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Keeping a logbook for a car

Are you due to update your vehicle's logbook?

When keeping a logbook for a car, the logbook must contain the following information:

- When the logbook period begins and ends
- The car's odometer readings at the start and end of the logbook period
- The total number of kilometres the car travelled during the logbook period
- The number of kilometres travelled for each journey recorded in the logbook (if you made two or more journeys in a row on the same day, you can record them as a single journey). You will need to record the:
  - Start and finishing times of the journey
  - Odometer readings at the start and end of the journey
  - Kilometres travelled
  - Reason for the journey
- The business-use percentage for the logbook period
- The odometer readings at the start and end of each income year you use the logbook method

If this is the first year you have used the logbook method, you must keep a logbook during the income tax year for at least 12 continuous weeks. That 12 week period needs to be representative of your travel throughout the year.

For further information about logbooks, please visit the ATO'S website.

Credit and debit card and online selling data matching

The ATO is collecting data from financial institutions and online selling sites as part of their data matching programs for credit and debit cards, online selling and ride sourcing.

The data will include:

- the total amount of credit and debit card payments businesses received
- online sellers who have sold at least $12,000 worth of goods or services
- payments made to ride sourcing drivers from accounts held by the ride sourcing facilitator.

The ATO matches this data with information they have from income tax returns, activity statements and other ATO records to identify any discrepancies.

Tip!

If you need to correct a mistake you have made in your income tax return, you should talk to your tax agent.

Simpler reporting with Single Touch Payroll

Single Touch Payroll is a government initiative to simplify business reporting obligations. In the previous issue of *TaxWise Business,* we noted that the *Budget Savings (Omnibus) Bill 2016* which contains the Single Touch Payroll rules, had been introduced into Parliament. This has now become law.

The Single Touch payroll regime will enable employers to report salary or wages, pay as you go (PAYG) withholding and superannuation information to the ATO from their payroll solution, at the same time they pay their employees. This will mean simpler reporting obligations and more options for completing tax and super forms electronically.

Single Touch Payroll reporting will be available to all employers from 1 July 2017.

However, only employers with 20 or more employees will have to report this way under the law. They must start reporting through Single Touch Payroll from 1 July 2018.

Further information is available on the ATO website: Simpler-reporting-with-Single-Touch-Payroll.

To do!

If you are an employer with 20 or more employees, you will need to look into your reporting to the ATO to ensure it complies with the requirements of the Single Touch Payroll regime.

Targeted amendments to Division 7A

In the 2016-17 Budget, the government announced it will make targeted amendments to improve the operation and administration of Division 7A of the *Income Tax Assessment Act 1936*.

The amendments will apply from 1 July 2018 and will introduce:

- a self-correction mechanism to assist taxpayers to rectify inadvertent breaches of Division 7A promptly;
- appropriate safe harbour rules to provide certainty and simplify compliance for taxpayers;
- simplified rules regarding complying Division 7A loans, including in relation to loan duration and the minimum interest rate; and
- a number of technical amendments to improve the integrity and operation of Division 7A and provide increased certainty for taxpayers.

The proposed changes draw on a number of recommendations from the Board of Taxation's post-implementation review into Division 7A.

To do!

This change may impact you if you have private loans from your business. In that case, you should seek advice from your tax professional.

Goods taken from stock for private use

If you take items from your business' trading stock for your own use, make sure you include the value of these items as part of your business' assessable income.

To do this, you should record the actual value of the goods (excluding GST) or use estimates provided by the ATO if you are a sole trader or in a partnership. The ATO estimates are updated yearly and are available for the following industries:

- bakery
- butchery
- restaurant/café
- caterer
- delicatessen
- fruiterer/greengrocer
- takeaway food shop
- mixed business (including milk bar, general store and convenience store).

For more information on amounts the ATO accepts as estimates and small business benchmarks, visit the ATO's website.

Note!

Seek advice from your tax agent or adviser if you are unsure how to treat stock used for private purposes in your accounts for tax purposes.

Top cyber security tips

It is important that businesses keep all their business and client information secure. If data is lost or compromised, it can be very difficult or very costly to recover.

The ATO has released a list of tips on how to keep your business and client data safe from hackers and identity thieves:

- Ensure your passwords are strong and secure
- Remove system access from people who no longer need it
- Ensure all devices have the latest available security updates
- Do not use USBs or external hard drives from an unfamiliar source
- Use a spam filter on your email account
- Secure your wireless network and be careful when using public wireless networks
- Be vigilant about what you share on social media
- Monitor your accounts for unusual activity or transactions
- Use a PO Box, or ensure your mail is secure
- Do not download programs or open attachments unless you know the program is legitimate
- Do not leave your information unattended – secure your electronic devices

GST matters

1) *GST – applying to digital products and other services imported by consumers*

In the 2015-16 Budget, the government announced that the application of the GST will be extended to cross-border supplies of digital products and other services imported by Australian consumers.

