

# Sound Taxtime 2015

June 2015

## Welcome to Sound Taxtime 2015

The 2015 tax season is fast approaching, and we look forward to seeing you again to complete your 2015 tax return.

There have been a few changes this year, which were mostly announced in last years federal budget, with the government taking a much softer approach in the most recent budget last month.

We see the abolition of the dependant spouse tax offset and the Mature Age worker tax offset. This is also the last year for the Medical Expenses Tax Offset as we know it, but only for those who claimed it in the 2014 tax return.

On a positive note, small business will now be able to claim an outright deduction for assets costing less than \$20000, and were purchased after 7.30pm on budget

night, 12th May 2015.

The private health tax offset continues to reduce, depending on your income, marital situation and age, making Private Health Insurance more expensive, but a necessity if you are a higher income earner.

The zone tax offset has been adjusted for FIFO workers from 1st July 2015, whilst this wont affect this years return, we expect it to have a big impact in the 2016 return.

Sound Tax offers a wide range of tax and accounting assistance including income tax, GST, PAYG and CGT. We offer a 14 day turnaround time from lodgement of return to receipt of assessment.

We offer pay on the day or fee from refund for payment of our fees. Please have your bank details with you so your refund can be placed directly into your bank account.

Individual tax rates for the 2014/2015 year are as follows:

Taxable Income	Tax on lower amount	% on balance
\$0 - \$18,200	Nil	0%
\$18,201 - \$37,000	\$ 0	19%
\$37,001 - \$80,000	\$3,572	32.5%
\$80,001 - \$180,000	\$17,547	37%
\$180,001 +	\$54,547	*47%

These rates do not include Medicare levy of 2% \* Includes Temporary Budget Repair Levy of 2% until 30 June 2017

### Special points of interest:

- Small Business \$20000 tax write-off
- Changes from 1st July 2015
- 2015 Tax Tips
- Spotting tax scams
- Audit Hot Spots

### OFFICE HOURS

Please note our extended office hours from 1 July for the 2015 tax season are:

Monday to Thursday

8.30am to 6.00pm

Friday 8.30am to 5.00pm

Saturday 9.00am to 1.00pm

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



# Changes for 2015

- From 1 July 2014, the government abolished the Dependant Spouse Tax Offset for all individual taxpayers. The offset was previously only available in respect of a dependent spouse born before 1 July 1952. However, taxpayers may be entitled to claim their full notional entitlement as part of the Zone Tax Offset (ZTO), (irrespective of the spouse's age). This is subject to change once legislation is passed.
- From 7.30pm on 12th May 2015, small businesses with aggregate annual turnover of less than \$2M will be able to immediately claim a deduction for business assets that cost less than \$20000.
- Mature Age Worker Tax Offset that was previously introduced to reward and encourage workers born before 1/7/1957 to stay in the workforce, was abolished as of 1 July 2014. NB. *In place, the government has announced the **Restart** programme and involves subsidy of up to \$10,000 to eligible employers over two years for hiring a mature age job seeker.*
- Net Medical Expenses phase out continues with only those that made a claim in the 2014 year, eligible to make a claim in this year. This does not include claims for disability aids, attendant care and aged care.

## Other Areas of Financial Management

**Income Protection Insurance (I.P.I.)** - This is an area that unfortunately most people defer or totally ignore. Unless you have unlimited sick leave and savings, consider what would happen if you couldn't work for a period of time. I.P.I. can provide you with a regular income and meet daily expenses while you are not earning income. And the good news; in most cases, the premiums are fully tax deductible.

**Enduring Power of Attorney (E.P.A.)** - Another area that is vastly overlooked is having a current E.P.A. An E.P.A. is a legal document which allows you to appoint someone to make financial & property decisions on your behalf. This is vitally important as we age or work away from home.

**Wills - Do you have a current Will?** - Everyone should have a current will. This makes the procedure of dealing with your belongings and financial situation a great deal easier for the people you leave behind. It also confirms your wishes in how you want your assets to be distributed.

