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Winter 2021

The 2021 Tax Year is almost over and it's nearly time to do your tax returns again.

Budget Update

The most relevant items for our clients from the 2021/22 Federal Budget are:

- Personal Tax Rates - No changes were made to personal tax rates.
- The **Super Guarantee** (SG) rate will increase from **9.5% to 10% from 1 July 2021**, meaning employers will need to change their contributions for employees.
- Temporary Full Expensing extended - the Government will extend the 2020-21 temporary full expensing measures for 12 months until 30 June 2023. This will allow eligible businesses with aggregated annual turnover or total income of less than \$5 billion to deduct the full cost of eligible depreciable assets of any value, acquired from 7:30pm AEDT on 6 October 2020 and first used or installed ready for use by 30 June 2023.
- Loss carry-back extended - the loss years in respect of which an eligible company (aggregated annual turnover of up to \$5 billion) can currently carry back a tax loss (2019-20, 2020-21 and 2021-22) will be extended to include the 2022-23 income year.

As always, this is general information, please contact us for more specific advice related to your own circumstances.

Personal Super Contributions Tax Deductible for All Taxpayers

A reminder all individuals 74 years or younger will be allowed to claim a tax deduction for personal super contributions made during the year, up to the \$25,000 annual limit (or higher if you have catch up contributions rolled over from 2020) **provided** those **over 67 can pass the "work test"**.

To claim a contribution in your 20/21 tax return your super fund must receive the contribution before 30 June 2021. (We recommend by 23 June to allow time for your super fund to process your payment).



Catch-up Super Concessional Contributions

Individuals with balances less than \$500,000 at the start of the financial year will be allowed to make **additional** concessional (tax deductible) contributions where they **have not fully utilised the cap in prior years**. Unused amounts will start rolling forward on a rolling basis for five years, from 2019.

You can confirm your contribution limit for 2020/21 via myGov or by contacting us.

LODGING OVERDUE TAX RETURNS

Please bring in your information ASAP if you have not lodged your 2020 and prior year tax returns.

Single Touch Payroll (STP) reporting commencing 1 July 2021 for closely held payees

The ATO has confirmed that STP reporting for closely held payees will commence from 1 July 2021.

What is STP again?

Via STP compliant software, all Employee's tax and super information is sent to the ATO each pay run (or quarterly if you are closely held payees).

The ATO are implementing this as a way to have more up-to-date information on what employers are paying their staff, how much super they are paying and ensuring it is being paid on time.

What does this mean for you?

From 1 July 2021, you must report payments made to closely held payees through STP compliant payroll software (eg: Xero).

A closely held payee is an individual who is directly related to the entity from which they receive payments, for example family members of a family business, directors and shareholders.

From 1 July 2021 there will be three ways to report your closely held payees through your payroll software:

1. Report actual payments on the date of payment
2. Report actual payments quarterly
3. Report a reasonable estimate quarterly by reporting an amount that is equal to or greater than 25% of the previous year's reported wages for closely held payees.

If you have other employees (known as 'arm's length employees') you must continue to report information via STP on or before each pay day. From 1 July 2021, this will include micro employers (1 – 4 employees) who previously had a concession.

If you have any queries regarding STP for closely held payees or you are not sure if your current payroll software is STP compliant please do not hesitate to contact us.

Super Contribution caps increase from 1 July 2021

From 1 July 2021, the superannuation concessional (tax deductible) and non-concessional contribution caps will be increased. The new caps will be:

Year	Concessional Cap	Non-Concessional cap
2021-22	\$27,500	\$110,000 or \$330,000 over 3 years

The total superannuation balance limit that determines if an individual has a **non-concessional contributions** cap of nil will also increase from \$1.6 to \$1.7 million, effective from 1 July 2021.

Home Office Claims – 2020 & 2021

Due to COVID-19 and the increase in employees working from home, a simplified method has been introduced that allows you to claim a rate of 80 cents per hour for all your running expenses, rather than having to calculate the additional amount you incurred for specific running expenses.

You may still use one of the existing methods to calculate your running expenses if you would prefer to.

You can claim a deduction of 80 cents for each hour you work from home due to COVID-19 if you were:

- Working from home to fulfil your employment duties and not just carrying out minimal tasks such as occasionally checking emails calls; and
- Incurring additional deductible running expenses as a result of working from home.

You do not have to have a separate or dedicated area of your home set aside for working, such as a private study. It is available to all people working from home in the same house.

We will assist you with which claim is best for you when completing your tax return.



Pay Super on time to avoid penalties

Reminder for Directors to pay superannuation

From 1 July 2021 all wages paid to employees including Directors and closely held persons are required to be reported to the ATO through Single Touch Payroll (STP). This will also report to the ATO the 10% **superannuation contribution due on the wages paid** including Directors wages. These superannuation contributions will need to be paid quarterly.

