

Personal Income Tax Cuts Passed!

Parliament has passed the Government's Personal Income Tax plan, meaning that the first stage of the proposed income tax cuts will start to take effect from 1 July 2018.

According to the Prime Minister, taxes "will now be lower, fairer and simpler".

The Government's plan has three steps:

1. The Government will introduce the Low and Middle Income Tax Offset (in addition to the Low Income Tax Offset) from 1 July 2018, being a non-refundable tax offset of up to \$530 per annum to Australian resident low and middle income taxpayers.

The offset will be available for the 2019, 2020, 2021 and 2022 income years and will be received as a lump sum on assessment after an individual lodges their tax return.

2. Lifting tax brackets, to protect Australians from the impact of 'bracket creep', as follows:

- From 1 July 2018, the top threshold of the 32.5% personal income tax bracket will increase from \$87,000 to \$90,000.
- From 1 July 2022, the 19% personal income tax bracket will increase from \$37,000 to \$41,000, and the top threshold of the 32.5% personal income tax bracket will further increase from \$90,000 to \$120,000.

The low income tax offset will also be lifted to \$645.

3. The 37% tax bracket will be removed entirely from 1 July 2024, and the top threshold of the 32.5% personal income tax bracket will be increased from \$120,000 to \$200,000.



Contents >>

Personal Income Tax Cuts Passed!..... 1

Continued ATO focus on holiday home rentals 2

Microsoft Word Basics... 2

Single Touch Payroll Update..... 3

Superannuation Guarantee Amnesty - Pending 3

Client Profile - I.T Initiative 4

Cents P/KM Rate for Car Expenses from 1 July '18 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.



Continued ATO Focus on Holiday Home Rentals

The ATO has recently advised that they are “setting their sights on the large number of mistakes, errors and false claims made by rental property owners who use their own property for personal holidays”.

While it confirms that the private use of holiday homes by friends and family is entirely legitimate, the ATO states that such use reduces a taxpayer’s ability to earn income from the property, and therefore impacts on (i.e., reduces) the amount of claimable deductions.

As a result, the ATO has reminded holiday home owners that:

- They can only claim deductions for a holiday home with respect to periods it is genuinely available for rent.
- They cannot place unreasonable conditions on prospective tenants/renters, set rental rates above market value, or fail

to advertise a holiday home in a manner that targets people who would be interested in it and still claim that the property was genuinely available for rent.

- Where a property is rented to friends or relatives at ‘mates rates’, they can only claim deductions for expenses up to the amount of the income received.
- Property owners whose claims are disproportionate to the income received can expect greater scrutiny from the ATO.



Microsoft Word Basics

Following on from Issue 77 of our newsletter where we looked at some Microsoft Excel basics, this article will look at some of Word’s basic functions. We have listed below just a few tips and tricks, which may be of benefit to you.

1. Formatting: To change text to bold, italics or the size or font. First, select the text by highlighting over it (left click mouse where you want to start highlighting from, hold the mouse down & drag over the text). Then, with the text you wish to change highlighted go to the ‘home’ ribbon at the top of the page and locate the ‘Font’ section of the ribbon. Clicking on the B will get you bold, the I for italics and the U will allow the text to be underlined. Font & size can also be found here too. A few keyboard shortcuts to achieve the same thing are listed below:

- a. Bold: Hold Ctrl & B to put bold on and same to release.
- b. Italics: Hold Ctrl & I to put italics on and same to release.
- c. Underline: Hold Ctrl & U to add underline and same to release.

d. Size: Hold Ctrl, Shift & P – this will bring a dialogue box up where you can change multiple font items.

2. Create a numbered or bulleted list: Again, under the ‘home’ ribbon, one panel across from Font, you will find the ‘Paragraph’ panel. In this you will see 3 bullets aligned as well as 3 numbers aligned in a list. Selecting either of these will begin your list. Write your first text item. When you hit ‘enter’ on your keyboard, Word will automatically continue numbering or bulleting for you. Once you complete your list hit enter twice to return to normal text.