**Superannuation** - It is extremely important to review your superannuation statements when you receive them. Generally, super funds send out statements twice per year. You should review the statement to make sure you are happy with what the fund is doing with the contributions going in and that you have nominated a beneficiary. Nominating a beneficiary overrides your will and is then separate from your other assets. We suggest that you contact your super fund to check you have a binding nomination in place and how long that stays current.

## Building and Construction Industry Annual Reports

These reports are required for those paying sub-contractors in the building & construction industry. They relate to payments for services, but not purchase of products/materials.

If you require Sound Tax to complete your Taxable Payments Annual Report, we will require all of the following information for each of your sub-contractors; their ABN, name, phone number, address and amount you paid them (including GST if applicable) during the 2014-15 year.

Sound Tax can assist you in completing your Taxable Payments Annual Report. Start accumulating the information and contact us as soon as possible to make an appointment as these are due to be submitted with the ATO by 21st July. Fines may be imposed by the ATO for late lodgement of these reports.

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

The ATO have an article on their website at [ato.gov.au](http://ato.gov.au) which gives details about how to spot scams, reporting scams and some examples of scams. Type 'spotting scams' in the search bar.

Please take the time to have a look at this article, and be careful of scammers, you just never know when you will be their next target.

## PAYMENT METHODS

Sound Tax & Accounting now require our fee to be paid on the day you sign your tax return. The ATO now only deposits your refund directly into your bank account (ATO are no longer issuing cheques). Alternatively, you can have our fee taken from your refund for an additional \$20 administration fee (Conditions apply, please ask our staff). Sound Tax accepts cash, cheques, credit cards as well as offering EFTPOS facilities.

# Audit Hot Spots for 2015

## ATO BENCHMARKS

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### Compliance target areas for 2015

- 1) **Work-related expense claims**
  - Overnight Travel expenses
  - Reasonable travel allowance expense claims
  - Computer & Similar devices
2. **Rental Properties**
  - Purchase-related costs
  - Availability to Rent
  - Pre-rented deductions
3. **CGT Issues**
  - Six-month overlap main residence rule
  - Granny Flats & other backyard arrangements
4. **Undeclared income on online-selling activities (e.g. E-Bay)**

### Changes that take effect from 1st July 2015

From 1 July 2015, the Zone Tax Offset will be adjusted, so that taxpayers who are Fly-in Fly-out (FIFO) or Drive-in Drive-out (DIDO) will not be able to access the Zone Tax Offset.

All motor vehicles will be claimed at the same c/km rate (66c), additionally the 1/3rd and 12% of cost methods will be abolished. Log book method will remain.

## Assist us to assist you...

When booking an appointment with Sound Tax and Accounting we ask you some questions to ensure our service will meet your needs. Please notify us at the time of booking of any change of details such as address or telephone numbers.

**If you think you may require a longer appointment than the standard one hour, please let us know.**

We will also ask you which tax consultant you would like to see (Robyn, Greg, Deborah or Renae) and what the best time that suits you. Please have all this information ready when making your appointment. If you are unable to keep an appointment, or if you are going to be late, please let us know to avoid inconvenience to others.

Please note that a fee of \$50 may be charged to those who do not attend Saturday morning appointment without 24 hrs. notice of cancellation. Refer to page 1 for our extended office hours and we look forward to seeing you during the 2015 tax season.

The ATO continue to use Benchmarks as an aggressive approach towards reviewing the income and expenses of business taxpayers and can apply 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).

Be aware and contact our office if you receive a benchmark review from the ATO. Significant penalties and default assessments may be issued .

### Medicare Levy Surcharge

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 \$105,000 (\$210,000) to \$140,000 (\$280,000) and to 1.5% over \$140,000 (\$280,000)

### SAPTO— Senior Australian & Pensioners Tax Offset

As the rates are not available until 1 July 2015, these thresholds are those for the 2014 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.

