

# Cryptocurrencies

Confused about cryptocurrencies? Join the queue.

Given the recent popularity of cryptocurrencies we thought it would be useful to provide a summary of the ATO's view.

The most common cryptocurrency is Bitcoin. The ATO has released a guidance paper on the tax treatment of cryptocurrencies, in particular, Bitcoin.

The ATO view's Bitcoin as neither money nor a foreign currency and transacting with Bitcoin is considered similar to a barter arrangement.

The purchase and sale of the Bitcoin itself is considered input taxed. This means no GST is paid when buying Bitcoin and no GST is received when selling Bitcoin. It is however considered an asset for capital gains tax purposes.

If you receive Bitcoin in exchange for goods and services as part of your business you must include the value in Australian dollars in your ordinary income. If you receive Bitcoin as payment for the sale of goods or services the normal GST rules apply. Similarly, using Bitcoin to pay for goods and services used in your business is subject to the same GST rules as if money was used as payment.

The ATO has created a specific taskforce to address cryptocurrency tax evasion so expect to see a lot more on cryptocurrencies in the media.

The discussion above is only a general summary and caution should be taken when dealing in cryptocurrencies. As always, please contact our office to discuss further.

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## 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.

## Stop Press

Congratulations to Michael Palmer and Eliza Anderson who in conjunction with Michael's parents Rhys and Cecily were recently awarded Tas Dairy Business of the Year. Well done!



# Eftpos Surcharge ACCC Ban

From 1st September 2017 every business across Australia has been banned from charging excessive surcharges on the use of payment methods; EFTPOS, Mastercard, Visa and American Express Cards. This ban will be monitored by the ACCC. A business can still charge customers for using these method of payments, however must be limited to the actual cost incurred by the business. For example, if you as a business are charged 1% on Visa Card payments, then you are allowed to charge up to 1% of the sale. Flat fee surcharges may

therefore be a thing of the past. For example, if a business previously had a policy of passing on a surcharge of 50 cents per card transaction, then on 1% this would be okay for any transactions of more than \$50. However, now if that same transaction was less than \$50 and you were still planning on imposing the 50c flat fee, this is illegal (ie. on a \$5 transaction you could only charge 5 cents).

Further to this, if a business is charged say 1% for Visa payments and 2% for Mastercard payments, the business

cannot then charge an average 1.5% on all card payments. If this was your policy you must select the lowest charge across the board (ie. in this example 1%).

If you are unsure what you are being charged by your financial institution we suggest contacting them to ask about your cost of acceptance. Please also note payment methods such as BPay, Paypal and cash and cheques are not covered by the ban.



## Client Profile – Marys Lingerie

*As compiled by Karyn Edwards. We congratulate Karyn on her recent business purchase and look forward to a long and successful partnership.*

Having grown up on a dairy farm on the North West Coast and raising a family in Ulverstone, it made sense that I was always going to return to Tasmania, after my sabbatical to the big Island.

As we all know life is an interesting journey and one we have no control over, but we can certainly try our best to see ourselves on a path we enjoy.

Whilst spending Christmas in Tasmania in 2016, I felt the need to “come home” and start a new life for myself.

Having always had a passion for Lingerie, and hearing on the grape vine Marys Lingerie was for sale, I thought “lets see what we can make happen here”.

I approached the then owner Mary Jackson and after many conversations with Mary the process began for myself to purchase the business.

With extreme confidence in David and his team at Elphinstone Stevens the figures were discussed, and with all parties on board I was able to purchase the business July 1st, 2017.

Marys Lingerie is not only an Icon and institute on the North West Coast but all over Tasmania.

My goals are to see this amazing business of 36 years that caters for the first-time bra wearer to their last, continue to grow and be a part of every woman’s daily life, in good times and bad long into the future of retail in Burnie.

My staff and I have over 55 years of combined experience in professionally and confidentially fitting women from all over the country and with extreme pride, we compliment ourselves on this achievement and welcome you all to Marys Lingerie.



# Irrigation & Water Tax Deductions

After such a long dry summer for Tasmanian farmers, many may be considering investing in irrigation or water infrastructure. Substantial income tax deductions can be claimed, but there are strict rules and very different tax outcomes depending on what the expenditure is.

## Water facilities

Capital expenditure on water facilities may qualify for an immediate deduction in the year it is incurred post 12 May 2015 (previously a 3 year deduction applied). Generally, the capital expenditure must be incurred by the farming entity primarily to conserve or convey water. A water facility includes new plant such as pumps, travelling irrigators, pivots or piping. It can also include the construction of dams, water bores, irrigation channels etc. It can also include construction of power lines from a mains electricity connection already on the property to plant used for water conservation.

