



## Autumn 2016

### Changes to HECS-HELP discount & voluntary repayment bonus

From 1 January 2017, the Australian Government will remove the upfront HECS-HELP discount of 10% for eligible students that pay their student contributions upfront and the voluntary HELP repayment bonus of 5%. The current arrangements allow Commonwealth supported students who are eligible for HECS-HELP to receive a discount of 10% if they elect to fully pay, or part pay \$500 or more of their student contribution amount upfront to their higher education provider. The current arrangement also allows people who have a HELP debt and make a voluntary repayment of \$500 or more towards that debt to receive a 5% bonus as an additional credit against the outstanding HELP debt.

The removal of the upfront discount will not affect students who fund their university studies through a HECS-HELP deferred loan. The bonus for voluntary repayments will only affect people who can afford to make voluntary repayments above what are required when annual tax returns are assessed.

### Reminder of small business tax cuts

A new two-tier company tax system took effect from July 1 2015 and applies to all companies. This system sees the whole of a company's taxable income subject to the following rates:

- 28.5% if the company's aggregated turnover is below a \$2 million threshold (i.e. a small business entity)
- 30% if the company's aggregated turnover is equal to or above a \$2 million threshold.

Importantly, companies don't need to do anything now if they are identified as a small business, the new rate will be automatically applied to their PAYG instalments rate on their next activity statement.

### Warning to employers to withhold tax from some car allowances

The ATO has reminded taxpayers that in relation to claiming car expenses, the one-third of actual expenses method and the 12% of original value method were abolished from 1 July 2015. Employers should be aware that the ATO set the approved PAYG withholding rate for cents per kilometre car allowances at 66 cents per kilometre from 1 July 2015. The cents per kilometre method now uses a standard rate of 66 cents per kilometre for all cars, rather than a rate based on a car's engine size.

Employers should withhold tax from any amount above 66 cents for all future payments of a car allowance, as failure to do so may result in the employee having a tax liability when they lodge their tax return. Employees, who have been paid a car allowance from 1 July 2015 at a higher rate than the new approved amount, should consider whether they need to increase their withholding to avoid any tax liability at the end of the year. If this applies to your business, please contact the office if you need help with the calculations.



### Medical expenses rebate gone

Just a reminder that the medical expenses rebate no longer applies from 1 July 2015, except for very limited expenses i.e. nursing home care expenses and medical aids like wheelchairs & hearing aids.

### LODGING TAX RETURNS

**Please bring in your information ASAP if you have not lodged your 2015 & prior tax returns.  
Due 16 May 2016.**

## ATO supporting small businesses to implement SuperStream

Are you Super  
Stream Ready?



As the SuperStream rollout for small business continues, the ATO has reaffirmed its commitment to helping employers who need support implementing SuperStream.

Employers with 20 or more employees were expected to be using SuperStream no later than 31 October 2015. **Employers with 19 or fewer employees need to be using SuperStream no later than 30 June 2016.** Now is a good time for employers to adopt SuperStream and familiarise themselves with it before the deadline. It is also ideal for employers to make sure they have all the information they need to use SuperStream correctly, particularly their employees' TFNs and their fund's unique super identifiers (USIs). The ATO step-by-step checklist to help employers prepare can be found at [www.ato.gov.au/SuperStreamChecklist](http://www.ato.gov.au/SuperStreamChecklist)

## Guidance regarding the payment of death benefits

There are some common misconceptions about superannuation death benefits that can result in unexpected outcomes for the beneficiaries of a death benefit. The most common misconception, arguably, relates to the purpose of superannuation. Broadly speaking, the purpose of superannuation is to provide income in retirement to members and their dependants; it does not form part of a person's estate. Accordingly, a superannuation death benefit should be paid to dependants and those who had a legal or moral right to look to the deceased member for financial support had they not died.

The ability of a superannuation fund to pay a death benefit directly to a dependant rather than to the estate has a number of advantages. Firstly, it ensures that the benefit is paid directly for the benefit of the dependants and is not available to creditors who would be paid first from the assets of the estate. Secondly, it generally reaches the beneficiaries quicker than if a grant of probate or letters of administration has to be obtained and the estate called in and distributed. Finally, as a general rule, superannuation death benefits are protected from bankruptcy.

Therefore, even if the deceased member was bankrupt or the estate is insolvent, funds can be paid direct to the dependants to replace the income

stream that may be lost as a consequence of the death.

However, if you would like to ensure that your superannuation is distributed in a certain way then it is important to find out if your superannuation fund has the option for a binding nomination and if so, ensure you meet the requirements, including renewing your **binding nomination** every three years.

The requirements for making a binding death benefit nomination for a SMSF are normally found in the trust deed of the fund and may allow the nomination to be 'non-lapsing'.

## Inactive Trust ABNs to be cancelled

The ATO will begin cancelling the ABNs of approx. 220,000 trusts where there is evidence those trusts are no longer carrying on an enterprise. This is based on information which indicates that, for the last two years, the trust has not lodged any BAS and/or trust income tax returns.

The ATO will send a letter if an ABN has been cancelled, including the reason for the cancellation and a phone number to ring to get the ABN reinstated immediately if the recipient does not agree with the decision. If you receive such a letter and think the trust should still be entitled to an ABN, let us know and we will try and sort it out for you.

## ATO reviewing taxable payments annual reports

The ATO is contacting businesses in the building and construction industry about information provided in their Taxable payments annual report, where the businesses have:

- Provided a report with missing / invalid ABNs
- Included amounts paid for GST when the contractor isn't registered for GST
- Not lodged a report or advised the ATO they are not required to report when the ATO's records indicate they should

The ATO will explain what their review has found and suggest ways to make it easier to complete accurate reports in the future, such as using the ABN Lookup tool or ATO app to check a contractor's ABN or if they are registered for GST.

