

**FINANCIAL SOLUTIONS**

*Your Money Your Way*

# 2018 TAXATION NEWSLETTER

*As the 2018 financial year draws to a close, we look forward to welcoming familiar and new faces this new year. At Pauline R Murray Accountants, we prepare all taxation returns, and aim to meet all your taxation, accounting and financial planning needs year round.*

## **It's tax time 2018.**

### ***Income Data Matching***

It may be seen as an ATO revenue raising method, but they continue to expand their reach.

ATO Prefill Reports are useful tools when preparing taxation returns, but they are not to be relied upon and the ATO in no way guarantees the information within them. Do not think that because the income is not recorded on your prefill report at the time of your appointment, it won't be reported to the ATO later on.

AirBnB, Uber, Air Tasker and Ebay are now reporting income to the ATO.

Contractor payments are declared to the ATO by the payer, including GST amounts.

Property and luxury item sales are all reported to the ATO. Don't be caught out, declare all your income to avoid being penalised by the ATO.

### ***Uber & AirBnB***

The ATO already knows how much you earned last year. You must keep your own records to declare the correct income and substantiate your claims.

Uber drivers must be registered for GST and lodge BAS and taxation returns declaring your income and expenses. Keep a log book of your travel and receipts for all your Uber related expenses. Contact our office if you are unsure what your taxation responsibilities are as an Uber driver.

AirBnB hosts must declare the income on their taxation returns, but you can also claim expenses.

There are potential Capital Gains Tax implications if you sell your AirBnB property or Uber vehicle.

### ***Air Taskers***

You are running a business, you do need an ABN and yes you can claim expenses such as home office and vehicle costs.

### ***Ebay***

I'm sure you, or someone you know, sold something on Ebay recently. If you are an Ebay seller and you turned over more than \$10,000 in 2018, all your sales have been reported to the ATO. You must declare your income on your taxation return, on the flip side, you can also claim expenses, such as postage and home office.



### ***Bitcoin Trading***

The ATO is keeping track of bitcoin trading and will be considering if your level of trading is classed as business or hobby.

### ***Have You Started a New Job?***

Too often we have to pick up the pieces after clients do not fully understand a second job is one that occurs during the same financial year as your initial employment, not just at the same time. If, between 1<sup>st</sup> July and 30<sup>th</sup> June, you obtain a job with a different employer to that which you began the year, please ensure that you do not tick the Tax Free Threshold box when completing your TFN Declaration. If, at the beginning of the next tax year, this is now your only job, you should inform your employer and claim the Tax Free Threshold.

### ***Shearers & Wool Handlers***

You are in a unique occupation that we fully understand, with an experienced consulting shearer available to staff. If you are in the industry, or considering entering the industry, contacting our office to ensure you are keeping comprehensive records is important. Make sure you are keeping records of your travel, food and any other expenses. Keep a vehicle log book.

### ***Investment Properties***

These continue to be on the ATO hit list. You need to keep receipts for all expenses.

If you are considering buying or selling an investment property, please be in contact with the office. We have a very large investment property client base, and are able to assist you with any queries you may have.

First time investors are different to multiple property owners. There is the potential for errors through lack of substantiation, claims related to property seminars, interest claimed for rental properties and repairs.



Purchasing the worst house in the best street? Be in contact before the ink dries so that you are aware of the tax implications of such a purchase.

**\*\*Do you need to lodge an Income Tax Withholding Variation?** Rather than waiting for a large refund at the end of the year, we can apply for the amount of tax you pay when receiving your wage to be varied.

### ***Sale of Properties, Vehicles, Shares & Businesses***

When in doubt, assume Capital Gains tax is applicable. Capital Gains tax is one of the highest revenue raising areas of the Tax Office. The legislation does allow for expenses incurred throughout both the purchase and sale of the asset, but records must be maintained. Before making the decision to sell or rent out a property that was your principal place of residence, I invite you to make an appointment to discuss the possible tax implications.

Before lodging your taxation return, you will be asked if you have sold any assets, such as properties, shares or works of art. All of these are subject to Capital Gains. There is no

point in not declaring such sales as the Tax Office has the resources to match income.

### ***Overseas Income***

As a tax resident of Australia, you do need to pay tax on income received from overseas, such as wages, proceeds from sales of overseas assets and interest earned on overseas bank accounts. The ATO does have access to this information and this income must be declared on your taxation return.

### ***Overseas Business Travel***

The ATO has received a spike in both overseas and local travel claims. If you are genuinely travelling on business, a diary record including dates, locations, details of daily activities and receipts, or any documentation you may have, will assist us in maximising the claim you can make. It is too late at the end of the year, you need to be compiling the receipts as the expenses occur. Before travelling, call the office.