### BAS CLIENTS

The June Business Activity Statement is due to be lodged and paid by the 28th July 2015.

As this is an extremely busy time of the year, we request that you present all of your BAS papers to us by the 16th July. We will not be contacting you for BAS reminders.

If you require your tax return to be completed in conjunction with your June 2015 BAS, please let us know and we will endeavour to accommodate you where possible. However as a general rule, we will complete the BAS as first priority. This is due to the ATO requiring lodgement of the BAS before they will process the tax return.

### 2015 Tax Tips

Purchase Tax deductible item, Prepay Interest on Loan, make deductible Super Contributions **Before June 30.**

Defer receipt of Income, and sales of Capital assets to **After June 30.**

# INFORMATION REQUIRED

The following items will need to be presented to be included in your 2015 tax return.

1. Payment Summary – Include all Payment summaries from your employer/s, Labour Hire firms and Super Funds for the 2015 year. This may include ETP payments.
2. If you receive Employee shares, you will get a Payment Summary from your employer or share manager. Please bring this with you.
3. Centrelink Payments – Please include payment summaries from Centrelink for income such as Newstart, Youth/ Austudy allowances and any taxable pensions. (we may have this info for you)
4. Interest – Include all interest received from Banks, Building Society's, or Credit Unions for the year ended 30 June 2015.

***Tax Tip: Don't rely on the pre-filing report from the ATO to provide all of these details, sometimes it has not been provided by the bank/employer etc....***

5. Dividend/Investments – Include all notices in relation to dividends received and/or the tax statement from managed funds. If you disposed of any of these investments during the 2015 year, you will need to provide purchase & disposal details in order to calculate your Capital Gain (or Loss). *NB: A fee will be charged if you require Sound Tax to research dividends.*
6. Rental Property – You will need to provide details of rent received and rental property expenses for the 2015 year. In order to claim deductions, you will need to provide receipts.
7. Motor Vehicles – You may be able to claim your motor vehicle if you use it for income producing purposes. Please supply the following information along with a correctly completed Logbook.
  - Receipts for fuel, repairs, insurance, registration, and other motor vehicle expenses.
  - Odometer Reading of Vehicle at 30 June 15.  
\_\_\_\_\_ km
  - Amount of Business Km's travelled in the year (cents/km method only)
8. Work Related Deductions – Please collect and present all receipts for any other work related deductions, which you may be able to claim for the year. E.g. uniform purchases, union fees, stationery, self-education expenses, tools, telephone (mobile)

9. Other Deductions – Other deductions may include Donations to charities, Tax Agent Fees, Superannuation (for self employed), Income Protection Insurance and Sickness/Accident Insurance.
10. Private Health Insurance – You **MUST** have your Health Insurance statement to claim your tax offset and/or your exclusion from the Medicare Levy Surcharge.
11. Home office expenses—rent, interest and insurance are not deductible unless you are carrying on a business from home and the area is separate and distinguished from private living areas. Power, heating and depreciation can be claimed at the rate of 34 cents per hour. **Tax Tip:** Complete a 4 week diary to substantiate home office expenses, i.e. Record hours used over 4 weeks
12. Medical Expense – ***You can only claim this if you made a claim in 2014***

The threshold for 2015 is \$2,218 for Singles with ATI less than \$90000 (Families < \$180000) or \$5233 if income is more than these amounts. This includes medical expenses (after Medicare/Health fund rebates) for you and your dependants. You may be eligible for a 20% or 10% tax offset, subject to above thresholds. The eligible expenses include (but not limited to) doctors, dentists, optical & prescriptions expenses.

***Tip: Ask Medicare and your Health Insurance Provider to supply a "statement of benefit for the 2014/15 year". If you have a regular pharmacy, you can also ask them for a list of medications purchased through the year.***

13. Other—Details of any other income, deduction or tax offset item, and any PAYG instalments you have paid for the 2015 year.

Try to save something while your salary is small, it is impossible to save after you begin to earn more.

Jack Benny



