



**SOUTHERN  
BUSINESS  
SOLUTIONS**

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April 2018



## The small business \$20,000 instant asset write-off. Time to go shopping!

The small business write-off threshold of \$20,000 was extended to 30 June 2018 and is available to all small businesses with an aggregated turnover of less than \$10 million. After 30 June this year, the threshold will likely reduce to \$1,000.

If you have upcoming business expenses, now might be a good time to do some shopping so that you can claim the deduction in the current financial year!

## The \$20,000 instant asset write-off explained

If you buy an asset to use for business purposes and it costs less than \$20,000, you can immediately deduct the business portion of the cost in your tax return. This deduction is used for each asset that costs less than \$20,000. You would then claim the deduction through your tax return, in the year the asset was first used or installed ready for use.

It is important to note that the cost of an asset includes both the amount you paid for it and any additional amounts you spent on transporting and installing it.

**Note!**

- There is no limit to how many assets you can claim the deduction for. However, each one must cost less than \$20,000.
- If you later sell the asset for which you claimed an instant asset write-off, you include the taxable purpose proportion of the amount you received for the asset in your assessable income.

**What assets are included?**

- Assets that cost less than \$20,000
- Assets that are used for business purposes
- 'Physical' assets – e.g. computers, phones, vehicles, tools etc
- New or second-hand assets

**Tip!** You may be able to claim a deduction for business website costs using the simplified depreciation rules. Speak to us to find out more.

**What assets are excluded?**

- Assets that cost more than \$20,000
- Assets that are used for personal purposes
- Assets that are leased out (or expected to be leased out) for more than 50% of the time on a depreciating asset lease
- Assets you already allocated to a low-value pool
- Horticultural plants – e.g. grapevines
- Software allocated to a software development pool
- Capital works

**Tip!** Capital works used to produce income, including buildings and structural improvements, are written off over a longer period than other depreciating assets. Speak to us to find out more.

**How this works**

You buy a new computer for \$6,800 that you use 80% of the time for business purposes and 20% of the time for personal purposes.

You also buy a second-hand printer for \$700 which you use 100% of the time for business purposes.

For the computer, you would calculate your instant asset write-off as 80% (the business use proportion) of \$6,800, so you would claim \$5,440.

For the printer, you would claim the entire cost of \$700.

**Are you registered for GST?**

The threshold amount of \$20,000 assumes that you are not registered for GST.

If you are registered for GST, you exclude the GST amount you paid on the asset when you calculate your depreciation amounts (and your instant asset write-off threshold is \$20,000 exclusive of any GST).

If you are not registered for GST, you include the GST amount you paid on the asset in your depreciation calculations (and your instant asset write-off threshold is \$20,000 inclusive of any GST).

**Tip!** For further information about GST impacts, speak to us on 08 81868444. ■



## Investing in Bitcoin? Know the tax implications

A bit confused about Bitcoin? What is it and what does tax have to do with it?

On our website we share a few key facts and the tax consequences that may arise if you are thinking about investing (or have already invested) in Bitcoin.

[Click here to read the article.](#)



## Changes are coming to GST from 1 July 2018: is your business ready?

From 1 July 2018, Australian GST will apply to sales of low value goods (AUD \$1,000 or less) that are imported by consumers into Australia.

Simply put, these GST changes mean that:

- all goods imported by Australian consumers, even those worth less than \$1,000, will be subject to 10% GST;
- overseas retailers who sell goods to Australian consumers and make more than AUD \$75,000 per year will be required to register and impose GST. Under the old GST laws, this only applied to retailers who were selling goods valued at over \$1,000.

The existing processes to collect GST on imports above \$1,000 at the border are unchanged.



## Do you provide cars, holidays or club membership to your employees?

Rewarding your employees beyond their usual salaries is a great way to show your appreciation for a job well done.

If you do provide your employees with benefits or lifestyle assets to use for their personal enjoyment, it is important to remember that these benefits and assets may have fringe benefit tax (FBT) implications for your business.

Ensure you are meeting your FBT obligations by keeping accurate records to

determine any related income tax deductions you may be able to claim.

**Note!** The FBT year runs from 1 April to 31 March.

## What is FBT?

- FBT is a tax employers pay on certain benefits they provide to their employees – including their employees' family or other associates.
- The benefit may be in addition to, or part of, their salary or wages package.
- If you are a director of a company or trust, benefits you receive may be subject to FBT.
- FBT is separate to income tax and is calculated on the taxable value of the fringe benefits provided.

## Types of fringe benefits

- Car fringe benefits
- Car parking fringe benefits
- Entertainment and fringe benefits
- Expense payment fringe benefits
- Loan fringe benefits
- Debt waiver fringe benefits
- Housing fringe benefits
- Board fringe benefits
- Living away from home allowance fringe benefits
- Property fringe benefits (including property, goods or shares)
- Residual fringe benefits (benefits not covered by the above categories)

## Private use of exempt motor vehicles for FBT

If a car you own or lease is made available for the private use of your employee, you may be providing a car fringe benefit. There are some circumstances where use of the car may be exempt from FBT.

**Tip!** Speak to us regarding FBT car-related exemptions where you make an

eligible vehicle available to your employee for their minimal private use. ■



## Superannuation: what employers need to know

Superannuation is money you pay for your workers to provide for their retirement.

Generally, if you pay an employee \$450 or more before tax in a calendar month, you have to pay super on top of their wages. The minimum you must pay is called the super guarantee (SG).

The SG is 9.5% of an employee's ordinary time earnings.

**Note!** SG payments are due on 28 April 2018. Make sure you pay the SG on time to avoid paying the SG charge!

## Employer super quick check

Here's how to run a quick check of your super obligations to make sure you have everything sorted.

- Check you are paying super to all eligible workers (some contractors may be entitled to super)
- Check you are paying the right amount
- Check you are paying on time
  - It is tax deductible against your business income

- At a minimum, you can pay super quarterly
- If you fail to pay on time, you may need to pay a SG charge, which is not tax deductible
- Check you are paying to the right place (pay super into your worker's fund of choice or your default fund)
- Check you are paying the right way
  - Pay the SuperStream way – send both the payment and data electronically in a standard format
  - You may be able to use the free Small Business Super Clearing House to distribute payments to your employees' super funds
- Check you are keeping accurate records ■



## Hiring new employees? TFN declaration forms can be downloaded

There is a lot of paperwork to complete when you hire new employees. The good news is: you no longer need to order the form and wait for it to be mailed to you.

The ATO has developed a fillable TFN declaration form which is available on their website. You can download it from [ato.gov.au/TFNdec](http://ato.gov.au/TFNdec) or even better, ask your new employee to download the form and fill it in on the screen.

Once it is filled in, print it off, get your employee's signature then send the original copy to the ATO using the address on the form within 14 days.

**Tip!** Don't forget to keep a copy for your files! ■

30 April 2018	<ul style="list-style-type: none"> <li>• March quarterly BAS due</li> <li>• March quarter SG due</li> <li>• March quarter PAYG due</li> </ul>
21 May 2018	<ul style="list-style-type: none"> <li>2018 FBT return due</li> <li>April monthly BAS due</li> </ul>
28 May 2018	<ul style="list-style-type: none"> <li>March quarter SG charge statement due</li> </ul>



## Southern Finance Solutions Seminar

As part of our Seminar Series, Jason Ellis, who is also an authorised financial planner with Politis Investment Strategies, recently presented information on changes to superannuation and Centrelink.

If you require help with retirement planning, Centrelink, superannuation or investments, please call our associated company Southern Finance Solutions on 8186 8484 and speak with Jason.

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