



Are you ready for Tax Time?

Small Business Income Tax Offset (SBITO)

From 1 July 2016 small business entities (with annual turnover of less than \$5 million) may be entitled to a 8% tax discount. The discount will be available as a non-refundable tax offset. However, this will still be capped at \$1,000.

Companies that qualify as a small business entity also receive a further 1% tax discount, bring the tax rate down to 27.5%. (down from 30% in 2015)

The government has extended until 30 June 2018 the ability for small business to write off assets purchased for less than \$20000. This also applies to asset pools with a balance below \$20000.

The superannuation concessional contributions cap reduces to \$25000 for everyone from 1st July 2017. The current caps are \$30000 for under 50 years old, and \$35000 if you are over 50. So, if you are able to make a tax-deductible contribution to your super, and these new rules will affect you, then make your contribution before June 30.

The Working Holiday Makers (commonly known as the Backpackers Tax) comes into effect from 1st January 2017. Whilst we do not anticipate that this will affect too many of our current clients, if you know of anybody that is travelling around Australia on a working holiday, send them in to Sound Tax to complete their tax obligations.

Identifying Tax & Investment Scams

There has been many instances of scam emails, SMS or phone calls doing the rounds in recent times.

Please do not give your personal details including tax file numbers and bank account details to anybody by email, phone or SMS. If you suspect it is a scam, hang up the phone immediately or delete the email or message.

The ATO will generally not contact you in this manner anyhow, so even if they say they are from the ATO, they most probably will not be.

Be very aware of investment scams as well, especially those which offer high returns for low risk, as they more than likely not legitimate.

Do not be pressured in making 'snap' decisions regarding investments, and never commit to any investment before seeking independent financial advice. If the financial offer is a bona fide offer, they will be happy for you to seek this advice and be patient while you explore your options .

If you receive any correspondence that you are unsure of, please contact our office or the ATO on 132865

SAPTO— Senior Australian & Pensioners Tax Offset

These amounts have not changed from last year, A single senior Australian can receive \$32,279, whilst each member of a couple can receive \$28,974 without paying tax. It is slightly more for those living apart due to illness.

Medicare Levy Surcharge

These rates have not changed, and have been frozen until 30/6/2018.

Taxpayers with an ATI exceeding \$90,000 (Singles) and a combined ATI of \$180,000 (Couples/families) will be subject to an additional Medicare Levy Surcharge if they do not have private hospital insurance.

Additionally, the Medicare Surcharge Rates increase to 1.25% from \$105000 (\$210,000) to \$140,000 (\$280,000) and to 1.5% over \$140,000 (\$280,000).



Extended Trading Hours

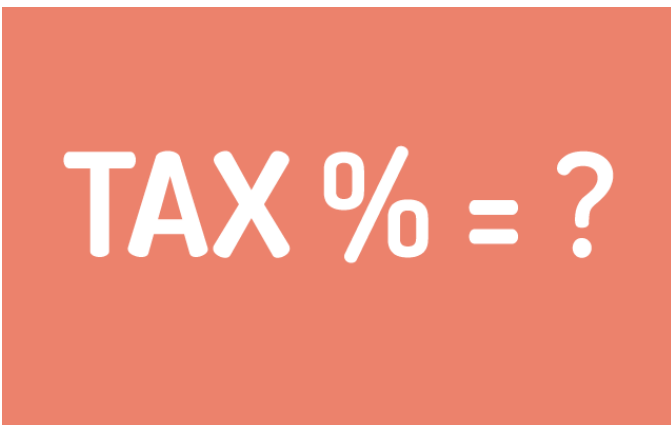
Please note our extended office hours from 1st July 2017 to 31st August 2017 tax season are:

Day	Trading Hours
Monday	8:30am – 7:00pm
Tuesday	8:30am – 8:00pm
Wednesday	8:30am – 8:00pm
Thursday	8:30am – 6:00pm
Friday	8:30am – 5:00pm
Saturday	9:00am – 1:00pm
Sunday	Closed

Appointments are necessary during this time; please call our office to make an appointment.

