

Winter 2017

The 2017 Tax Year is almost over and it's nearly time to do your tax returns again. Thank you once again for your support, and we look forward to seeing you soon.

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

No More Medical Expense Claims

A reminder 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 2017 tax return.

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

Small Business Turnover Threshold

The turnover threshold which determines whether a business is a small business for tax purposes and therefore eligible for the various small business concessions will increase from \$2M to \$10M from 1 July 2016.

This will allow more business to access the following concessions

- Small Business Company Tax Rate of 27.5%;
- Simplified Depreciation (pooling);
- Option to account for GST on a Cash Basis;
- Other small business FBT exemptions.

It is important to note the \$10M threshold will not apply when determining eligibility for the Small Business Capital Gains Tax Concessions. The existing \$2M turnover or \$6M asset tests will remain.

The turnover test for the Small Business Tax Discount for small business not trading through a company will be \$5M (see page 2 for more details).

Reduction in Company Tax Rate

The company tax rate will progressively reduce to 25% over the next 10 years. For companies with turnover less than \$10M the tax rate reduction will commence from 1 July 2016. For companies with higher turnovers the reduction phases in over the next 7 years.

To summarise, the small business company tax rates will reduce as follows:

Year Ended	Company Tax Rate
2017	27.5%
2025	27%
2026	26%
2027	25%

Super Concessional Contribution Limit

The annual limit will be reduced to \$25,000 for all taxpayers from 1 July 2017. The current limit for 2016/17 year is \$30,000 or \$35,000 for those aged 49 or above at 30 June 2016.

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 2016 and prior year tax returns.

2017 Proposed Budget Changes

Recently the Federal Government handed down the 2017 budget. The following is a summary of some of the key changes they have announced. Please note at the time of writing many of these changes have not yet been passed as laws in parliament and are still being negotiated:

Small Business Measures

Small Business Tax Discount

The small business tax discount, for those businesses not trading through a company and with a turnover below \$5M will be increased from 5% to 8% from 1 July 2016. However the maximum discount of \$1,000 will remain.

\$20,000 Asset Write-Off Extended

The \$20,000 small business asset write-off, due to end 30 June 2017, will be extended until 30 June 2018. As mentioned the small business turnover threshold has also been increased to \$10M.

Taxable Payments Reporting Extended to Couriers & Cleaners

The taxable payments reporting obligations, currently only imposed on the construction industry, where business working within the specified industries must report to the ATO all payments they make to contractors, will be extended to couriers and cleaners. The first report will relate to the 2018/19 financial year.

ATO & ASIC Email & Phone Scams

The ATO is again warning the public to be aware of a phone scam that is circulating, where fraudsters are intimidating people into paying a fake tax debt over the phone. The aggressive scam attempts to force people to pay a fake tax debt immediately by threatening arrest if they don't comply.

If you receive a call from the ATO you are unsure about we recommend that you should ask for the caller's name and call us to confirm.

ASIC are also warning the public of an email scam where fake business name renewals are sent to business owners. The emails include a link which if clicked will download a virus to your computer.

Personal Tax Measures

2% Budget Repair Levy Ends 30 June 2017

As originally planned, the budget repair levy of 2% that applied to individuals with income above \$180,000 will cease effective 1 July 2017.

HELP Repayment Rates Increased

From 1 January 2018 the income threshold at which compulsory repayments will be required for HELP debts will reduce to \$42,000. The repayment rate will start at 1% (down from 4%) and gradually increase to a maximum 10% for those earning more than \$119,882 p.a.

Restrictions on Rental Property Depreciation Claims N.B.!!!!

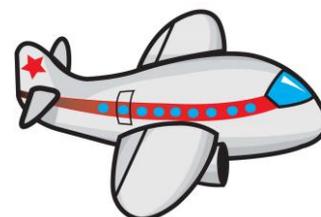
From 1 July 2017, depreciation claims for rental properties for "fixtures & fittings" depreciation deductions will be limited to the first owner of the items. Items affected include carpets, curtains, ovens, heaters etc. Investors who purchase these items for their rental property after 9 May 2017 will be able to claim a depreciation deduction, however subsequent owners of a property will be unable to claim deductions for items purchased by the previous owner.

Items already being depreciated prior to 9 May 2017 are not affected by the changes.

The 2.5% building write off on construction costs is also not affected

No Deduction for Residential Rental Property Travel Expenses!!!

From 1 July 2017 travel expenses related to inspecting, maintaining or collecting rent for a residential rental property will be non-claimable.



Superannuation Changes from 1 July 2017

Additional Super Tax for High Income Earners (Div 293 Tax)

The threshold at which the additional 15% tax on concessional (tax deductible) contributions will apply will reduce to \$250,000 (currently \$300,000) from 1 July 2017.

Personal Concessional Contributions

From 1 July 2017, all individuals 74 years or younger will be allowed to claim a tax deduction for personal super contributions. Currently only those not earning employment income are able to do so.

Transition to Retirement Pensions Tax Exemption on Fund Earnings Removed

The Tax Exemption on earnings from assets supporting transition to retirement income streams will be removed from 1 July 2017. The 15% superannuation earnings tax rate will apply to these earnings.

Catch-up Concessional Contributions

Individuals with balances less than \$500,000 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, with the first year commencing 1 July 2017.

\$1.6M Limit on Super Contributions

From 1 July 2017 members with Total Superannuation Balances greater than \$1.6M will no longer be eligible to make additional Non-Concessional (that is non tax deductible) contributions into super. Total superannuation Balance includes the total of all your superannuation balances with all funds.

Government superannuation scheme members will also need to include a nominal value of their defined benefit entitlements towards the \$1.6M limit.

\$1.6M Limit on Super Pensions

From 1 July 2017 the total superannuation assets individual can transfer into a pension which is entitled to the tax exemption on earnings will be \$1.6M. Subsequent earnings on these balances will not be restricted. A nominal value for Government defined benefit scheme pensions is also included when calculating the \$1.6M limit.

Members with existing pensions with total balances above \$1.6M will be required to reduce their balance to \$1.6M by 1 July 2017. Excess amounts within super will be allowed to remain in the accumulation account, with earnings subject to the 15% tax rate.

Treatment for defined benefit scheme members will be made through changes to the tax arrangements for pension payments above \$100,000 from 1 July 2017.

New Licencing for Accountants

From 1 July 2016, all professionals, including Accountants, must be licenced to provide advice on superannuation. There are strict rules how this advice must be presented to clients, specifically it must be in writing in a document called a "Statement of Advice". Prior to this change, accountants were exempt from the licencing requirements.

Advice areas which now require a written Statement of Advice to be provided include:

- Opening or Closing a SMSF
- Making a Contribution into Super
- Making a Withdrawal from Super
- Starting or Commuting (closing) a Pension

The Partners at GLR Accountants are licenced Superannuation Advisers and Authorised Representatives of SMSF Advisers Network (SAN). SAN is a non-profit organisation specifically created to assist Accountants meet their licencing requirements. They are not affiliated with any of the banks or large financial institutions. We will explain the specifics on how these changes will apply at the time of providing any advice.



GLR Accountants (0135869) is a Corporate Authorised Representative of SMSF Advisers Network Pty Ltd AFSL No. 430062

Tax Saving Strategies Prior to 1 July 2017

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 2016/17 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 2017. (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.

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 16/17 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)

Other Work Related Expenses

Prepay any of the following expenses prior to 30 June 2017

- 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 2017:

- Interest on rental property or share loans;
- Travel expenses to inspect rental property
- 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.



LODGING TAX RETURNS

Please bring in your information ASAP if you have not lodged your 2016 and prior year tax returns.