### ***Allowances***

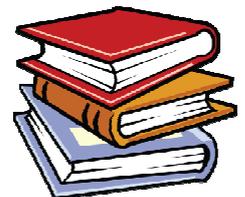
Do you receive one? Is there an allowance included in your salary that is not shown separately on your PAYG Summary? Do you receive an allowance for reimbursement of expenses? All these need to be discussed at your appointment so that we can be sure that you are not paying more tax than you need to. We also need to ensure that you are keeping the relevant documentation to substantiate your claim, you cannot claim the full allowance if you don't have the receipts.

### ***Home Office***

We can claim 45c/hour for your home office. There may be Capital Gains implications when selling your principal place of residence that you should be aware of. If you are renting, you may be able to claim a portion of your rent as an office expense.

### ***Self Education***

The education must be directly related to your current employment. You may need a letter from your employer and/or full details of the course to confirm this. Keep receipts! A topic for discussion.



### ***Insurance – How Much is Enough?***

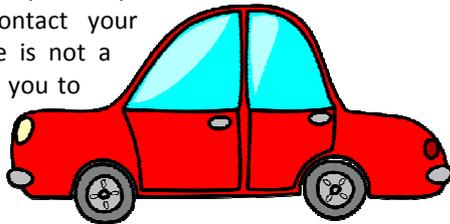
If you were an employee and now a subcontractor, you may not have cover for sickness and/or injury. You may also require public liability and tool insurance. Check with your insurer for any insurances you may need and then contact the office to ensure tax deductibility.

## **The Cash/ Black Economy**

The ATO continues to extend its knowledge of the Black Economy by visiting markets, checking community notice boards, scrolling through Gumtree and even visiting businesses to discuss cash transactions.

## **Motor Vehicles, Motor Vehicles**

If you are using your car for work, you can no longer claim 5,000km without a logbook. You must be able to support why you must use your vehicle for work, how you use it (carrying tools?) and where you use your vehicle for work. The ATO may even contact your employer to check there is not a work vehicle available to you to use. A logbook is always required.



The Tax Office no longer believe a vehicle can be used 100% for business, particularly with the growing popularity of the two door cab chassis utes. With this in mind, all existing ideas regarding the log book need to be thrown out the window.

- For a vehicle less than 4.5 tonne there must be a log book kept detailing business and private use.
- A log book can be kept
  - manually
  - electronically - This new log book plugs into the power source of your motor vehicle, records the information, which can then be transferred to your computer.
  - on your phone - apps are available

As always, you must keep receipts for all expenses relating to your motor vehicle, including fuel, maintenance, rego and insurance.

Should you claim 100% business use, without maintaining a logbook/keeping receipts, the ATO may amend your taxation return to reflect reasonable usage.

## **Business Registrations**

Depending on the structure of your business, there are a number of registrations you may need to hold, such as

- GST
- Fuel Tax Credits

If you employ staff, you may need to be registered for:

- PAYG Withholding
- Work Cover – Return to Work SA
- Superannuation – 9.5%

Contact our office to discuss your business and what registrations may apply.

## **GST Registration**

You must be registered for GST if you are earning in excess of \$75,000/annum. There may be circumstances where you need to be registered even if you earn under \$75,000/annum, please contact the office.

For those registered for GST, remember it is all about the receipts. Noting on the bank statement what has been spent is not sufficient. There must be receipts to substantiate all claims including petrol.

Do you need assistance preparing and lodging your BAS? We offer in house bookkeeping.

## **Registered for GST and buying a new vehicle?**

Be aware that there are limits to the GST you can claim when purchasing a new vehicle. The ATO has also capped the depreciation you can claim on a business vehicle.

If you are trading in an old vehicle, to purchase a new one, you must also declare this.

## **Fuel Tax Credits**

If you own a vehicle, for business use, that weighs in excess of 4.5 tonne, you may be eligible to claim for Fuel Tax Credits.

## **Small Business Benchmarks**

The ATO measures individual business profits against other businesses within the same industry. If there is a considerable difference between your businesses profit and the industry average, the ATO will investigate. They will want to know how the Taxpayer (business owner) maintains their lifestyle throughout the year while performing below benchmark profit.

The Tax Office may contact you if they identify that you are operating below the benchmark. Regardless of which industry your business operates in, across the next 12 months, we will work with you to identify where you are operating on the benchmark scale. This will allow us to have the discussion before we lodge your tax return and the ATO begins to ask questions.

