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Hello everyone, in this busy tax period we are all working very hard to get your tax refunds to you as quickly as possible. So in the meantime, please have a read of our newsletter. If you have any questions or comments, we'd love to hear them.

-Best wishes to you all from the team at GLR.

GLR's new front office

We were very excited to open our new front office and meeting rooms downstairs (street level) in August. The response and feedback from clients has been very positive too and we are very happy with the fitout and new arrangements. For those who have not been into the new front office as yet, we look forward to seeing you over the coming months.

No More Medical Expense Claims

Another reminder because a number of clients have missed this on our previous newsletters. The medical expense offset **has been abolished** for the 2015/16 financial year. **As you are no longer able to claim your medical expenses you do not need to provide them to us to complete your 2016 tax return.**

However, a limited number of expenses are still claimable, including nursing home fees, disability aids and attendant care until 2018/19.

27 Pays in 2016 Financial Year

We have seen a lot of 2016 tax returns that have been affected by the 27 fortnightly pays in the 2016 year. If you did not elect to have extra tax deducted from your salary due to the extra pay, then you are likely to receive a lesser tax refund to what you normally do.

Data matching expanded on individual returns

The ATO continues to cross-reference information reported in tax returns against over 600 million transactions provided to it by third parties to identify omitted income, Capital Gains or incorrectly-claimed entitlements. It also contacted nearly 400,000 taxpayers who had discrepancies in the information they reported in their tax returns.

The ATO has said that traditionally, it has focused on areas such as omitted interest and employment income, but this year it is expanding its data matching capacity to encompass a greater range of areas, such as:

- Capital gains tax (CGT) from the disposal of shares and property
- Employment-related foreign source income; and
- Contractor income from payments made by government agencies



Increased Tax Incentives for Farmers

From 1 July 2016 there are new benefits with Farm Management Deposits (FMD's). The amount that may be held in a FMD has doubled from \$400,000 to \$800,000 per person. Also from 1 July 2016 the FMD can be offset against a primary production business loan to reduce the loan interest. There are certain eligibility rules around FMD's so please contact us if you are going to consider them and aren't certain of the rules.

Also a reminder that since May 2015, Australian farmers can claim a tax deduction on capital expenditure incurred on:

- Water facilities;
- Fodder storage assets; and
- Fencing

Farmers are able to **fully deduct** the cost of water facilities and fencing in the year they are purchased; and deduct the cost of fodder storage assets over **three years**.

Farmers with turnover of less than \$2 million are eligible to immediately write-off all asset purchases up to \$20,000 until 30 June 2017.

Our thoughts are with our farming clients and their families who are experiencing the severe flooding at the moment. We hope they are able to recover and move forward as the land dries out.

Selling Property over \$2 Million

From 1 July 2016 new rules apply to the sale of Australian property with a market value of over \$2 million. A 10% withholding tax must be applied by the purchaser **unless the vendor obtains a 'clearance certificate'** from the ATO prior to Settlement of the sale. The clearance certificate relates to Australian residency and is available online. We expect that Solicitors/ Conveyancers will be aware of the requirements and advise vendors accordingly.



ATO warns over-claiming is easier to detect than ever

In relation to 2015/2016 individual income tax returns to be lodged this year, the ATO says it will be focusing on:

- Unusually high work-related expense claims across all industries and occupations;
- Expenses claimed that have already been reimbursed by employers; and
- Claims for private expenses such as travel from home to work
- Holiday homes that are rented out

The ATO says its ability to identify and investigate claims that **differ from the 'norm' is rapidly improving each year**. Every return is scrutinised and is becoming a lot easier to identify claims that are significantly higher than those claimed by people with similar occupations, employment income & property investment locations.

MYOB Account Live Support

For the ever increasing MYOB users converting to Account Live (cloud) files, please be aware to continually update your versions as MYOB send through the updates. MYOB have advised that they will **not support old versions**. This could leave you stranded if you encounter errors or data loss with your file. You do not want to risk losing all your file information.

GLR Clients 2016 Tax Returns NOT due 31 October

A reminder that we have an extension for our client's tax returns and they are not due on 31 October. **So no need to panic**. In some cases where the previous year's tax returns have not been lodged, you may have a 31 October deadline. If this is you, please contact us to confirm or provide your information so we can get you back up to date.