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Spring 2020

Spring has sprung, bringing some welcome warm temps, as life in Canberra thankfully continues towards some sort of normality. As always, we are here to help should you require any assistance during this unprecedented time.



Income Tax Changes

The Government has brought forward the personal income tax cuts originally scheduled for 2022, meaning that from 1 July 2020:

- the top threshold of the 19% personal income tax bracket will increase from \$37,000 to \$45,000;
- the top threshold of the 32.5% tax bracket will increase from \$90,000 to \$120,000.

Tax rates and income thresholds			
Rate	2019-20	2020-21 (new)	From 1.7.2024 (unchanged)
Nil	\$0 - \$18,200	\$0 - \$18,200	\$0 - \$18,200
19%	\$18,201 - \$37,000	\$18,201 - \$45,000	\$18,201 - \$45,000
30%			\$45,001 - \$200,000
32.5%	\$37,001 - \$90,000	\$45,001 - \$120,000	N/A
37%	\$90,001 - \$180,000	\$120,001 - \$180,000	N/A
45%	\$180,001 +	\$180,001 +	\$200,001 +
Low and middle income tax offset (LMITO)	Up to \$1,080	Up to \$1,080	N/A
Low income tax offset (LITO)	Up to \$445	Up to \$700	Up to \$700

Personal Super Contributions Tax Deductible for All Taxpayers

A reminder that 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 2019) provided those over 67 can pass the "work test".

Catch-up Concessional Contributions 2019/20 is first year

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.

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

Super work test age increased from 65 to 67 from 1 July 2020

Currently those who are aged 65 years or older are required to pass a “work test” before being allowed to make a contribution into super.

From 1 July 2020 the government has increased the age limit to 67.

Updates from the Government's 2020-21 Budget

Small Business Asset Write Off

Small Business Taxpayers can claim an immediate deduction for assets they purchase and are ready for use, with different limits applying in the financial year as follows:

1 July 2019 – 11 March 2020 - \$30,000
 12 March 2020 – 6 October 2020 - \$150,000
 7 October 2020 – 30 June 2022 – no limit

NB: There is a limit on the cost you can claim for Cars. The car limit for 2020–21 is \$59,136. (“Cars” for these purposes are designed to carry a loads less than one tonne and fewer than nine passengers.)

Wage subsidy for new apprentices

The Government will provide a capped 50% wage subsidy to businesses who take on a new Australian apprentice from 5 October 2020 to 30 September 2021.

It will be available to employers of any size or industry.

There are 2 important caps:

- it is limited to 100,000 new apprentices or trainees in total; and
- the 50% subsidy will be limited to \$7,000 per quarter (ie \$28,000 per annum).

More information can be found on the Department of Education, Skills and Employment website. The payment will be paid in respect of commencing or recommencing apprentice's – ie, it will be possible to re-employ former apprentices whose employment had been terminated.

Loss Carry-Back

The Government will allow eligible companies to carry back tax losses from the 2019-20, 2020-21 or 2021-22 income years to offset previously taxed profits in 2018-19 or later income years.

Corporate tax entities with an aggregated turnover of less than \$5 billion will be able to apply tax losses against taxed profits in a previous year, generating a refundable tax offset in the year in which the loss is made.

The tax refund will be available on election by eligible businesses when they lodge their 2020-21 and 2021-22 tax returns.

Companies that do not elect to carry back losses under this measure can carry losses forward as normal.

Home Office Claims - 2020

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.

This simplified method will be available to use from **1 March 2020 until 30 June 2020**. 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.

If you provide us with your working from home hours, we will assess which option is best for you.



State COVID-19 business support grants

The Federal Government announced that the Victorian government's business support grants for small and medium business non-assessable, non-exempt (NANE) income for tax purposes. The Victorian Government announced the grants on 13 September:

The Federal Government will extend this arrangement to *all States and Territories* on an application basis. Eligibility would be restricted to future grants program announcements for small and medium businesses facing similar circumstances to Victorian businesses.

Eligibility for this treatment will be limited to grants announced on or after 13 September 2020 and for payments made between 13 September 2020 and 30 June 2021.

You can no longer claim travel expenses for your rental property

A reminder travel expenses related to inspecting, maintaining, collecting rent for a residential rental property or any other purpose, are no longer claimable since 1 July 2017. Travel claims for Commercial properties are still allowable.

No More Medical Expense Claims

A reminder the medical expense offset has been abolished since 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 2020 tax return.

This now also includes disability aids and nursing home fees, as 18/19 was the last year you could claim these.

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@glraccountants.com.au, give us a call or visit our website www.glraccountants.com.au.



LODGING OVERDUE TAX RETURNS

Please bring in your information ASAP if you have not lodged your 2019 and prior year tax returns.