## **Taxable Payments Annual Report (TPAR)**

If you are in the building, cleaning, gardening or courier industry, you should have by now received your TPAR form. This needs to be completed and forwarded to the Tax Office by the 28<sup>th</sup> August, even if you are reporting \$0 payments. Details to be reported include; each contractor's name, ABN, gross amount paid and GST paid. We can assist you.



## **Important Due Dates for Businesses**

- Superannuation – 28<sup>th</sup> day after the quarter
- BAS – 28<sup>th</sup> day after the quarter
- PAYG Summaries to employees 14<sup>th</sup> July
- RTWSA EoFY – 28<sup>th</sup> July



### **Simplifying Receipt Keeping**

Bookpals is a phone app that allows you to store your physical receipts electronically. You simply take a photo of your receipts and press send. The receipt is then held on the cloud, which we can access for your BAS and taxation.

### **Financial Reviews**

There is no charge for this service. You are strongly encouraged to attend these to identify areas of concern. At the very least, we can ensure there is sufficient tax being paid during the year so there are no surprises come the 30<sup>th</sup> June. These reviews should take place a minimum of twice a year.

Make yourself available so we can plan ahead and prevent any surprises at the end of the year. It is important to your success. Your success is our business!

### **Multiple Years of Outstanding Taxation Returns**

It happens and it can vary from two years to 27, with the average being five. If you have friends or relatives who have not lodged taxation returns for a number of years I would encourage you to make sure they address this. We do not judge, we merely assist you in preparing your returns.

In the age of technology, if you do not hold all the information for a particular year, we are able to retrieve some information as far back as 2007 from the Tax Office on your behalf.

The ATO issues penalties for non lodgement. Lodge now to possibly avoid these penalties, and any potential interest charges.

### **Outstanding Tax Office Accounts**

At some point during your working life, you may owe the Tax Office money. Better to be in contact with them to arrange a payment plan, rather than them chasing you, as they are generally receptive to this process. The ATO has been most aggressive in their collection of outstanding monies and utilise the services of an external collection agency which may result in additional interest and charges being added to your account.

### **ATO Correspondence & MyGov**

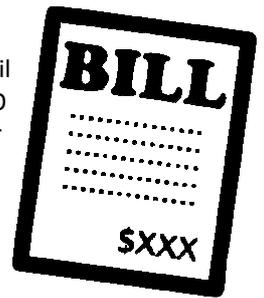
All taxpayers will receive communication from the ATO at some point, you may have received a Quarterly PAYG Instalment Notice. These should never be ignored. If you receive any correspondence from the ATO and you do not understand it, contact us so that we may go through it with you.

If you have registered for MyGov in the past they are likely to contact you via this, rather than post. Check your MyGov account regularly to ensure you don't miss anything. The ATO is trying to cut down on paper

correspondence and this is their preferred delivery for Notices of Assessment.

### **ATO Scammers**

If you ever receive a phone call or email purporting to be from the ATO requesting personal information or payment over the phone/ email, please contact our office before doing or saying anything else. The ATO does not send emails directly to the general public.



If any correspondence you receive from the ATO just doesn't seem quite right, or you have any queries about their requests, contact our office. Our office has real time access to your ATO records and accounts.

### **Services We Offer**

Bookkeeping, lodgement of BAS, business coaching, Form 2 reviews, running the figures for the purchase of your first investment property or expanding your investment portfolio, ASIC compliance.

Is the service you require not mentioned? Give the office a call.

Remember, we are your accountants. We can assist you in all areas of your accounting, bookkeeping and compliance during the year.

### **Financial Health Checks**

Your money, your way, it's not just for businesses! If you are thinking about your financial future call our office to book an appointment with a qualified Financial Planner, who has a unique expertise in the investment property sphere.

We also have the option to look at your superannuation account balances. We can then discuss how you can increase your superannuation balances via deductible contributions and/or salary sacrifice.

### **Tax Returns We Prepare**

We prepare *all* tax returns. Employees, Contractors, Pty Ltd, Trusts, Partnerships, Primary Production to name a few. All clients are important to us, and we can be important to you, as we work together to ensure that you complete an accurate and correct tax return.

### **Time for Action**

Collect those receipts, print out your statements. Whether it be Tax Season, or any month of the year, pick up the phone now and make your appointment. We are available evenings and Saturday mornings for your convenience.

If you are unable to attend an appointment, other arrangements can be made to work with you to complete your taxation return. You can:

- Post: PO Box 351, Gawler 5118, or
- Email: [admin@prmaccountants.com.au](mailto:admin@prmaccountants.com.au)

Myself, and the team, look forward to assisting you in the New Taxation Year.

*Pauline R. Murray*