



**SOUTHERN
BUSINESS
SOLUTIONS**

Accountants and Tax Agents

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They would appreciate your help by donating charity Christmas gifts items that will go towards building a gift hamper for someone in need. Through your support, you can help make Christmas a very special time of year for those who are less fortunate.

The team at Southern Business Solutions helped to get into the Christmas spirit of GIVING by providing donations which we dropped off recently at AnglicareSA Southern Hub, 111 Beach Road, Christies Beach.



Louise Smith from Anglicare was delighted to see us arrive with the items.

They are open from 10am to 3pm Monday to Friday. Donations can be made up until the 15th of December for inclusion in hampers.

Thank you for your generosity as you lighten the burden on those most in need in our community this Christmas.



Christmas hours

Our office will be closing for the Christmas and New Year period. Our last day will be Friday the 22nd of December 2017 and we will reopen on Monday the 8th of January 2018 at 9am.

We take this opportunity to wish you a

Merry Christmas

and a

Safe and Happy New Year.

Christmas Hamper Donations

Can you join us in bringing hope to those who need it most this festive season?

Each year, AnglicareSA provides Christmas gift hampers to hundreds of disadvantaged individuals and families.

This Christmas they are aiming to hand out over 1,000 Christmas gift hampers to support families, adults and individuals who have no one else to turn to.

Property Seminar Update

We thank all those that participated in our recent 'Introduction to Property Investing' seminar held at Christies Beach hotel. Those attending each benefitted from the session and now feel more confident in their knowledge of the tax, financing, capital gain tax and tax deductions that can be claimed in property investing.

We will look to a follow up next year with seminars on topics of wealth creation and retirement planning and look forward to seeing you there.



If you missed out on the free seminar but would like to know more about property investing, please feel free to contact our office for an appointment to discuss your investment property queries on Ph: 8186 8444.

Why should you use a mortgage broker?

Do you need a Home loan? Business loan?
Debt consolidation? Investment Property finance?

There are lots of good reasons why more than half of Australians now use a broker to secure a home loan. Probably the most important one that is they work for you, not the banks. They speak to you first to find out what you need, and then use their knowledge of the market to better negotiate with the lenders. Then they get a range of options before working out which one is right for you, not what's right for the lenders.

Mina from Legendary Finance is willing to offer a free no obligation review of your current loans to ensure you are getting the best deal available and make suggestions where he feels he can help you can save.

Please call our office on Ph: 8186 8444 and we can arrange a time to meet with Mina.

The first step is he will come to meet with you – at home or work or our office – whatever suits you. It lets him get to know you and what your financial needs and goals are. Then he will research the many different products from a range of lenders to ensure he finds the right solution.

Retirement looming – are you getting ready

Jason Ellis is a financial planner and authorised representative of Politis Investment Strategies. Jason is able to help you map a plan for your future and help with the peace of mind that comes from knowing you have enough assets to support you well into retirement to live comfortably.

Call our office for a free no obligation discussion on the various financial planning services we can now offer, to better assist with your complete financial solution. Whether it be retirement planning, investment advice, income protection and life insurance needs, we are here to help you, just call for Jason Ellis on Ph: 81868484

To do!

Call Jason for an obligation free half hour appointment to discuss your financial planning needs.

RECENT DEVELOPMENTS IN TAX

New rules for accessing the 27.5% company tax rate from 1 July 2017

The [Treasury Laws Amendment \(Enterprise Tax Plan Base Rate Entities\) Bill 2017](#) was introduced into the House of Representatives on 18 October 2017. This Bill amends the *Income Tax Rates Act 1986* (Cth) (**Rates Act**) to ensure that, from the 2017-18 income year, a company will qualify for the lower company tax rate for an income year if:

- no more than 80% of the company's assessable income for that income year is 'base rate entity passive income'; and
- the company's aggregated turnover for the income year is less than the aggregated turnover threshold for that income year (for the 2017-18 income year, the threshold is less than \$25 million).

These amendments will modify the requirements that must be satisfied for a company to qualify as a 'base rate entity' by replacing the 'carrying on a business' test with a passive income test. Under the passive income test, companies that are generating predominantly passive income (eg rent, royalties etc) will not be eligible for the lower company tax rate.

The purpose of this legislation is to ensure that passive investment companies cannot access the lower company tax rate that is otherwise available small businesses.

Currently, to qualify as a 'base rate entity' in order to apply the lower company tax rate, a company must be 'carrying on a business' as well as meet the relevant aggregated turnover threshold.

The Bill will apply prospectively from the 2017-18 income year.

An amount of assessable income is 'base rate entity passive income' includes items such as:

- a distribution that is not a 'non-portfolio dividend';
- franking credits attached to such a distribution;
- interest income (as defined in the income tax legislation);
- a royalty;
- rent; and
- a net capital gain.

Note!

The issue of whether a company is 'carrying on a business' is relevant under the current law. However, if the *Treasury Laws Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2017* becomes law, the draft Ruling will not be relevant from 1 July 2017 going forward.

You should discuss with your tax agent or adviser whether your company may be eligible to access the lower company tax rate.