2017 Tax Tips

- Purchase Tax deductible items, Prepay Interest on Loans, Pay Income Protection Insurance premiums **before June 30**.
- Make deductible Super Contributions (especially important due to changes in contributions cap from July 1) **before June 30**.
- If you have a spouse that earns below \$13800, you could make a contribution **before June 30** to their super fund to receive a tax offset of up to \$540
- If you have made any capital gains during the year, consider selling any assets that will make a capital loss **before June 30** to offset against the gain.
- **Before June 30** – If you earn less than \$51021, you can make an after tax contribution to your super, and the government will match it. If you earn less than \$36021, the government will match contributions by 50c for every \$1, (Max \$500).
- Defer receipt of Income, and sales of Capital assets to **after June 30**.



2017 Tax Table

Individual Australian Residents tax rates for the 2016/2017 year.

Taxable Income	Tax on lower amount	%
\$0 - \$18,200	Nil	0%
\$18,201 - \$37,000	\$ 0	19%
\$37,001 - \$87,000	\$3,572	32.5%
\$87,001 - \$180,000	\$19,822	37%
\$180,001 +	\$54,232	*47%

These rates do not include Medicare Levy of 2%*

Includes Temporary Budget Repair Levy of 2% until 30 June 2017.



BAS Clients

The June Business Activity Statement is due to be lodged and paid by the 28th July 2017. As this is an extremely busy time of the year, we request that you present all of your BAS papers to us by the 17th July.

Payment Summaries & Taxable Payments Summary Reports

If you require Sound Tax to complete these annual reporting obligations on your behalf, can you please have all the information we require to us by 8th July. Please make sure we are provided with all employees details including their full name, TFN, date of birth and address.

For Sub Contractors we need their full name and/or trading name, their ABN, contact number and address.

In both cases, we will need how much they were paid during the year and any tax that was withheld from these payments.

Relief is in sight for BAS clients, from 1st July 2017, there is simplified reporting obligations for small business. Stay tuned and we will have these changes to you in the near future

Tax Audit Hot Spots

1. Work-related expense claims

Unusually high work related expense claims
Travel allowance expense claim
Auditing of work related travel claims

2. Rental Properties

Holiday homes and weekend retreats
Travel claims on rental properties
Holiday costs on newly built, renovated or repaired properties

3. Lifestyle Assets

Boats, Aircraft's, Valuable motor vehicles, Fine art and thoroughbred horses are just some of the assets the ATO are looking at.
Receiving data matching information from insurance policies.

4. Black (Cash) Economy

The ATO have received extra funding for extending the taxable payments reporting systems (TPRS) to include Courier drivers and Cleaners. The TPRS is currently used in the building & construction industry. The black economy crackdown is expected to raise the government an additional \$362 million.

5. ATO Data Matching

The ATO are becoming more aggressive in their data matching activities. The ATO continue to use Benchmarks as just one approach towards reviewing the income and expenses of business tax-payers and can apply these to a wide range of business activities. The benchmarks are based on performance indicators

provided by trade associations and industry participants. They compare the industry averages to your income and expenses to see if they fall within the range (benchmark).

Another approach, as mentioned previously, is based on information they obtain from Insurance companies in relation to insurance premiums held by taxpayers on luxury assets such as marine vessels, aircraft's, enthusiast motor vehicles , fine artworks and thoroughbred horses. This is done to provide the ATO with an idea of a taxpayers 'accumulated wealth' and whether these assets that are owned by the taxpayer are consistent with the income declared by the taxpayer. The ATO also continue to obtain data from State Land sales offices, banks, share registries, Dept. of Human Services (Centrelink) and State Transport departments.They are also using data from online selling activities such as eBay to determine whether there may be taxpayers that are not declaring income for items sold through these channels. It may be also used to determine whether a taxpayer is just selling the occasional private possession, or if they are running an online business.

Be aware and contact our office if you receive a data matching review from the ATO. Significant penalties and default assessments may be issued if you do not comply, or if you have failed to declare income.



