



# RICARDO ACCOUNTING

## 2018 TAX TIME NEWSLETTER

### FIRM NEWS

We are in the last days of the 2017/2018 financial year and so now is the time to do that last minute tax planning and think about the year ahead.

This year has brought a few changes in our team including the addition of Corlia in administration and Bernard and Lorenzo in accounting and bookkeeping.

Danielle and the bookkeeping team will be working diligently over the next month to help businesses with their obligations for employees and contractors. If you would like our assistance for the first time in your business, please let us know asap so we can book it in our program.

Tim and Nathan will be on hand to assist in end of year tax planning so please book an appointment if you are needing help with the year ahead

Our street address is still Level 1, 18 Barralong Road, Erina NSW 2250, signage is better this year but if you need help finding us we are above the John R Turk Lighting showroom

### ATO TAX NEWS

#### IN THE SPOTLIGHT THIS YEAR

WORK RELATED EXPENSES

PERSONAL SUPER DEDUCTIONS

SHARING ECONOMY

RENTAL PROPERTIES

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### INDIVIDUAL TAX UPDATE

The tax rates for the 2019 year as shown below.

2019 INCOME	TAX PAYABLE
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\$ 0 – 18,200	0.00%
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\$ 18,201 – 37,000	\$0 + 19%
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\$ 37,001 – 90,000	\$3,572 + 32.50%
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\$ 90,001 – 180,000	\$20797 + 37%
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\$ 180,001 and above	\$54,097+ 45%
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These rates exclude Medicare Levy/surcharge

### COMPLETING YOUR TAX THIS YEAR

We have included a checklist at the end of this Newsletter to assist you in what to bring in for this year's tax return.

EFT Details are the leading cause of delays for getting your refunds so please make sure you are checking these with Tim or Nathan when you complete your return.

You may have noticed we are now using electronic signing, this software meets the ATO requirements for lodgement and we will always try to remove TFN's when emailing for your security. If you have any concerns we can still do hard copies upon requested.



## PERSONAL SUPER DEDUCTION

**ANYONE** will be able to claim a personal deduction in their return for personal payments into super. This is great news for anyone who has an employer who makes it difficult to salary sacrifice and also anyone who operates a sole trader business as well as earning a wage.

If you wish to claim a personal super deduction in your tax make sure you make payment well before the 30<sup>th</sup> June to give your fund time to process the contribution.

When completing your return remember to bring in your Personal Superannuation contribution details including fund ABN and member number. We can assist in completing the "notice of intent to claim" with the fund.

## RENTAL PROPERTIES

Some changes for landlords as new rules start on the 1<sup>st</sup> of July. Two main issues are that travel deductions to your rental property are no longer allowed as well as the removal of depreciation claims for properties purchased after May 2017 if you are not the first owner of the house. Plant and equipment can still be claimed for existing properties and new purchases but must be depreciated over the life of the items.

<https://www.ato.gov.au/Media-centre/Articles/ATO-increases-focus-on-rental-property-deductions/>

<https://www.ato.gov.au/General/New-legislation/In-detail/Direct-taxes/Income-tax-for-individuals/Disallow-the-deduction-of-travel-expenses-for-residential-property/>

## CLAIMING WORK RELATED EXPENSES

The ATO declared that it would be increasing its focus on work-related expenses due to the record claim of \$7.9 billion dollars in tax returns last year. The new approach in the WRE is that claims are measured against industry averages. Given the ATO's ability to use technology to generate benchmarks, it is important now more than ever to ensure claims are accurate and well documented. LAUNDRY Claims are in the spotlight this year so extra care should be taken

[https://www.intheblack.com/articles/2018/06/01/work-related-expenses-crackdown?utm\\_source=exacttarget&utm\\_medium=email&utm\\_term=All%20Subscribers&utm\\_content=NEWS+ATO+cracks+down+on+work-related+expense+claims&utm\\_campaign=CPA+Update+-+Member+-+ed+21\\_5-June-2018](https://www.intheblack.com/articles/2018/06/01/work-related-expenses-crackdown?utm_source=exacttarget&utm_medium=email&utm_term=All%20Subscribers&utm_content=NEWS+ATO+cracks+down+on+work-related+expense+claims&utm_campaign=CPA+Update+-+Member+-+ed+21_5-June-2018)

<https://www.cpaustralia.com.au/professional-resources/taxation/work-related-expenses>

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## THE SHARING ECONOMY

The sharing economy is becoming increasingly popular in Australia, services like AirBnb and Uber are easy to use but become complicated when completing your tax return. **You need to tell us** if you are providing these services because it will affect you when lodging your tax.

