

# Immediate Deduction for Fodder Storage Assets

As part of the next phase of its drought assistance policy (which includes various other measures), the Government announced that farmers will be able to immediately deduct the cost of fodder storage assets.

Previously, these types of assets (such as silos and hay sheds used to store grain and other animal feed storage) were required to be depreciated over three years.

This measure is designed to make it easier for farmers to invest in more infrastructure to stockpile fodder during the drought.

This measure is available for fodder storage assets first used, or installed ready for use, from 19 August 2018 (being the date of the announcement), and complements the \$20,000 instant write-off already available to small business entities.



## Fast-tracked Tax Cuts for Small and Medium

The Government has fast-tracked the already legislated tax cuts to small and medium businesses by bringing them forward five years.

Companies with an aggregated turnover of less than \$50 million will have a tax rate of 25% in the 2022 income year (instead of the 2027

income year based on the previously legislated timeline).

Similarly, the increase in the tax discount to 16% for unincorporated entities will apply from the 2022 income year, rather than the 2027 income year.

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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.

### Our Christmas Holiday period:

#### Burnie:

3pm Friday 21/12/18 to  
8:30am Monday 7/1/19

#### Smithton:

5pm Thursday 20/12/18 to  
8:30am Thursday 10/1/19

# Proposed Expansion of Single Touch Payroll

Single Touch Payroll ('STP') commenced on 1 July 2018 for approximately 73,000 employers who have 20 or more employees.

There is currently legislation before Parliament to expand STP to all employers from 1 July 2019 and it is estimated that there will be more than 700,000 employers who will enter STP as a result.

Even though the proposed expansion is not yet law, the ATO recommends that smaller employers consider voluntarily opting-in to STP early.

The ATO acknowledges there is a large number of very small employers

who have less than five employees ('micro-employers') who do not currently use a payroll product and has indicated that they are not looking to force them to take up a product to do STP.

Efforts are being made to work with industry to look at some alternate reporting mechanisms.

It is being reported that software developers, and even some of the larger banks, have shown an interest in developing some kind of product that would enable micro-employers to provide the necessary data to comply with STP at a low cost.

Employers who are in an area that has internet issues or challenges are reminded that there are potential exemptions available under STP.

The ATO is currently consulting with focus groups to look at flexible options to transition micro-employers to STP over the next couple of years.

Assuming the relevant legislation passes, the ATO does not realistically expect that everyone will start STP from 1 July 2019 and has indicated that it will be flexible with the commencement date, including the provision of deferrals to help stagger the uptake.



## Taxable Payments Reporting System Expanded

The Taxable Payments Reporting System ('TPRS') has been expanded to the cleaning and courier services industries from 1 July 2018.

Businesses that have an ABN and make any payments to contractors for cleaning or courier services provided on behalf of the business must lodge a Taxable Payments Annual Report ('TPAR') each income year.

The first TPAR for payments made to contractors from 1 July 2018 to 30 June 2019 will be due by 28 August 2019.

Where cleaning or courier services

are only part of the services provided by the business, they will need to work out what percentage of the payments they receive are for these services each income year to determine if a TPAR is required to be lodged.

Specifically, if the total payments the business receives for the relevant services are:

- 10% or more of their GST turnover – a TPAR must be lodged.
- Less than 10% of their GST turnover – a TPAR is not required to be lodged, but the business can choose to lodge one.

To prepare for your TPAR make sure you keep records of the payments made to contractors for cleaning and courier services. Information you will need includes:

- Australian business number (ABN)
- Name
- Address
- Gross payment for the financial year (including GST).

If you have any queries or are unsure if this will affect you, please contact our office.

# Staff Christmas Parties - Providing Tax Effective Christmas Benefits

The income tax laws on the provision of fringe benefits to employees, their associates and clients are very complex, particularly at Christmas time. While the annual Christmas party is common for most work places, businesses may also provide other types of gifts to their staff and clients.

## Christmas parties

Christmas parties constitute “entertainment benefits” and as such are subject to FBT unless specifically exempt or the “minor benefits” exemption applies. A minor benefit is one that is provided to an employee or their associate (e.g. spouse) on an “infrequent” or “irregular” basis, which is not a reward for services, and the cost is less than \$300 “per benefit” inclusive of GST.

Holding the Christmas party on the business premises on a working day is usually the most tax effective. Expenses such as food and drink (including alcohol), are exempt from an FBT liability for employees with no dollar limit, but no tax deduction or GST credit can be claimed by the business.

Where the Christmas party is held on the business premises on a working day with only employees and clients

attending, and only finger food or a light meal and no alcohol is provided, then the entire cost is tax deductible. There is no FBT and a GST credit can be claimed on the entire cost.

Christmas parties held off the business premises are exempt from FBT where the cost for the employee and their associate is each less than \$300 inclusive of GST but no tax deduction or GST credit can be claimed. The cost of clients attending the party are not subject to FBT, but no tax deduction or GST credit can be claimed on their portion of the cost.

Importantly, benefits provided to employees at the Christmas function are considered separately when applying the \$300 minor benefits exemption. For example, a Christmas party is held at a restaurant costing \$220 per head, and at the same time employees are provided with a Christmas hamper (considered a non-entertainment gift), costing \$85. Although the total cost is more than \$300, the provision of both benefits will usually be exempt from FBT under the minor benefits exemption.