3. Layout: Under the ‘layout’ ribbon you can find options for changing page margins, orientation & adding columns.

4. Use Document Templates: If you have an internet connection, you can use Word’s prebuilt database of many common document templates to assist you with layout and presentation. Select ‘File’ and then ‘new’ in the panel that appears. Here you can search for a type of document (ie. Business letter or invoice etc.) and select the one that appeals to you.



Single Touch Payroll Update

The ATO is writing to employers who started reporting through STP before 1 July 2018, providing them with information about how their employees' payment summary for 2017/18 may change with STP, including the following:

- They are not required to provide their employees with payment summaries for the information they report through STP (although they may choose to provide payment summaries for the first year of STP reporting).

- 'Income statements' will replace payment summaries.
- Employees' income statements are available through pre-filing and myGov.
- The income statement has three categories: 'Tax ready', 'Not tax ready' and 'Year-to-date'. Only 'tax ready' income statements are complete and will be available through pre-filing.



Superannuation Guarantee Amnesty - Pending

The Government has introduced legislation to complement the superannuation guarantee ('SG') integrity package already before Parliament by introducing a one off, twelve month amnesty for historical underpayment of SG.

It will apply to previously undeclared SG shortfalls for any period from 1 July 1992 up to 31 March 2018.

The 'carrot' currently on the table is that employers who voluntarily disclose previously undeclared SG shortfalls during the amnesty (i.e., importantly, before the commencement of an ATO audit) will:

- not be liable for the administration component and penalties that may otherwise apply to late SG payments, and
- be able to claim a deduction for catch-up payments made during the relevant 12-month period.

This means that employers will still be required to pay all employee entitlements, including any unpaid SG amounts owed to employees and the nominal interest, as well as any associated general interest charge.

Employers that do not take advantage of the amnesty will face higher penalties when they are subsequently caught - in general, a minimum 50% on top of the SG charge they owe.

In addition, throughout the amnesty period the ATO will continue its usual enforcement activity against employers for those historical obligations they don't own up to voluntarily.

Legislation to give effect to the Amnesty was introduced into Parliament on 24 May 2018 and is intended to apply retrospectively from this date once enacted. Treasury Laws Amendment (2018 Superannuation Measures No.1) Bill 2018 will not be considered again at least until Parliament resumes on 10 September 2018.



Client Profile – I.T Initiative

As compile by James Cassidy – I.T Initiative. Elphinstone Stevens congratulates James on his success and look forward to working with James long into the future.

While I was born in Launceston, I have been in Burnie for as long as I can recall and had the genuine pleasure of beginning my business here.

As a young child, when my parents brought home a family computer I automatically took an interest in how they worked and what could or couldn't to be done with it. My parents were less impressed with the occasional 'mysterious' fault parts in their computer.

Later I enjoyed specialised courses for information technology and business management at both Hellyer College and TAFE. With this knowledge I was fortunate enough to land a traineeship with a local computer store in a position that focused on business I.T support. Over the years I continued to grow my skills and knowledge in this position, and was privileged to meet Robert Lynch who I worked alongside.

Eventually, an opportunity presented itself where I could start my own business which would be more focused on wider business services. It was a risk, but with the support from my partner, family and established clients, I was able to find a solid footing to expand from.

In recent years, I have been fortunate to employ my father, Wayne Dunn, who covers our Test and Tag services, as well as past colleague Robert, who specialises in our computer repairs and sales. Almost coming up to a year now, we have also had our office and shop front in Somerset.

Over the last three years, I.T Initiative has continued to grow in providing multiple services, including our cloud services, backup solutions, hardware sale and repairs and business I.T (monitoring and maintenance).



Cents Per Kilometre Rate for Car Expenses from 1 July 2018

The Commissioner of Taxation has determined the rate at which work-related car expense deductions may be calculated using the cents per kilometre method is 68 cents

per kilometre for the income year commencing 1 July 2018 (up from 66 cents per kilometre).