For example Taxpayers who are providing ride-sharing need to be registered with the ATO for GST.

Some popular sharing economy services in Australia includes - renting out a room or a whole house or unit for a short-time basis, providing ride-sharing travel services for a fare, providing personal services and renting out a car parking space.

If you are considering utilising any of the above services for income purposes please get in touch with our office to discuss the tax consequences.

<https://taxandsupernewsroom.com.au/tax-sharing-economy/>

## BUDGET UPDATE

### Just a few points we picked up on

- A seven-year Personal Income Tax Plan will be implemented in three steps, to introduce a low and middle income tax offset, to provide relief from bracket creep and to remove the 37 per cent personal income tax bracket. Whether this will pass the senate will be the challenge but we would certainly welcome this change and particularly assist with medium to high single income families.
- Significant changes the R&D tax incentive will make it more difficult business, this is bad news for innovation in Australia and we will be closely watching how this impacts our small businesses that rely on this after 1 July 2018.
- The \$20,000 instant asset write-off will be extended for small businesses by another year to 30 June 2019.
- The black economy was a focus with a limit of \$10,000 on cash payments per transaction
- Taxable Payments Reporting will be extended, we were dreading this move but due to the success the ATO has had in the construction industry in targeting their audits it will be moving into security, road freight and computer system design industries. Effective from 1<sup>st</sup> July 2019

More changes can be found at:

<https://www.cpaustralia.com.au/~media/corporate/allfiles/document/about/budget-report-2018-19.pdf>

## BUSINESS UPDATE

### ASSET WRITE-OFF

The asset write-off threshold for small business has extended of \$20,000 has been extended to 30 June 2019. This means that if you are a small business you can go and buy an asset to the value of \$20,000 before the 30<sup>th</sup> of June and claim 100% of the cost THIS FINANCIAL YEAR.

### PAYMENT SUMMARIES

Employees are required to have received their payment summary from their employer by the 14<sup>th</sup> of July. It is a good time now to review all employee details including their postal address for their payment summary. The employer summary is due to the ATO by the 14<sup>th</sup> of August.

### SINGLE TOUCH PAYROLL

Businesses will now have another crippling obligation of reporting every payrun to the ATO. This will be a huge ask for small businesses and the pressure will be on software providers to make this burden easier, xero will be adding this feature over the next few months and businesses will “opt in” and from then on will report every pay run to the ATO. Businesses with over 20 employees are meant to be registered from 1<sup>st</sup> July 2018 and businesses with employees less than 20 have 1<sup>st</sup> July 2019 as their deadline.

### BOOKKEEPING SERVICE WITH XERO

In case you were looking for some bookkeeping assistance or just want to outsource the stress of managing your paperwork. We offer Xero bookkeeping service to take the hassle out of your business accounting. Xero is our recommended system which links with your bank account and feeds transactions in automatically allowing faster allocating through bank rules and cash coding. WE ARE EXPERTS in Xero and we are more than happy to teach you to use it OR manage it for you. We assist with over 200 BAS's every quarter. Talk to us today if you are tired of doing it the old fashioned way or are just looking for more time to focus on your core business.

## SUPERANNUATION

Employer compulsory contributions remain at 9.5%. There were many budget announcements' which affect super but are yet to be legislated.

Personal Super Contributions are now deductible. We mention this twice because this is a welcome change.

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SMSF audits have been extended to 3 years which while it is a marginal saving it could mean mistakes are amplified over a 3 year period.

SMSF's can now have up to 6 members.

### Thresholds

The threshold is \$25,000 for all taxpayers however unused concessional caps allow for a “catch-up” contribution for up to 5 years for individuals with a super balance of up to \$500k from 1 July 2018. This is a great tax planning tool and could be used to manage extraordinary high income years.

The non-concessional cap (NCC) is \$100,000 and a \$1.6 million cap exists for accumulation accounts when they transition to pension phase. There is still the bring forward event to allow up to 3x the NCC, this decreases as your account balance nears the \$1.6mil cap..

## DATA SECURITY

We are committed to being responsible data custodians, protecting your privacy and ensuring that your personal information does not get misused, the move to cloud services for accounting has meant additional security measures are needed to ensure that personal information is kept safe.

