

# Taking advantage of the sharing economy by leasing out your home?

Are you going away over Christmas and considering leasing your home out whilst you are away like so many Aussies are now doing? If so, you need to be aware how this affects your tax affairs & what records you must keep.

The likes of Airbnb and Stayz are making it simpler for the everyday person to take advantage of the sharing economy. However, there are tax implications for renting out all or a part of your home. You must declare any rental income earned in your tax return and are then entitled to claim associated expenses against this income. Associated expenses may include a portion of utilities, insurance, rates and interest on your home loan. However, these expenses must be apportioned for the period of time the home was rented out. Alternatively, if you rent a portion of your home, for example one room,

you are only entitled to deductions relative to the floor space of the room being rented. You must also be aware that by renting out your home you may lose your entitlement to the full main residence exemption for capital gains tax purposes. For both of these reasons it is very important you keep exact date records of the period of time your house was rented. You must also keep records of income received and expenses incurred for the property. We can then help you to apportion appropriately at tax time.

Please note these rules do not relate to a family member boarding in your home; in most circumstances this as seen as private and domestic in nature.

Finally, please don't be turned off by this article, just ensure you are keeping adequate records and we can assist with the rest.



## Contents >>

Taking advantage of the sharing economy by leasing out your home?.. 1
Single Touch Payroll..... 2
Staying Safe Online..... 2
Superannuation Guarantee Crackdown..... 2
Superannuation Guarantee Crackdown continued... 3
Tasmanian Land Tax..... 3
Client Profile: Sargents.. 4
Cash Economy ..... 4

## Please Remember

By necessity the contents of this newsletter are summary only. Clients should contact us on 6431 3933 to discuss matters prior to acting.

### Our Christmas Holiday period:

#### Burnie:

3pm Friday 22/12/17 to  
8:30am Monday 8/1/18

#### Smithton:

5pm Thursday 21/12/17 to  
8:30am Thursday 11/1/18



# Single Touch Payroll

Single Touch Payroll is a change to how employers report their employee's PAYG Withholding and super information to the ATO. The change will mean reporting takes place at the same time employees are paid.

What you need to do:

**1. On the 1st April 2018 calculate how many employees you have (full-time, part-time, casual, on leave and seasonal workers).**

If you have 20 or more employees you are considered a 'substantial employer' and required from 1 July 2018 to use the Single Touch Payroll. You will be required to use this

reporting system for future years even if your number of employee's drop below 20.

If you have 19 or less employees you are not required to use Single Touch Payroll, however it is optional. Subject to legislation being passed, Single Touch Payroll may become mandatory for all employers from 1 July 2019.

**2. Which reporting system do you currently use to report payments to employees?**

A) MYOB & XERO

Accounting software such as MYOB and Xero will update their software

to accommodate this change and payroll can be processed as normal.

If the current software you are using does not offer Single Touch Payroll and you are required to report this way then you will need update your software.

\*We are currently unsure if Cashflow manager will offer Single Touch Payroll.

B) Manually report (Paper)

If you are considered a 'substantial employer' and are manually reporting via paper then you will need to acquire a payroll solution which offers Single Touch Payroll.

# Staying Safe Online

It's without doubt that the number and complexity of scams, both on and off line, are increasing. As a result it is important to protect yourselves and your information. The ATO has emphasized a number of ways to stay safe as part of their 'Stay Safe Online Week' campaign. Five key areas are:

1. Know what to protect - this includes personal information such as name, address, date of birth, bank account number, passwords and driver's license/passport details.

2. Keep personal information safe and secure - store confidential information such as your TFN or birth certificate in a secure location.

3. Be mindful of social media - do not post personal information on social media sites such as Facebook as this can be used to steal identities.

4. Be suspicious of requests for personal information - if you are unsure of the legitimacy of the request do not provide any information.

5. Know legitimate payment methods - accepted payment methods to the ATO include Bpay, credit/debit cards, online using EasyPay, online using MyGov and over the phone.

If you believe you are being scammed please contact us or phone 1800 008 540 to report or forward suspicious emails to

**ReportEmailFraud@ato.gov.au.**

# Superannuation Guarantee Crackdown

The Government has announced a package of reforms to give the ATO near real-time visibility over superannuation guarantee compliance by employers. The Superannuation Guarantee Taskforce will be established to crackdown on employer non-compliance. The package includes measures to:

- Require superannuation funds to report contributions more frequently (at least monthly) to the ATO, enabling the ATO to identify non-compliance and take prompt action;

- Roll out of Single Touch Payroll (STP) for employers with more than 20 employees from 1 July 2018 and with 19 or fewer employees to transition to STP from 1 July 2019 (subject to legislation passing parliament).

- Improve the effectiveness of the ATO's recovery powers to ensure that unpaid superannuation is better collected by the ATO and paid to employees' super accounts; and

- Give the ATO the ability to

seek court-ordered penalties - particularly for repeat instances of non-compliance.

