Prior To 30 June 2017

We are now three quarters through the financial year and it's time to start organising and implementing tax plans. We would like to encourage any interested clients to make an appointment with us so we can discuss tax planning in terms of (but not limited to):

- Superannuation contributions
- The purchase or sale of assets (including investment and business assets)
- **The small business instant asset write-off ending on June 30 2017**

Facebook

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.

www.desborough.com.au

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

Ride-Sourcing Data Matching Program

Did you know that it is estimated that up to 74,000 individuals currently offer or have offered ride sourcing services? The Federal Court has agreed that ride-sourcing is taxi travel. **This applies to drivers for Uber**. If you offer these services, you will need to ensure you:

- keep records
- have an Australian business number (ABN)
- be registered for goods and services tax (GST), regardless of how much you earn
- lodge business activity statements (BAS)
- pay the GST portion of the full fare received from passengers for each trip you provide
- claim any GST credits on related expenses
- include your income from ride-sourcing in your income tax returns.

To enforce this, the ATO has developed a data-matching program to identify those providing ride-sourcing services. Data collected will initially be used to identify ride-sourcing drivers and inform them of their tax requirement. C**ompliance action may also be taken**. Speak to us if this affects you so we can ensure you are meeting you obligations.

Backpacker Tax Changes

As of 1 January 2017, there were changes to the withholding tax rates that apply to employers of 'backpackers'. Employers that have **staff who are on a holiday 417 or 462 visa** should contact our office for more information on how to handle these changes to avoid any penalties.

5 Things New Small Business' Should Know:

1. Good record keeping is essential

Don't miss out on things like claiming GST on the purchase price of vehicles, or the immediate deduction of assets by not keeping good records.

A good place to start is by keeping all expenses (invoices, receipts) and income details in designated files and in date order. If you need help with bookkeeping, ask us for a referral to a great local bookkeeper. We know several that service different industries.

2. The status of staff (contractor or employee)

If you have agreements with contractors, make sure they are well documented and shown to an accountant to ensure that you are covering everything you need to. Some arrangements with contractors will legally require you to be paying them super.

3. Super guarantee and payment dates

To avoid costly ATO fines, ensure that all super guarantee amounts are paid by their relevant due date:

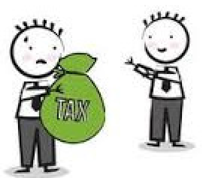
Quarter	Period	Due date
1	1 July – 30 Sept	28 October
2	1 Oct – 31 Dec	28 January
3	1 Jan – 31 March	28 April
4	1 April – 30 June	28 July

4. Tax law changes

If you are not following the news regarding tax laws closely you may miss important updates. Please check in with us from time to time and keep an eye out in our newsletters and on Facebook for important tax changes. For example, since 2015 until 30 June this year, small businesses can immediately deduct assets costing less than $20,000.

5. Consulting tax agents can have huge benefits

Avoid missing out on tax benefits by using a tax agent. Even when revenue is small, an agent can ensure that deductions are carried forward to offset business income for future years, something that sole traders often miss when lodging their own returns online.



Superannuation Changes

As we detailed in our last newsletter, there have been some dramatic changes with regards to superannuation laws recently that take effect 1 July 2017

- Concessional contributions will be limited to $25,000 per year for everyone.
- Non-concessional contributions will be limited to $100,000 for those with super balances less than $1.6m.
- Pension account balances cannot exceed $1.6m.
- Changes have been made to the taxing of assets that support Transition to Retirement Income Stream (TRIS) pensions.

If you think you may be affected by these changes, it's important to start planning ahead. If you have a self-managed super fund, it may be necessary to update your fund deed so that if any changes are required, your deed will include these changes and provide trustees with the power to do so. Please don't hesitate to contact us for more information or assistance in regards to these changes.

SMSF ADVISERS NETWORK

Lee Fox is an Authorised Representative (No. 1251071) of the SMSF Advisors Network, AFLS No. 430062 and can provide advice to you on contributions, pensions and some other Superannuation matters. If you would like more information, please contact our office or check our website.

Income Tax Rates (from 1 July 2016)

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).*

***Temporary Budget Repair Levy** – 2% for taxable incomes over $180,000.*

***Company Rate** – 30% (or 28.5% for small business entities.*

Do You Need A Motor Vehicle Log Book?

The work related or business-use portion of motor vehicle expenses should be claimed as a tax deduction. The best way to maximise this claim and give you the most options at tax time is to keep a log book record of your travel. You only have to record your travel for 12 weeks once every 5 years (unless your driving habits change dramatically). You can pick up a blank log book from a newsagency or post office. **The ATO myDeductions tool app on your smartphone can be useful to capture receipts and enter log book information; there are also other apps that will perform this function for you**. In addition there are a number of log book examples you can download and print for free on the internet or you can just record your journeys in excel.

A brief summary of what needs to be recorded in your log book includes:

Yearly Requirements	Log book year	Non-log book year
Record business journeys in a log book for a continuous period of at least 12 weeks	YES	NO
Keep odometer records of the total kilometres travelled during that 12 week period	YES	NO
Keep odometer records of the total kilometres travelled during the income tax year	YES	YES
Estimate the number of business kms travelled during the income tax year	YES	YES
Take into account all relevant matters including variations in business usage (e.g. holidays, seasonal factors)	YES	YES

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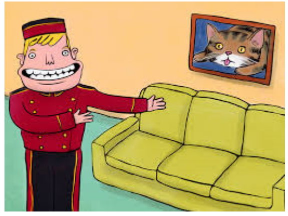
Thinking About Airbnb? – Think About Tax!



Renting out a spare room in your house can be a great way to make some extra income. Airbnb is one of the most popular ways of making an income on the side; however it is important to understand the tax implications of becoming a host.

Firstly, **income from this activity is treated the same as business income or rental investment income**. The net income after associated expenses is taxable. Keeping good records of income and expenses will be important. Record everything regarding the room or property, just as you would with a regular tenant. Putting some of the income aside for tax is a good idea, we can help you predict the right amount you should save for the “tax man”.

If you rent your property, you may need to check your rental agreement; body corporate rules (if applicable) and have written consent from your landlord to sub-let. There could also be other regulations that affect your ability to rent out part of your property. Consider the risks involved before listing, it would be a good idea to talk to your real estate agent or landlord first.

If you own your property, Airbnb can trigger Capital Gains Tax (CGT) issues. CGT is not usually payable when you sell your family home, however if you rent part or all of it out then this exemption may partially be removed. The income you make from Airbnb will sometimes outweigh the later effect of CGT, but not always. It’s something you need to consider carefully.

If you are considering becoming an Airbnb host and would like some advice, please contact our office.

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