This includes digital products such as streaming or downloading of movies, music, apps, games, e-books as well as services such as architectural or legal services. Under the new law, overseas businesses will be required to pay GST on these sales from 1 July 2017.

If you have interactions with overseas businesses that supply digital products and services to Australian consumers, let them know they may be subject to the transitional rule for GST.

The transitional rule applies to businesses that:

- meet the registration turnover threshold of A$75,000; and
- supply digital products and services before 1 July 2017 and continue after this date. The portion after 1 July 2017 is subject to GST.

A simplified system will be available on the ATO website from 1 April 2017 for these businesses to electronically register, lodge and pay GST.

To do!

Talk to your tax agent about the GST implications for you if goods and supplies you have been acquiring from an overseas business that you may have been using in your business become subject to GST.

2) *GST on low value imported (physical) goods*

In the 2016-17 Federal Budget, the government confirmed that from 1 July 2017, the GST will be extended to low value imports of physical goods imported by consumers.

A vendor registration model will be used where non-residents with an Australian turnover of $75,000 or more will be required to register and charge the GST.

An exposure draft outlining the proposed law changes and application was released for public comment. More information will be provided as this measure progresses.

To do!

Talk to your tax agent about how the change in GST status of overseas businesses you transact with may impact on your own GST obligations.

3) *Simpler BAS test findings*

The ATO has been working to make business activity statement (BAS) reporting simpler for small business.

From 1 July 2017, small businesses will only be required to report:

- GST collected (1A);
- GST entitled to be claimed (1B);
- Total sales (G1).

Talk to your tax agent to find out how this may impact on your activity statement reporting to the ATO.

Taxable Payments Annual Report

1) *Overdue taxable payments annual reports: building and construction industry*

The ATO is contacting businesses in the building and construction industry about their overdue taxable payments annual reports.

If you are in the building and construction industry and have not lodged your 2016 or any prior year taxable payments annual reports, now is the time to get them back on track to avoid penalties.

Regardless of where you claim contractor expenses in your tax returns, if you have paid contractors for building and construction services, you need to lodge a taxable payments annual report.

2) *Lodging your report*

You must lodge your *Taxable payments annual report* online using the Business, Tax Agent and BAS Agent Portals. The ATO only accepts reports that meet these specifications.

To lodge online you'll need:

- an Australian business number (ABN);
- an AUSkey – to protect your security and privacy when dealing with the ATO online; and
- business software that meets the ATO's requirements.

Tip!

It is best to get the assistance of your tax agent when completing your Taxable payments annual report.

Superannuation matters

1) *Superannuation reform package bills*

The superannuation reform package passed into law in December 2016.

In summary, the reforms include:

- Legislating the objective of superannuation;
- Introducing a $1.6 million superannuation transfer balance cap;
- Reforming the taxation of concessional superannuation contributions;
- Lowering the annual non–concessional contributions cap;
- Introducing the Low Income Superannuation Tax Offset (LISTO);
- Improving access to concessional contributions;
- Allowing catch–up concessional contributions;
- Extending the spouse tax offset;
- Removing barriers to innovation in retirement income stream products;
- Improving the integrity of transition to retirement income streams (TRIS);
- Abolishing the anti–detriment rule;
- Streamlining administrative processes.

The ATO has also begun issuing guidance to assist taxpayers to understand the new superannuation reforms. However, your tax agent will be able to assist you to understand the new reforms and what they might mean for you.

2) *Being super compliant is easy*

If you are an employer, you must ensure you meet your super guarantee obligations. Some reminders of things you need to do are below:

- contribute at a rate of 9.5% of their employees' ordinary time earnings;
- make contributions by the quarterly due dates (28 January, 28 April, 28 July, 28 October) or more frequently;
- pay super for contractors if they are eligible, even if the contractor quotes an Australian Business Number;
- be SuperStream compliant; and
- keep accurate records to show they have met their obligations.

The ATO has a range of information, tools and calculators to help employers:

- Super obligation employer's checklist – Six easy steps
- Super guarantee eligibility decision tool
- Super guarantee contributions calculator
- Super for employers home page

Note!

Although the ATO has developed lots of tools to help employers meet their superannuation obligations in relation to employees, employers should still consult their tax adviser for help and support to meet their superannuation obligations.

3) *Support your clients to make the switch to SuperStream*

The deadline for all employers to be SuperStream compliant has now passed. All employers should be paying super and sending the corresponding data in an appropriate electronic format.

If you haven't made the switch to SuperStream, you should work with your tax adviser to help you become SuperStream compliant.