Mobile Phone Tax Deduction

This was a big focus last year and we advised a lot of clients through the year that the ATO was seeking the 'four-week' representative period records on these expenses. If you haven't completed this, it would be a

good time to start now. You should be reviewing how you claim work/business use of your mobile and/or home phone and Internet expenses.

For best results, you are best keeping track of these expenses over a 'four-week' representative period: Over the four weeks, keep a record of:

- Your business use as a % of overall use.
- The amount of time spent on work calls as a % of overall calls.
- The amount of data downloaded for work as a % to overall data used.

If your home phone and internet are in a bundle, you need to calculate the relevant price of the service if they were not in a bundle, and apply the discount % to that service inside the bundle. This is then calculated out to make the claim for the full year.

The ATO have introduced 'Safe Harbour' rules for incidental phone use, but is limited to a maximum of \$50 per year with Landline calls being 25c call, mobile,75c call and SMS texts @ 10c each.



Rental Property Owners

Rental property Owners have been hit hard in the recent Budget. There are several significant changes to their ability to claim certain deductions. The most significant being as follows:

1. Limiting depreciation on plant & equipment to outlays actually incurred by the investor. This means that an investor who purchases an existing (established) property can no longer claim depreciation for plant & equipment that

was in the house at the time of purchase. These items will be capitalised and may be able to be claimed under the CGT provisions in their Cost Base. Any new assets purchased by the investor will still be able to be claimed. This does not apply to existing properties owned prior to Budget night (9th May 2017)

2. From 1st July 2017, Travel of any kind will not be allowed to be claimed for inspecting, maintaining or even collecting the rent.



are an itinerant worker.

Some factors that need to be satisfied to be considered an itinerant worker are:

- Travel is a fundamental part of the employee's work. That is that the nature of the employee's work makes it necessary to carry out work at several different places.
- Another indicator may be that the employee is required to travel in the performance of carrying out their duties, once they have commenced duty.
- The employee has a web of work places i.e. Has no fixed place or regular place of work/employment.
- The employee continually travels from work site to another before returning to their normal place of residence.

Other lesser factors include the employee having a degree of uncertainty of location in their employment, the employee's home constitutes a base of operations, the employee has to carry bulky equipment from home to different work sites or the employer provides an allowance in recognition of the employees need to continually travel between work sites.

Work Related Travel Expense

There have several cases recently where the ATO have disallowed travel deductions for employees and/or contractors using their own car for work related purposes. There are two main areas of concern:

Carrying bulky tools and equipment from home to work.

This has been an ongoing issue and amongst other things, you need to make sure that:

- You are carrying tools that are required for you to use on that job/site
- The employer does not supply the tools,
- The tools are significantly heavy and/or bulky
- There is no secure place of storage at the workplace; and
- You are not just taking them between home and work out of convenience.

Itinerant Workers

Itinerant workers are able to claim travel costs between home and work providing that they can prove that they



What do I need to do my 2017 tax

Please don't rely on the pre-filling report from the ATO to provide all of your details. This information can take some time to become available and sometimes the information has not been provided by the bank/employer to the ATO.

We still require you to bring in:

- Payment Summaries
- Centrelink Payments
- Interest Amounts
- Private Health Insurance Statement
- Dividends/Investments
- Rental Property income and expenses
- Motor Vehicle expenses
- Work related deductions (e.g receipts for uniform purchase, union fees, stationery)
- Home and Mobile Phone / Internet use
- Home office expenses

- Other deductions (e.g. tax agent fees, donations to charities)

For a more detailed checklist of what to bring in, please click on the link below which will take you to our website.

[Checklists](#)

See these stories and more at sound.feedsynews.com

General Advice Warning: Any advice contained in these pages is of a general nature only and does not take into account the objectives, financial situation or needs of any particular person. Therefore, before making any decision, you should consider the appropriateness of the advice with regard to those matters and consult your Accountant and or Financial Planner.

Sound Tax & Accounting

www.soundtax.com.au

admin@soundtax.com.au

(08) 9528 3383