This year we have updated all of our security procedures and obtained “Cloud Best Practice” certification which includes increased authentication measures to ensure only our staff can access your data. This will remain a focus of the firm and if you are ever concerned your tax file number (TFN) or personal information has been compromised please contact us immediately so we can inform the ATO and get ahead of any fraud.

## LATE LODGEMENT PENALTIES

The ATO continues to be unforgiving with late-lodgers and the current penalties range from **\$210 to \$1050** per return or BAS not lodged on time and as such we are continuing to make meeting your reporting requirements our priority. This means that for every 28 days a form or return is late you will be charged \$210 up to a maximum of \$1050 per return. The ATO has been unforgiving of late in relation to late lodgers and regular non-lodgers in the last year have found themselves subject to an ATO audit.

## THINGS TO DO BY YEAR END - SUMMARY

Motor vehicle claims - Please record your odometer at the 30<sup>th</sup> of June

Medicare Levy Surcharge – Please check Private Health Insurance Coverage

SMSF's – Remember to take your minimum pension payment (contact us if this is you)

Construction Contractor Payment Summaries – due by 28th of August

Small Business Write-off of Assets < \$20,000 – Be sure to purchase assets before June 30<sup>th</sup> to get full advantage this financial year.

Super payments – to claim a deduction make sure payment is made well before 30<sup>th</sup> of June to ensure your fund has enough time to process the payment,

Make a donation to a registered Charity.

## THINGS TO BRING IN FOR YOUR TAX

- Bank Details – Please ensure you bring your up-to-date bank details when we process your return.

### INCOME STATEMENTS

- PAYG Payment Summaries (previously Group Certificates) You should be provided a copy from your employer.
- Employee Share Scheme Statements
- Eligible termination payments
- Interest earned from bank accounts
- Share dividend statements Bank Details –.
- Annual tax statements from trusts, managed investments, property and cash management trusts
- Income and expenses from investment properties

### DEDUCTIONS & EXPENSES

- A list of work-related expenses (with receipts).

These may include but not limited to:

- Tools
- Phone – please need work use %
- Internet – please need work use %
- Memberships/Union Fees/Subscriptions
- Reference books
- Tolls, Travel for work (other than to/from)
- Self-Education claims
- Uniforms
- Motor vehicle logbook
- Motor vehicle claims - **Please record your odometer**
- Donations Receipts including School building levies and library funds
- Interest and fees on investment loans
- Personal Superannuation contribution details including fund ABN and member number
- Income protection insurance

### OTHER DETAILS

- Private health insurance
- Amount of HELP debt or Financial Supplement loans outstanding
- Bring the details of your spouse, including their date of birth and taxable income.

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## 2018 SCHEDULE OF FEES

**WE ACCEPT CREDIT CARDS – feel free to take advantage of this convenient and cost effective way to pay for your return.**

**Fees have not significantly changed and our services are still GREAT VALUE FOR MONEY.**

Individual Tax Returns from \$143\*

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+ Motor Vehicle, Rental, capital gains, investment & other schedules are charged at our discretion and the price depends on the detail and time spent. If information is well summarised and minimal compilation work is required these charges may be waived. All fees include GST.

^ Fees vary depending on who performs the work and the time that is involved, please refer to your engagement letter for more detail

### Schedules and Additional Costs

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Trust Account Fee	from \$25 (reviewed annually in March)
Motor Vehicle Schedule	from \$22 <sup>+</sup>
Investment Schedule	from \$22 <sup>+</sup>
Depreciation Schedule	from \$22 <sup>+</sup>
Capital Gains Tax Schedule	from \$55 <sup>+</sup>
Rental Schedule	from \$110 <sup>+</sup>
Centrelink Lump Sum Claim Form	from \$150*
Hourly Billing Rate for business and accounting services –per hour.	Billed between \$200 and \$260*
Hourly Billing Rate for bookkeeping services – per hour.	Billed between \$55 and \$99*
ASIC Agent Annual Fee	\$99
ASIC Address updates	Included in above
ASIC change of officeholder/members	from \$132

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#### Notes:

\*extra fees on top of standard rate may apply if extra work is involved including administration, debt collection of our fee, audit handling, tax planning and advice. Estimates can be given in most circumstances and please feel free to contact us if you have questions or problems with paying your account. All fees include GST.

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