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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.

Are you over the $1.6M Super Limit?

If you are, then the ATO can impose penalties, so you need to address this ASAP. If under $1,700,000 you have until **1 January 2018** to rectify this with no penalties. So if you think you have a combined super balance, <u>per person</u>, but including CSS/PSS pension's capital value of over $1.6M, you need to address this ASAP. Either contact your Financial Planner or you can contact us for advice. If you have an SMSF, we urge you to bring in your information ASAP so we can address this issue.

New threshold for Tax Withholding on sale of Property

From 1 July 2017 ALL Australian resident vendors who dispose of Australian Properties with a market value of $750,000 or above will need to apply for a <u>clearance certificate</u> from the ATO to ensure tax amounts are not withheld from their sale proceeds.

Where a **Foreign Resident** disposes of an Australian property with a market value of $750,000 or above, the purchaser will be required to withhold 12.5% (previously 10%) of the purchase price and pay it to the ATO, unless the seller provides a variation obtained from the ATO.

Extension of the $20,000 SBE Immediate Deduction Threshold

In the 2017/18 Budget, the Government announced that it intended to extend the ability of **Small Business Entity (SBE) taxpayers** to claim an outright deduction for depreciating assets costing less than $20,000 until 30 June 2018. This Budget Night announcement has now been passed into law.

Previously, the outright deduction threshold for SBE's in relation to depreciating assets was **$1,000** The threshold is scheduled to revert back to $1,000 as of **1 July 2018**.

To qualify for an immediate deduction for depreciating assets purchased by an SBE taxpayer costing less than $20,000, the asset needs to be **first used or installed ready for use, and paid for on or before 30 June 2018.**

The 'aggregated turnover' threshold to satisfy the requirements to be an **SBE taxpayer** has increased **from $2 million to $10 million**, as of 1 July 2016.

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** from 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 you 2017 tax return.

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

Removal of the Temporary Budget Repair Levy from the 2017/18 income year

The 2% Temporary Budget Repair Levy (TBRL) which has applied to individuals with a taxable income exceeding $180,000 since 1 July 2014, is repealed with effect from 1 July 2017.

Up until 30 June 2017, including the TBRL and the Medicare Levy, individuals earning more than $180,000 faced a marginal tax rate of 49%.

With the benefit of the removal of the 2% TBRL, from 1 July 2017, individuals with a taxable income exceeding $180,000 face a marginal tax rate of 47% (including Medicare Levy).

But add another 1.5% for the Medicare Levy **Surcharge** for certain individuals that don't have Private Health Insurance.

Using social media? Be aware of tax scams!

It's important to be aware of what you share on social media. Scammers will try to impersonate a Tax Agent (or their practice) and try to trick recipients into providing personal information or to release funds.
We recommend that it is important to:

- Ensure their computer security systems are up to date and they are protected against cyber attacks.
- Keep personal information secure (including use IDs, passwords, AUSkeys, TFNs); and
- Do not click on downloads, hyperlinks or open attachments in unsolicited or unfamiliar emails, SMS or social media.

Call our office if you think you've received a suspicious email claiming to be from us or the ATO

Change to deductions for personal super contributions

From 1 July 2017, **the 10% test has been removed**. This means all people under 65 years old will be able to claim a tax deduction for personal super contributions. Including those **aged 65 to 74** who meet the **work test. The work test** means that you worked a total of 40 hours in any 30 day period, in any month during that year.

Any individual under age 65 can now claim a deduction for personal super contributions made on or after 1 July 2017 if:

- A contribution is made to a complying super fund or a retirement savings account that is not a Commonwealth public sector superannuation scheme.
- The age restrictions are met;
- The fund members notifies their fund in writing of the amount they intend to claim as a deduction; and
- The fund acknowledges the notice of intent to claim a deduction in writing.

Concessional contributions cap now $25,000

The contributions claimed by an individual as a deduction will count towards their concessional contributions cap, which **for the year commencing 1 July 2017 is $25,000, regardless of age**. If the cap is exceeded, you will have to pay extra personal tax, that adjusts you back to the tax situation as if you took it as wages in the first place. There is effectively only a minimal interest charge now.

Broadly speaking, contributions to super that are deductible to an employer or an individual, count towards an individual's 'concessional contributions cap'. Some **Public Sector employees under CSS or PSS old funds** have a special calculation for their employer contributions. To work yours out, you will need to use the calculator tool on the CSC website.