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INFINITE ACCOUNTING SOLUTIONS

TAX UPDATE JUNE 2019

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 or make personal deductible contributions.
- ✓ Consider Transition to Retirement Income Streams if you are over 55.
- ✓ Defer income into 2020 particularly 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.
- ✓ Gearing into the share market is possible (not only real estate) and works well in relation to franking credits.
- ✓ Capital Gains - consider crystalising unrealised losses to offset current year capital gains / Defer Asset Sales until next financial year.

2019 TAX TIME CHANGES

From 1July 2019, Private Health Insurers are **no longer required to issue annual private health insurance statements**. This information will instead be available to us via the Tax Agent Portal prefill information.

Low and Middle Income tax offset of up to $1,080 is still to be legislated – should legislation be passed, 2018-19 Assessments will be amended to facilitate payment of any additional offset due.

Income statement – Larger employers were not required to issue payment summaries for 2018-19 and will now issue Income Statements instead. Income statements will be available electronically to us via the Tax Agent portal prefill information and also through myGov, or upon request with the ATO.

Taxable payments reporting system (TPRS) regime has been extended to a number of new industries in recent times, with the **cleaning and courier industries coming into line since 1 July 2018** and the **road freight, security, investigation, surveillance and information technology** industries set to report from 1 July 2019.

Tax Logbook

LogbookMe tax logbook has taken the hassle out of completing a compliant log book. Trips are logged automatically every time the vehicle is driven.

Logbook me

Immediate write-offs for small businesses amounts purchasing assets are as follows:

- **from 7.30pm (AEDT) on 2 April 2019 until 30 June 2020, if they cost less than $30,000 each**
- from 29 January 2019 and before 7.30pm (AEDT) 2 April 2019, if they cost less than $25,000 each
- before 29 January 2019, if they cost less than $20,000 each.

The balance of the general small business pool is also immediately deductible if the balance is less than the above amounts. The instant asset write-off threshold now includes businesses with a turnover from $10 million **to less than $50 million as of 7.30pm (AEDT) on 2 April 2019**.

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CHARTERED ACCOUNTANTS AUSTRALIA + NEW ZEALAND

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Downsizer contributions into superannuation - From 1 July 2018, members aged 65 years old or older, and meet all the eligibility requirements may choose to make a downsizer contribution (a new contribution type) of up to $300,000 into superannuation from the proceeds of selling their primary residence. To be eligible, the contract for sale must be entered into on or after 1 July 2018. Downsizer contributions can be made regardless of contributions caps and other restrictions (age and work test) that may apply when making voluntary contributions.

First home super saver scheme - If a taxpayer requested the release of an amount under the First home super saver (FHSS) scheme during the 2018–19 income year, they must include in their 2019 tax return:

- any assessable FHSS amount
- the tax withheld amount.
- They will receive a payment summary from us showing the assessable FHSS amount and tax withheld.

If they requested a release during the 2018–19 income year, they must include the amount in their 2019 tax return, even if they did not receive the amount until after 30 June 2019.

Increased access to company losses - The current 'same business test' for losses has been supplemented with a more flexible **'similar business test'**. The new test will expand access to past year losses when companies enter into new transactions or business activities. As a test for accessing past year losses, the 'similar business test' will only be available for losses made in income years starting on or after 1 July 2015. The similar business test is applicable following change in ownership. The 'same business test' and the 'similar business test' will be collectively known as the 'business continuity test'.

ATO HIT LIST

Hundreds of thousands of Aussies are expected to receive "please explain" letters this year amid an escalation in the ATO's crackdown on the $8.7 billion "tax gap". Dodgy, work-related claims like dry cleaning and car expenses will be the targets, along with investment property deductions and earnings from cryptocurrencies and sharing economy platforms like Uber.

The ATO has been given additional resourcing by the Government to back up the work they're doing in relation to non-compliance.

Expect far more audits and more letters in relation to incorrect claims around work-related expenses and property. There will also be far more data-matching around cryptocurrency and the sharing economy.

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

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. Despite recent budget changes, there are still substantial benefits from depreciation.

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