This is a distinct shift in the ATO's approach to superannuation guarantee compliance from a practical compliance approach to a stricter and far more aggressive approach. There are significant consequences of non-compliance including:

- Loss of tax deductibility for contributions.

- A shortfall percentage being applied against all salary and wages.
- Imposed penalties and interest up to 200 percent of the shortfall amount.
- Directors of companies failing to meet obligations can be held personally

responsible for unpaid amounts.

If you have unpaid superannuation owing to your employees please take this as a strong warning. Compliance in this area is tightening significantly and now is the time to get your house

in order and deal with any outstanding obligations. If you require assistance in reporting or how to pay your superannuation obligations please contact our office.

## Tasmanian Land Tax

Land tax is an annual tax payable by the owner of land as at 1 July each year, unless the land is:

- classified as the owner’s principal residence land; or
- classified as primary production land; or
- Other less common exemptions such as used by the owners for religious purposes; or used as a medical establishment or the land is owned by a charitable institution.

The rate of land tax is assessed as follows:

Total Land Value	Tax Scale
\$0 - \$24,999	Nil
\$25,000 - \$349,999	\$50 plus 0.55% of value above \$25,000
\$350,000 and above	\$1,837.50 plus 1.5% of value above \$350,000

**Note: where two or more properties are held by one owner, the assessed land value of the properties is added together. Land tax is then calculated on the aggregated land value.**

If your property use changes and it is no longer your principal residence land, primary production land or exempt land, or if you are renting any part of your property, you must notify the Commissioner of State Revenue within 30 days of the change.

The State Revenue Office (SRO) are more actively pursuing land owners for land tax if they do not believe an exemption applies. The SRO sources information on when land tax should apply from data matching (i.e. the SRO receives details of rental properties from the ATO) and also often assess land tax to the new owners when properties change hands. It is then up to the owner to show an exemption applies.

It is important to note that for the

primary production exemption to apply, you do not have to be farming yourself, but the land itself must be used in a commercial farming business. The SRO application needs to be completed to achieve primary production status, even if the land is simply adding to an existing primary production land holding. The SRO also check to ensure that a commercial farming activity is being conducted on the land. We have had issues and have had to supply much additional information and proof where the farming business is making losses in the early stages as the land is being developed. If you are leasing the land out to a farmer, you will need the land users cooperation to claim the exemption as they need to provide details to show a commercial

farming business is being conducted on the land.

With the introduction of rental platforms such as Airbnb, clients renting under such circumstances also need to consider their potential land tax implications. As these platforms allow for short term rental or part rental of property, the land tax (and other tax such as CGT) implications can be complex. Not considering such implications could mean there could be land tax assessed at a later date and potential penalties imposed.

More information on land tax can be found at

<http://www.sro.tas.gov.au/land-tax>



# Client Profile - Sargents

When Charles Sargent left school in 1946, the first job he was offered was in a rural merchandise store. 21 years later, though branch manager of a co-op, he decided he could do better for his young family by going out on his own. So, in partnership with his wife, Monya, they purchased an existing country store at Ridgley and proceeded to add what they knew - farm supplies and produce export - to groceries and newsagency. Home delivery of "The Advocate", Betta Milk and Bass Bakery was soon added, and coupled with several good years shipping potatoes

to Sydney and swedes to Melbourne, business improvement and expansion was forthcoming. Distributorship of EZ Fertilisers (now Impact) was achieved in 1972. Eldest Son, Stuart, who owns the business today, came on board in 1976, and younger son, Graeme, for 15 years from 1979. In 1986 CH & MH Sargent Pty Ltd joined the national rural merchant group Combined Rural Traders as the CRT "Local Bloke", and in 1987 opened their second store in Wellington Street, South Burnie. Always on the lookout for expansion opportunities, when Australia Post

offered the Ridgley license it was quickly snapped up. A small adjoining property became available at South Burnie in 1998 and the company built a new drive-through and showroom. Home and business LPG deliveries were another add-on in 2012 and 50 years on, Stuart Sargent and his 5 staff (including his 2 sons Tim and Andrew) offer a wide variety of goods and friendly service across their 2 stores. We congratulate Stuart and his team on recently marking 50 years in business and are proud to have been their accountant for the entire time.



## Cash Economy

The cash economy is a tax avoidance practice used by businesses who receive cash income which is not declared for tax purposes. It is common for these types of businesses to offer discount for goods or services paid in cash. This is illegal and the ATO is attempting to put a stop to it. This provides an unfair advantage compared to businesses declaring all their income.

The ATO have many systems in place to detect businesses attempting to evade tax. The main methods are data matching and small business benchmarks.

### 1. Data Matching

The ATO collects information from a variety of sources (ie. banks and government agencies) and compares it against information reported in tax returns to identify discrepancies.

### 2. Small Business Benchmarks

The ATO uses performance ratios (calculated using information reported in tax returns) to compare businesses operating in similar industries. Businesses performing well outside the benchmarks may be targeted for an audit.

The ATO has taken a strong stance against the cash economy and can impose significant fines if you are found to be evading tax.