The ATO have begun a data matching program which matches the expected super payable from Single Touch Payroll data with actual super paid. It is therefore more important than ever that superannuation contributions are paid on time as **significant penalties will apply** for the late payment of super contributions including:

- An administration fee of \$20 per employee per quarter
- An interest charge (currently 10%p.a.) for each late payment
- The loss of tax deductibility on late super payments
- A penalty of between 100% and 200% of the super guarantee charge

Tax Saving Strategies Prior to 1 July 2021

The following outlines common types of deductible expenses claimed by individual taxpayers, such as employees and rental property owners, plus some strategies that can be adopted to increase deductions for the 2020/21 income year.

Equipment Costing \$300 Or Less

Salary and wage earners and rental property owners will be entitled to an immediate deduction if assets costing \$300 or less are purchased by 30 June 2021. (For jointly owned rental properties the limit is \$600). Some purchases you might like to consider include:

- ❑ Mobile Phones & Tablets (work use);
- ❑ Briefcases or luggage;
- ❑ Software and computer accessories
- ❑ Furniture, appliances etc.
- ❑ Tools of trade

Clothing Expenses

- ❑ Purchase or pay for work related uniform expenses (either with a logo, distinctive or protective clothing) prior to the end of the income year;
- ❑ Dry cleaning of work related clothing.

Self-Education Expenses

Pay for the following self-education items before the end of the income year:

- ❑ Course fees and tutorial fees; (not Commonwealth Supported Fees)
- ❑ Student union fees
- ❑ Travel Expenses
- ❑ Stationery and textbooks;
- ❑ Printer Ink and computer consumables;
- ❑ iPads or Tablets costing less \$300.

Other Work Related Expenses

Prepay any of the following expenses prior to 30 June 2021

- ❑ Union fees;
- ❑ Subscriptions to professional associations;
- ❑ Magazine and newspaper subscriptions;
- ❑ Seminars and conferences;
- ❑ Phone or Internet expenses
- ❑ Work related travel
- ❑ Income protection insurance (excludes death & permanent disability);

Capital Losses

Capital losses can only be offset against capital gains. So if you have realised some capital gains this year, look at realising some capital losses before year end if possible to offset it, particularly if you have shares. However, be careful not to sell off shares you want to keep anyway.

Investment Expenses

Prepay any of the following expenses prior to 30 June 2021:

- ❑ Interest on rental property or share loans;
- ❑ Pay June quarter rates, land tax, body corporate levies in June.

Donations

Are a tax deductible means to reduce your taxable income and save some tax. You must make the gift to a registered charity which includes school building funds.

Businesses

For those in business you can implement the following to delay income into the next tax year or to bring forward some expenses into 20/21 financial year:

- ❑ Delay invoicing;
- ❑ Pay all your bills before 30 June;
- ❑ Pre-pay up to 12 months rent in advance (if your turnover is below \$10M)
- ❑ Purchase equipment

The 'New' Myob Essentials

In July last year, MYOB announced a complete upgrade to their existing MYOB essentials software, bringing a range of improvements. They have now begun the roll out of this software to users without payroll, with the remaining users expected to receive the upgrade in quarter 3 2021. The upgrade will happen overnight, so there will be no downtime on your file.

This upgrade will increase the overall functionality of essentials, making it more comparable to MYOB AccountRight. While there are some aesthetic and layout changes, the biggest changes to the functionality come from improved bank reconciliation functionality, reporting, and Payroll. You can find more detailed information on the changes via the MYOB website.



GLR's Payroll Management Services

Yes, we do provide this service. Whether you are an existing Contractor or about to start, we can assist.

For further information, please email Payroll@qlraccountants.com.au, give us a call or visit our website www.qlraccountants.com.au.

Upcoming Due Dates

- 21 June 2021 – Monthly IAS May 2021
- 25 June 2021 – 2021 Fringe Benefit Tax Returns
- 25 June 2021 – Last day for superannuation contributions to be received by fund (employer and personal contributions) to claim as tax deductible in 2021 tax return
- 1 July 2021 – All employers need to be registered for Single Touch Payroll (STP)
 - Employers with less than 4 employees now required to report by pay day rather than quarterly unless all closely held employees
- 14 July 2021 – Employers required to finalise 2021 Income Statements & report through STP – exception applies for closely held employees
- 28 July 2021 – Super guarantee contributions due for the quarter ended 30 June 2021
- 25 August 2021 – BAS June 2021 quarter
- 28 August 2021 – Taxable Payments annual report (note this year IT Businesses need to report IT contractors paid)

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