## Second Hand Irrigation Equipment

The purchase of second hand irrigation equipment is not deductible as water facilities. Unfortunately, it is generally not deductible at all under any other tax provision. Thus,

second hand irrigation equipment should be discounted for the fact that an income tax deduction may not be available.

## Water Entitlements/Access Schemes

Generally, the purchase of a water right or entitlement is capital expenditure and from a tax viewpoint treated very similar to the purchase of land. This is because the right is seen to improve the profit yielding structure of the business. It is important to note that it is a separate asset to the land and can be purchased or sold separately to the land. Therefore it is generally regarded as a CGT asset.

## Purchase of Water/Annual Licence fees

The purchase of water actually used each year or licence fees for water usage is generally deductible in the year of purchase.

The above is a general overview of the potential income tax treatment of common water and irrigation expenditure incurred by farmers. However, as always, this should not be relied upon and you should seek advice as to your exact circumstances.

# Scam Emails

Recently, we have seen an increase in scam emails circulating containing false links and corrupt attachments. These are emails designed by scammers to lure you into giving out personal information such as bank details and passwords. They often appear legitimate and use similar formatting to the organisations which they are replicating.

There are a few potential warning signs that an email is a scam:

### 1. The email asks you to click on links that take you to a fake website

If you aren't certain, don't click on the link. Just by visiting a bad website you can infect your computer. Some links may take you to a fake website that looks like the real deal but may have a slightly different web address.

### 2. The email contains unknown attachments

Don't ever open an attachment unless you're sure it is safe to do so. Some attachments contain viruses that install themselves on the computer when opened.

### 3. The email asks you to verify your details

If you receive an email from a business that you normally deal with such as your bank or the ATO requesting you to update or verify your personal details, do not respond to this email. The bank or ATO would never request for personal information over an email.

### 4. The emails use impersonal and generic greetings: such as "Dear Sir/Madam"

Fake emails may not address you by your name, instead it may address you as sir/madam.

If you are unsure if an email is legitimate please contact the sender of the email to verify before opening.



# Reminder - Single Touch Payroll

As discussed in our previous newsletter (Issue 76), Single Touch Payroll is a reporting change for employers with 20 or more employees.

This will require employers to report payments such as salaries and wages, pay as you go (PAYG) withholding and superannuation information from your payroll software each time you pay your employees. This change will become

mandatory for employers with 20 or more employees from 1st July 2018.

To determine if you are required to report through Single Touch Payroll; on the 1st April 2018 calculate how many full-time, part-time, casual, on leave and seasonal employees you have. If this is 20 or more you will be required to use this reporting system.

Please also note, Single Touch Payroll will be expanded to include employers with 19 or less employees from 1 July 2019.

For further information please visit:

<https://www.ato.gov.au/About-ATO/About-us/In-detail/Strategic-direction/Your-obligations-under-Single-Touch-Payroll/>

## Microsoft Excel Basics

Microsoft Excel can often prove an invaluable tool in your business. Many of you may be proficient in the use of excel and could teach us a thing or two, whilst others may be using for the first time. Listed below are some quick tips and tricks we use every day and hope you find useful.

1. Use excel as a calculator: If you have two or more numbers listed in separate rows, but the same column excel can add these up for you. Select the cell you wish to have the answer in and use 'AutoSum' found on the home tab, to add up the cells highlighted.
2. Formatting text: If you have formatted text in one cell (ie. changed its size or colour) and wish to duplicate this on other cells, simply click on the cell that you wish to match other text to and select 'format painter (paintbrush)', found in the home tab. You can then select all other cells you want to be the same format.
3. Insert Rows/Columns: right click on either the column headings (alphabet) or the row headings (numbers) and in the drop down menu select 'insert'
4. Freeze Panes: This option allows you to fix the top rows and/or first columns of a spreadsheet so that when you scroll down or across you will continue to see the data contained in the rows or columns frozen. First select the cell to the right of the column and/or below the row you wish to freeze. Then select the 'view' tab and select 'freeze panes'.
5. Copying worksheets: At the bottom of the page you will see tabs initially called 'sheet 1' etc. these tabs can be duplicated by holding 'Ctrl' on your keyboard and simultaneously holding your left mouse button on the sheet you wish to copy. Then drag your mouse to the right or left of the tab to copy the sheet.

If you are wanting to use excel for something in particular, for example a simple budget or an invoice it can often be a good idea to use a pre-designed template, rather than start from scratch. The templates can be found by selecting 'file' and 'new' in the drop down list and then search for the keyword that you require.

