

Christmas Parties & Gifts

Christmas Parties

“The cost of providing a Christmas party is income tax deductible only to the extent that it is subject to FBT. Therefore, any costs that are exempt from FBT (that is, exempt minor benefits and exempt property benefits) cannot be claimed as an income tax deduction.” (From ATO website)

In other words:

If a Christmas party is held on your premises on a work day:

It is not subject to FBT, and is not tax deductible if:

- Only employees attend
- Current employees and Spouses attend at \$300 or less per person
- Employees and Clients attend at \$300 or less per person
- Any costs above \$300 per person for employee associates only may be claimed and FBT will apply

If a Christmas party is held at another premise:

It is not subject to FBT, and is not tax deductible unless

- For employees and associates, FBT applies and a tax deduction may be applied if the value is more than \$300 per person
- **Unfortunately, for the vast majority of circumstances, Christmas parties are not a tax deduction and are not a taxable supply.** (ie GST also cannot be claimed)

Client and Employee Gifts

Which gifts can be claimed?

If the gift is not classified as ‘entertainment’, gifts to employees and clients may be claimed as a tax deduction and GST credits can be claimed under the following circumstances.

- If the gift is less than \$300, it is considered a ‘minor benefit’ and may be claimed as a business expense
- Gifts over \$300 may incur FBT and may still be claimed as a business expense
- These gifts may include food, wine, hampers, vouchers, gift cards etc.

Gifts you can claim include: a Christmas hamper, a bottle of whisky, wine, gift vouchers, a bottle of perfume, flowers a pen set.

Which gifts cannot be claimed?

Gifts that contain an ‘entertainment’ element such as a holiday, membership to a club, tickets to a theatre, sporting, movie or musical event cannot be claimed if they are under \$300. If these gifts are over \$300, they may be claimed but will be subject to FBT. Gifts you cannot claim are tickets to: the theatre, a live play, a sporting event, a movie, a holiday including an airline ticket, an amusement centre.

If you would like more information about what Christmas expenses you can claim, please contact our office.

Contents >>

Christmas Parties & Gifts 1

The ATO hits the road 2

Measuring the integrity of the ABR 2

Are you using your ABN? . 2

Stuart Clues – Small Business Advocate & Red Tape Reduction Coordinator..... 3

ATO impersonation scam update 3

ATO Portals & AUSkey 3

Large and long overdue tax debts to appear on credit rating..... 4

Client Profile – Own-A-Home 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.

Christmas Closing Dates

Burnie: 3pm Fri 20th Dec 2019.
Re-opening 8.30am Mon 6th Jan 2020
Smithton: 5pm Thur 19th Dec 2019.
Re-opening 8.30am Thur 9th Jan 2020



The ATO hits the road

The ATO plans to visit almost 10,000 businesses this financial year in all States and Territories, across a variety of industries, as part of their strategy to deal with the black economy (they visited nearly 9,000 businesses in the 2018/19 financial year).

According to Assistant Commissioner Peter Holt, there are a number of businesses in some areas not registered for GST or PAYG withholding, which can be a sign of the black economy, as well as a number of businesses with overdue tax returns.

Other black economy signs that the ATO looks out for are things like lifestyle and assets far exceeding reported business income, sham contracting, a failure to provide pay slips, reports that employers are paying their workers cash in hand and keeping them off the books, or a lack of merchant payment facilities like EFTPOS.

Some businesses are more likely than others to get a visit from the ATO, including:

- Residential building construction;
- Building completion and installation services, and other construction services;
- Building cleaning, pest control, and gardening services;
- Accommodation;
- Pharmaceutical and other store-based retailing;
- Automotive repair and maintenance;
- Cafes, restaurants, and takeaway food services;
- Personal care services;
- Legal and accounting services;
- Computer system design and related services; and
- Adult, community and other education services

Measuring the integrity of the ABR

From September, the Australian Business Register ('ABR') will contact a random sample of ABN holders across all entity types to:

- confirm their business information;
- discuss how they use the ABN, and check their understanding of how ABNs are used;

- find out about their registration experience and ask for suggestions for how they can improve it; and
- if applicable, confirm their entitlement to the ABN

The ABR is trying to understand and improve the experience for clients applying for, maintaining and cancelling an ABN, and will use the information to measure ABR data quality.



Are you using your ABN?

The Australian Taxation Office has advised they will begin cancelling inactive ABNs over the coming months. Not keeping lodgements up to date is a key indication that a business is no longer operating. To assist the ATO to get this right, they will be using information from:

- your tax return
- other lodgements
- third party information.

If your ABN is cancelled and you want to start your business again, or you believe it should not have been cancelled, you can reapply and get the same ABN back (as long as your business structure remains the same). If the business structure is different, for example you were a sole trader but your new business is a company, you will get a different ABN.