Small business tax concessions at a glance

The ATO has prepared a table that is available on their [website](#) which sets out at a glance all the tax concessions that may be available to small businesses. These include:

- simplified depreciation rules (eg the instant asset write-off, accelerated depreciation for primary producers);
- eligibility for the lower company tax rate;
- PAYG instalment concessions;
- simplified trading stock rules;
- simpler BAS;
- accounting for GST on a cash basis; and
- the various small business CGT concessions.

Your tax agent or adviser will be able to assist you to work out which of these concessions your small business may be entitled to.

Deductions for small business

The ATO has published answers to the most common questions taxpayers have been asking about deductions for small business. Find out more on the [ATO website](#).

To do!

Are you a company director? If so, you should consult your tax adviser about whether this legislation impacts on you at all.

Tax consequences of trust splitting

The ATO is developing guidance in relation to the tax consequences of trust splitting arrangements.

A trust splitting arrangement occurs when separate trustees are appointed over different assets of an existing discretionary trust. Each trustee is typically controlled by a different party.

The intention of trust splitting is to produce a structure where each trustee is able to deal with the assets it holds independently of the other trustees. In particular, the trustee is able to deal with the assets largely for the benefit of the controlling party.

If you hold assets through trusts, this ATO guidance may be relevant to you.

Streamlined reporting with Single Touch Payroll

Previous editions of *TaxWise Business* have contained information about Single Touch Payroll, which is a reporting change for employers. It means employers will report payments such as salaries and wages, PAYG withholding and super information to the ATO directly from their payroll solution at the same time they pay their employees.

For employers with 20 or more employees, Single Touch Payroll reporting starts from 1 July 2018. The first year will be a transition and penalties will not apply.

The Government has also announced that it will expand Single Touch Payroll to include employers with 19 or less employees from 1 July 2019. This will be subject to legislation being passed in Parliament.

Therefore, if your business has 20 or more employees, Single Touch Payroll starts for you on 1 July 2018. If you have less than 20 employees, Single Touch Payroll will start for you on 1 July 2019 if the relevant legislation gets passed.

To do!

If you have received one of these payments, talk to your tax agent to make sure you treat it correctly for tax purposes.

Superannuation guarantee – new measures announced

The Government has announced a further package of reforms to give the ATO near real-time visibility over superannuation guarantee (SG) compliance by employers.

The Government will provide the ATO with additional funding for a Superannuation Guarantee Taskforce to crackdown on employer non-compliance. The package builds on legislation already announced to close a legal loophole used by unscrupulous employers to short-change employees who make salary-sacrifice contributions to their superannuation.

The package includes measures to:

- require superannuation funds to report contributions received more frequently, at least monthly, to the ATO. This will enable the ATO to identify non-compliance and take prompt action;
- update payroll reporting through the rollout of Single Touch Payroll (STP). This will reduce the regulatory burden on business and transform compliance by aligning payroll functions with regular reporting of taxation and superannuation obligations;
- improve the effectiveness of the ATO's recovery powers, including strengthening director penalty notices and use of security bonds for high-risk employers, to ensure that unpaid superannuation is better collected by the ATO and paid to employees' super accounts; and
- give the ATO the ability to seek court-ordered penalties in the most egregious cases of non-payment, including employers who are repeatedly caught but fail to pay superannuation guarantee liabilities.

Understanding the sharing economy and tax

The ATO has updated their [sharing economy and tax web page](#) to help you understand your clients' income tax and GST obligations, and how to avoid tax debts. Information includes:

- [Working in the sharing economy](#)
- [Income tax and GST in the sharing economy](#)
- [Deductions you can claim](#)
- [Ride-sourcing](#)
- [Renting out all or part of your home](#)
- [Renting out a car parking space](#)
- [Record keeping](#)
- [How to avoid a tax debt](#)

Tip!

If you participate in the sharing economy, you need to understand your tax obligations. Talk to your tax agent or adviser if you are unsure about what your tax obligations are or whether you are meeting them.

Industry assistance payments to taxi licence holders

The ATO is providing assistance to taxpayers who hold a taxi licence (including a car hire licence).

If you hold a taxi licence (including a hire car licence) and you receive an industry assistance payment from your State Government in relation to the licence (excluding a licence surrender payment), it is probably not a capital receipt. It's more likely to be ordinary income. There are no GST consequences. More guidance can be found on the [ATO website](#).

GST determination – Simplified accounting methods (SAM)

The [Goods and Services Tax: Simplified Accounting Methods Determination 2017 for Retailers who sell Food – Business Norms, Stock Purchases and Snapshot Methods \(F2017L01274\)](#) commenced on 28 September 2017. This determination repealed and replaced *Simplified GST Accounting Methods Legislative Instrument (No 1) 2007*.

The determination provides eligible food retailers with a choice of using a simplified accounting method (SAM) to help them to work out their net amount. It does so by allowing them to estimate their GST-free trading sales and GST-free trading stock acquisitions for a tax period. The three SAMs are:

- Business norms method;
- Stock purchases method; and
- Snapshot method.

The determination is substantially the same as the previous determination that it replaced. If you were eligible to use a particular SAM specified in the previous determination, you will continue to be eligible to use that SAM under this determination.

The changes were passed into legislation in August 2017.

To do!

Talk to your tax agent or adviser to see if any of these Bills will impact on you or your business.

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