

PERSONAL TAX RATES – 2017/18

Taxable income	Tax on this income
0 - \$18,200	Nil
\$18,201 - \$37,000	19c for each \$1 over \$18,200
\$37,001 - \$87,000	\$3,572 plus 32.5c for each \$1 over \$37,000
\$87,001 - \$180,000	\$19,822 plus 37c for each \$1 over \$87,000
\$180,001 and over	\$54,232 plus 45c for each \$1 over \$180,000

These rates do not include the Medicare Levy of 2%

THE SHARING ECONOMY – UBER, AIRBNB, ETC

The sharing economy is a way of connecting buyers and sellers, usually via an app or website such as earning money from odd jobs, transporting passengers or renting out a room or house.

If you earn any money from these sources, you need to consider the tax consequences including registering for an ABN, whether you are required to register and charge GST (this is a requirement for all ride-sharing services) and whether any capital gains tax (CGT) will apply when you sell your property (even if it was your main residence).

With many of these businesses sharing their data directly with the ATO, we highly recommend you contact us to discuss your position and any potential tax consequences.

ATO WARNING ON DEDUCTIONS

The ATO has released a guide which sets out 11 items that are often claimed but probably shouldn't be:

1. Travel between home and work;
2. Car expenses for transporting bulky tools (must be required by your employer and no secure area at work);
3. Salary packaged car expenses;
4. Meal expenses while travelling (unless you are required to work away from home overnight);
5. Travel that includes a private component;
6. Everyday clothes you bought to wear to work even if your employer requires you wear them;
7. Cleaning costs for work clothes;
8. Self-education costs charged through the HELP scheme;
9. Private portion of phone and internet expenses;
10. Tools and equipment costing more than \$300 – this must be depreciated.

INTRODUCING “E-SIGN” – COMPLIANT AND SECURE ELECTRONIC SIGNATURES FOR TAX RETURN DECLARATIONS



As part of completing your Tax Return and Activity Statements this year, you will have the option to receive your return by email where you will be able to review, electronically sign and return to us without the need to print.

The fastest way to receive your refund is to pay our fees upfront before lodging your return either by cash, cheque or credit card – your refund will then be paid directly to your bank account by the ATO.

Due to the additional administration and audit costs of operating our trust account, we are introducing a \$20 processing fee for all refunds banked to our trust account. **We have not increased any of our standard tax return preparation fees.**

SUPERANNUATION

With a multitude of changes to superannuation effective from 1 July 2017, it is important to ensure you stay up to date and adjust your strategies (such as salary sacrifice) to remain compliant and to take advantage of any concessions available to you.

As always, please do not hesitate to contact us to discuss how you can benefit from these changes.

REMOVAL OF 10% TEST FOR PERSONAL SUPER CONTRIBUTIONS

One such positive change effective from 1 July 2017 is the removal of the requirement for less than 10% of your income to be from employment activities to be able to claim a tax deduction for a personal super contribution.

Although the existing age requirements will still apply, this change will enable a broader range of taxpayers to claim a tax deduction for their super contributions.



SMALL BUSINESS CHANGES

CHANGES TO SMALL BUSINESS CONCESSIONS IMPACTING 2016/17 FINANCIAL YEAR

Some of the changes impacting small businesses in 2016/17 are:

- Increase in the turnover threshold for small businesses from \$2m to \$10m;
- Small business income tax offset increased from 5% to 8% capped at \$1,000 per year (<\$5m turnover);
- Small business company tax rate reduced from 28.5% to 27.5%
- Dividends must now be franked to the lower rate of 27.5% instead of 30%

EXTENSION OF \$20K THRESHOLD

The \$20,000 threshold for the immediate deduction of depreciable items has been extended to 30 June 2018. With the increase in the turnover threshold from \$2m to \$10m (see above) from 1 July 2016, more small businesses will now also be eligible for the concession.

SIMPLER BAS FROM 1 JULY 2017

Small businesses with a turnover less than \$10m will only need to report the following on their BAS:

- Total Sales (G1)
- GST on Sales (1A)
- GST on Purchases (1B)

These changes impact on GST reporting only – other taxes reported on the BAS are not impacted.



SINGLE TOUCH PAYROLL IS COMING

Single Touch Payroll is a reporting change for employers who will need to start reporting payments such as salaries and wages, PAYG Withholding and super information directly to the ATO at the same time they pay their employees.

From 1 July 2018, this new reporting requirement will be compulsory for all employers with more than 20 employees (it is optional for employers with 19 or less employees).

RECEIVE ALL FUTURE NEWSLETTERS BY EMAIL

Over the next 12 months, we will be encouraging all of our clients to switch to receiving our newsletters by email. This change will allow us to communicate any changes that may impact you in a more efficient manner.

We have also categorised our newsletters to ensure you only receive the topics that interest you – select from Business Services, Personal Tax, Super / SMSFs and Financial Planning.

Subscribing is easy – just go to www.hcpartners.com.au and select “Subscribe to Newsletters” on the Home Page.

Should you need any assistance or advice with your superannuation, investment or retirement matters, please contact one of our Financial Advisers.

Important: This is not advice. Clients should not act solely on the basis of the material contained in this bulletin. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. This bulletin is issued as a helpful guide to clients and for their private information. Therefore it should be regarded as confidential and not be made available to any person without our prior approval.