

TAX UPDATE JUNE 2015

GENERAL TAX TIPS

- ✓ Bring forward deductions into this financial year.
- ✓ Prepay interest on rental properties & other investments.
- ✓ Prepay 12 months Income Protection Insurance & any other expenses such as subscriptions.
- ✓ Salary Sacrifice to super.
- ✓ Consider Transition to Retirement Income Streams if you are over 55.
- ✓ Defer income into 2016 if your income may be lower next year.
- ✓ If you're not already, look at investing tax effectively to create an asset for the future while saving tax now.
- ✓ Capital Gains - consider crystallising unrealised losses to offset current year capital gains / Defer Asset Sales until next financial year.



FEDERAL BUDGET 2015 - HIGHLIGHTS

- Small business company tax rate cut to 28.5%; 5% tax discount for unincorporated small business.
- Small business asset accelerated depreciation write-off up to \$20,000 per year.
- Immediate deductibility for professional expenses re start-ups.
- No FBT on work related electronic devices.
- Capital Gains Tax roll-over relief for change to entity structure.
- Multinational Tax Measures (MNEs): no Australian "Google tax", but Pt IVA (Tax Schemes provisions) to be strengthened regarding avoiding a taxable presence in Australia (PE).
- MNE tax avoidance – stronger penalties.
- A GST "Netflix" tax to apply to certain offshore intangible supplies (ie. Digital imports) from 1 July 2017.
- No changes announced to the low-value threshold (\$1,000) for taxable importations for GST however
- Personal tax rates: no change; Budget deficit levy not to be extended.
- Work related car expenses simplified: 2 methods discontinued; only the log book method & set rate km method to remain (and only one flat rate of 66c per km instead of three).
- HELP debt – overseas student repayment obligations
- FBT meal and entertainment concessions for Not-For-Profit employees to be capped.
- Accelerated depreciation for primary producers re fencing, water facilities, etc.
- Major childcare payments revamp from 1 July 2017
- Age Pension assets test: threshold to be increased, but taper rate tightened.
- Age Pension access while overseas – Australian working life residence rule of 35 years to apply.

**VOLUNTARY
ENTRY INTO
PAYG
INSTALMENTS
IS NOW
AVAILABLE**

ATO COMPLIANCE PROGRAM

Usually the ATO releases its key priorities and activities for the forthcoming year, however they have not done so this year. We expect continued focus on specific occupations and work-related deductions (including targeting substantiation of claims), together with heavy penalties & enforcement measures for late lodgments.

CHILDCARE PAYMENTS REVAMP

A new and simpler childcare subsidy to commence 1/7/2017



In the Budget, the government announced that from 1/7/17, it will introduce a new and simpler mainstream Child Care Subsidy through the following measures:

- Abolition of the current Child Care Benefit.
- Introduction of a means tested Child Care Subsidy.
- Families on incomes under \$185,000 will no longer have a cap.
- A cap of \$10,000 per child at the time of introduction will be established for the total value of subsidies for family incomes of \$185,000 and above.
- Hourly benchmark prices will be introduced.
- There will be a new activity test. Parents will only receive benefits if they are working or studying with tiered eligibility based on hours worked or studying.

The aim is to provide “more flexible, more affordable access to high quality childcare for families looking to get into work, or staying in work”. – *Senator Cormann*



PROPERTY TAX DEPRECIATION

If you have an investment property, it can potentially receive depreciation allowances — which are non-cash deductions against your assessable income. Houses, units and commercial properties all qualify.

By using an ATO recognised full Tax Depreciation Schedule, investors can claim thousands of legitimate tax dollars back on their investments each year — the big benefit of course being conserving cash flow by increasing tax deductions now.

Something to consider when purchasing a property!

SUPER CO-CONTRIBUTIONS SCHEME

The Co-Contribution Scheme for personal contributions made from 1 July 2014:

Year of Entitlement	Maximum Entitlement	Matching Rate	Lower Threshold	Higher Threshold
2014-2015	\$500	50%	\$34,488	\$49,488
2015-2016	\$500	50%	\$35,454	\$50,454

NEW
Small Business
instant asset
write off for
assets up to
\$20,000

If you have any questions or would like further clarification of any of the items contained within, please do not hesitate to contact us. Thank you for your continued support which is much appreciated. We welcome all referrals so if you know of anyone who may need our assistance, please do not hesitate to pass on our details.

Regards David & the IAS team.