The ABN cancellation program is helping to ensure the integrity of information on the Australian Business Register (ABR).

Stuart Clues – Small Business Advocate & Red Tape Reduction Coordinator

We recently had the pleasure of meeting Stuart Clues from the Office of the Coordinator-General and feel his services should be highlighted and may be valuable to you and your business.

Stuart holds the position of Red Tape Reduction Coordinator within the Office of the Coordinator-General. The Coordinator-General's Office is the lead agency for investment attraction and is your first point of contact within the Tasmanian Government if you want to establish, relocate, diversify or expand your business in Tasmania.

Stuart holds both a Bachelor of Business degree specialising in industrial law from the University of Tasmania and an MBA from Monash University. He is familiar with the challenges across all regions of the state, after spending the first 20 years of his life in the north of Tasmania and the second 20 years in the south.

Stuart is a strong advocate for regulatory reform for small business. He has been working with both industry associations and the small business sector to resolve those micro reform issues that cumulatively frustrate and stifle businesses.

Reducing red tape is often about dealing with the day to day regulations that burden small businesses through being duplicative, heavy handed or serve no apparent purpose.

The Tasmanian Government is committed to cutting red tape and making Tasmania one of the best places in Australia in which to do business. Stuart, in his role as the Red Tape Reduction Coordinator has consulted extensively with business and industry and established a web-based portal for the broader community to also lodge red tape issues. From these consultations, as well as engagement across government departments, over 100 agreed red tape issues have been identified so far.

For more information regarding the Office of the Coordinator-General and Stuart's role as the Red Tape Reduction Coordinator you can visit <https://www.cg.tas.gov.au/home> or contact him direct on:

Phone: 03 6165 5027

Mobile: 0438 319 753

Email: stuart.clues@cg.tas.gov.au

ATO impersonation scam update

Unbelievably, scammers are still successfully bilking Australians out of tens of thousands of dollars, as a recent ATO scam report shows.

According to the July 2019 ATO impersonation scam report:

- 6,179 online scam reports were received in the first month of their new online reporting form going live;
- 6,645 phone scam reports were officially recorded, and 465

phishing scam emails were reported to reportemailfraud@ato.gov.au;

- 520 taxpayers provided scammers with their personal identifying information including date of birth, tax file number, driver's licence number and notice of assessment details; and
- \$197,057 was reported as being paid to scammers, mostly by iTunes and Google Play.



ATO Portals & AUSkey

The ATO has announced the current BAS agent portal will be closed off at 11:30pm on Friday 29th November. If you wish to access this going forward you will need to use the new Online Services for Agents.

Further to this, AUSkey will be officially decommissioned on 31st March 2020. From 1st April 2020 myGovID and

Relationship Access Manager (RAM) will replace AUSkey and manage ABN connections. More information about myGovID and RAM can be found on the ATO website.

To make the transition to myGovID and RAM faster and easier the ATO is encouraging taxpayers to ensure their ABN details are up to date on the Australian Business Registry (ABR).



Large and long overdue tax debts to appear on credit rating

Businesses with a tax debt greater than \$100,000 and 90 days overdue will have the debt reported to credit reporting bureaus by the ATO. This may affect a business's credit rating and their ability to obtain future finance in an attempt to increase the transparency of tax debts throughout business circles.

This new legislation has been in effect since 22nd October 2019 after receiving Royal Assent on 28th October 2019. This will also provide opportunities for businesses to vet their customers' tax credit history. Credit check providers can help a business rely on the ability for larger customers to pay debts on goods and services provided.

Client Profile - Own-A-Home

As written by Brennan Reeves of Own-A-Home. Elphinstone Stevens congratulates Brennan and Darrel on the opening of their new display centre.

Own-A-Home residential builders recently opened the doors of their most anticipated client offering yet, the Own-A-Home Design Centre in Cooee.

Co-owners Brennan and Darrel designed the Centre so clients could make more decisions in one place.

'You can see different types of cladding, cabinetry finishes and flooring alongside one another,' says Brennan. 'It's not something our clients have been able to do in the past. Now we can have a coffee (barista style!), chat, and put different selections together in one place. It saves time and helps you to feel confident with your decisions.'

The Design Centre also features a display kitchen, laundry and bathroom so clients can see the fixtures included in Own-A-Home's standard quotes.

So far, the Design Centre has been a hit with new clients, 'Our new clients are wowed by how comfortable and inviting the space is. We've got great coffee, a children's play area, and mood boards for styling inspiration. It's a space to feel relaxed, inspired, and excited about building your new home'.

Own-A-Home's Design Centre is located at 76 Bass Highway Cooee. For more information, visit www.ownahometas.com.au.



Single Touch Payroll - Reminder The deadline (30th September 2019) to begin complying with Single Touch Payroll legislation has now passed. If you are an employer and have not begun reporting STP information please contact our office to discuss.