# Tourist Accommodation Refurbishment Loan Scheme

The Tourist Accommodation Refurbishment Loan Scheme (TARLS) provides for up to \$20 million to be made available for low interest loans, over an initial two-year period, for eligible tourist accommodation businesses operating in Tasmania.

The Scheme forms part of the Tasmanian Government’s Visitor Economy Strategy and aims to provide financial assistance to upgrade and improve existing accommodation facilities and increase the standard of accommodation offering. Eligible purposes include:

- Projects that involve reconfiguring existing accommodation facilities
- Redecorating projects
- Cosmetic changes

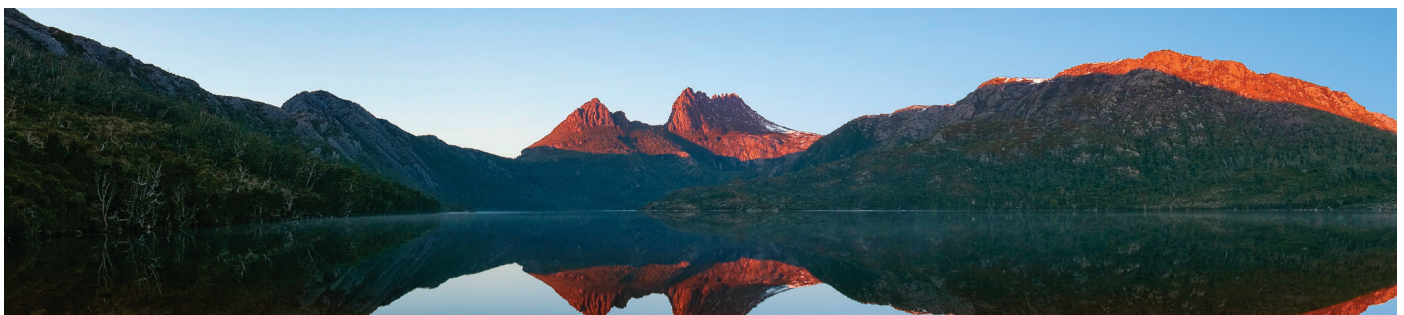
that otherwise could not be brought forward and/or financed under normal banking arrangements.

The Scheme will be led by the Office of the Coordinator-General and Department of State Growth and administered by the Tasmanian Development Board. Loans will be provided for a minimum of \$50,000 to a maximum of \$1.5 million.

The TARLS application period opened 26th July 2017 and will remain open for up to two years.

Information regarding eligibility criteria can be found here: [https://www.cg.tas.gov.au/home/investment\\_attraction/tarls](https://www.cg.tas.gov.au/home/investment_attraction/tarls)

For more information please call Chris Cooper at the Office of the Coordinator-General on 03 6777 2808 or email [cg@cg.tas.gov.au](mailto:cg@cg.tas.gov.au)



# Lodging Activity Statements Through Xero & MYOB

If you use Xero or MYOB Online and prepare and lodge your own activity statements (either via paper or electronically through the business portal) you are now able to lodge directly from your accounting software.

Both Xero and MYOB have released features which allow activity statements to be sent directly from the accounting software to the ATO.

Both programs require some initial set up. For detailed instructions on how to set up please follow the links below:

- Xero: <https://central.xero.com/s/article/Lodge-activity-statements-with-Xero#ConnectyourorganisationtotheATO>
- MYOB: <http://help.myob.com/wiki/display/ar/Get+ready+to+lodge+activi>

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Please contact our office for further information or assistance with set up.

## Client Profile – Tas Energy & Heating

*As compiled by Darren and Leanne Cooper. Elphinstone Stevens has enjoyed watching Tas Energy & Heating expand and looks forward to a long and successful relationship.*

Tas Energy & Heating was created from a passion for renewable energy and heating and over 30 years' experience in the industry. We are a family owned and run small business located in Somerset on the North West Coast. Although essentially an electrical contracting business we are not your normal lights and power points electricians.

Renewable energy is our main focus with the aim to be the preferred local provider for off grid power systems. A lot of hard work and training has gone into this side of the business, especially when training opportunities are limited in Tasmania. We often visit Victoria for the latest training so we can provide the best service to our customers. We are the exclusive Australian dealer for Powerspout micro hydro turbines. We offer Clean Energy Council accredited in grid connect solar, off grid power systems and micro hydro energy systems with rebates available.

In 2017, after searching for a pellet heater for our own home, it became evident there was a lack of quality pellet heaters available in Tasmania. We then became a Tasmanian dealer for Piazzetta Pellet Heaters and have supplied and installed many pellet heaters since then. We have recently purchased a small hammer mill and pellet machine and will be exploring pellet fuel production in the future.



## Cyber Security Small Business Program

The Cyber Small Business Program is designed to support small businesses across Australia to have their cyber security tested by an approved provider.

The program aims to assist small businesses assess their cyber security risk and identify areas that may need attention.

Grants will be provided to small businesses (with 19 or fewer employees) for up to 50 per cent of the cost of a

micro, small or standard certified small business check. The maximum grant amount is \$2,100.

Applications close 30 June 2020 or earlier if the funding is fully committed.

For more information regarding eligibility criteria and how to apply please contact 13 28 46 or visit <https://www.business.gov.au/assistance/cyber-security-small-business-program>