

## TAX UPDATE JUNE 2017

### 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 2018 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 crystallising unrealised losses to offset current year capital gains / Defer Asset Sales until next financial year.



#### 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

### 2017 TAX TIME CHANGES: OVERVIEW

From 1 July 2016 small business tax concessions became available to all businesses with a turnover of less than \$10 million. Some exceptions are the small business tax offset which has a threshold of \$5 million and Capital Gains Tax concessions which continue to have a threshold of \$2 million.

From 1 January 2017, working holiday makers on 417 or 462 visa must pay 15% tax on all working holiday income up to \$37,000.

Foreign residents must lodge a tax return at the end of the financial year declaring any Australian assessable income. This would include any capital gains from the disposal of an asset, which has been subject to foreign resident capital gains withholding (FRCGW). The tax payer vendor will be able to claim a credit for any FRCGW.

From 1 July 2016 changes have been made to the farm management deposit (FMD) scheme. The cap on FMDs that can be held by primary producers increased from \$400,000 to \$800,000, due to the removal of the restriction on the use of FMDs to offset farm business loans.

### SIMPLER BAS IS COMING SOON

The ATO is reducing the amount of information that they require for business activity statements. From 1 July 2017 Simpler BAS will be the default method for small businesses with a turnover of less than \$10 million.

Only Total Sales, GST on Sales and GST on purchases will be required.

The reporting cycle and other taxes reporting on business activity statements remain the same.

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



*Information contained herein is of a general nature only.*

*Anyone seeking to apply the information should seek professional advice to verify it applies to their situation.*

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## SUPER CHANGES FROM 1 JULY 2017

A \$1.6 million cap has been introduced on the amount that can be transferred to super in retirement phase when earnings are tax-free. This is known as the Transfer Balance Cap.

The annual concessional contributions cap has been reduced to \$25,000 (from \$30,000 for those under 49 at the end of the previous financial year and \$35,000 otherwise). Non-concessional contributions will be capped at \$100,000 p.a.

The threshold at which high-income earners pay Division 293 tax on their concessional contributions to super has been reduced from \$300,000 to \$250,000.

### 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.

## MORTGAGE DUTY ABOLISHED

Mortgage Duty was abolished 1 July 2016. This is a big positive for all borrowers as incumbent lenders no longer have the protection of a 0.4% transfer impost. This will encourage a competitive lending environment, so consider your finance needs, in particular the Big 4 bank lending margins coming back to the secondary bank/non-lender pack.



### LAND TAX SURCHARGE

If you are a foreign person who owns residential land in NSW you must pay a surcharge of 0.75% from 2017 land tax year onwards. You are required to pay the surcharge on taxable value of all residential land that you own as at 31 December each year including your principle place of residence.

## DON'T BE A DUMMY WITH YOUR DEDUCTIONS (ATO)

The ATO is reminding people of what are eligible claims for work related expenses and have the following advice:

- ✓ You don't need receipts to claim up to \$300 but you must have actually spent the money.
- ✓ To claim uniform expenses what you wear needs to be distinctive and unique, with your employer's logo or specific for an occupation. Everyday clothes you bought to wear for work aren't deductible.
- ✓ Claims are only able to be made on money that you've spent yourself and that haven't been reimbursed
- ✓ Deductions must be directly related to earning income and you need a record to prove it
- ✓ Meal expenses for travel can be claimed but only if you are required to work away from home overnight
- ✓ Work-related portion only is allowed to be deducted for phone or internet expenses
- ✓ Self-education expenses can be deducted only when the study has a direct connection to your current employment. Source ATO.

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*