



## MONEY MATTERS\$



December 2017, Issue 19

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### PENSION FUNDS AND EVENT BASED REPORTING

From 1 July 2017, everyone who receives a pension from a superannuation fund has a Transfer Balance Account (“TBA”). Your TBA is essentially the total funds that you will have transferred into your pension account. When your amount in pension grows by earnings or shrinks by pension payments, the TBA is not affected. Only transfers into the pension account or commutations out of the pension account will adjust your TBA. The balance of your TBA has been restricted to a maximum value of \$1.6 million per person.

The ATO wishes to be kept informed of your TBA, therefore you are required to inform them of any changes to your TBA. This is done through Event Based Reporting.

From 1 July 2018, under the requirements for Event Based Reporting:

1. If your TBA is less than \$1 million, you will need to report changes to your TBA when you lodge your superannuation fund tax return.
2. If your TBA is more than \$1 million, you will need to report changes to your TBA within 28 days of the end of the quarter when the event occurred.

Starting a pension, stopping a pension, divorce settlements and of course the death of a member all trigger reportable events of the TBA, as do all transactions relating to Limited Recourse Borrowings.

#### What do you need to do

If one of the events detailed above occurs it is important that you contact us immediately. **Don't wait until the end of the year to discuss.** That way, we can arrange for the report to be lodged with the ATO in a timely manner.

The new reporting requirements also highlights the importance of moving to our new superannuation fund software, [BGL Simple Fund 360](#). This software allows us to keep track of what is happening in your superannuation fund and assist you on a timely basis to remain compliant with the ATO and all superannuation legislation.

### BITESIZE BULLETINS

It is always wise to keep on top of all changes in tax that are relevant to you so that you can budget and make good tax planning decisions. Here's a little taster of some items, for the 2017/2018 tax year and onwards.

- The personal tax rates and Medicare levy rate have no changes for the 2017/2018 tax year, but please note that the Medicare levy will increase from 2% to 2.5% from 1 July 2019;
- The temporary budget repair levy of 2% imposed on individuals whose taxable income exceeded \$180,000 will not apply to the 2017/2018 tax year and onwards;
- From 1 July 2017, individuals will be able to claim a deduction for personal superannuation contributions made. So, if you contribute in addition to your employer superannuation (being out of your own savings) then you will be eligible for a tax deduction. (This is different to salary sacrificing to superannuation). Don't forget though – don't exceed your concessional contributions cap of \$25,000 which includes both employee and employer contributions!;
- If you have a Higher Education HELP Debt (HECS), from 1 July 2018 you will be obliged to repay a minimum of 1% of your annual income once it reaches \$42,000. This rate increases to 4% as your income increases to \$54,869. (This was the previous starting point to repayment.)

The above are only a few items that spring to mind when considering our individual clients but there are many more that may be relevant to your specific situation. Please contact your accountant if you would like to discuss your own background and if you have had any change of circumstances in the last few years.

### Reminder of Up and Coming Due Dates

- December Monthly BAS is due to be lodged with the ATO by **21 February 2018**, and December Quarterly BAS is due to be lodged with the ATO by **28 February 2018** (extension given due to Christmas)
- All Superannuation for the October–December Quarter must be paid by **28 January 2018**
- 2017 income tax returns where they have not already been lodged must be lodged by **15 May 2018**

**Joke of the Day**



"You gave away 60 billion toys and didn't get one receipt?!"



Is there something that you would like to see featured in one of our newsletters, or a particular topic that you would like more information on?

Then please do not hesitate to contact our office and submit your request



**Changes to depreciation and travel expenses to hit Property Investors**



New laws have been enacted, from 1 July 2017, that limit plant and equipment depreciation deductions to outlays actually incurred by investors in residential real estate properties.

Under the new legislation, depreciation deductions on plant and equipment will only be available to investors buying a newly constructed property, or investors who pay for plant and equipment themselves. This means if an investor buys an established property with a 1-year old hot water system, they can't claim the remaining deductions on its 'effective life'.

If you entered into an agreement to buy an investment property after 7.30pm on 9 May 2017, then you will be affected by the new legislation. Property purchased prior to this date may continue to claim depreciation under the old laws.

In addition to the change to claiming depreciation deductions, the Government has also scrapped deductions for travel expenses. Before the new laws were introduced, investors were entitled to claim travel costs to inspect properties, and for meetings with property managers which included airfares or petrol.

Investing in property may offer a variety of tax benefits, but you shouldn't invest in property solely for tax deductions. Your property investment decisions should focus on whether the property will either grow in value or provide you with the rental yield you need.

**Foreign Home Buyers hit by Vacancy Tax**



On 9 May 2017, as part of the 2017-2018 Federal Budget, a new measure was introduced where foreign buyers will be hit with a fee for having a property that sits empty for six months or more in a year. They will be expected to pay an annual fee equal to their foreign investment review board ("FIRB") application fee.

The new measure will apply to purchases from 9 May 2017. The Government's intention of the new tax is to encourage foreign owners to rent out their properties when they're not living in them.

**New changes to the Capital Gains Tax for Foreign Residents**

The Government announced two changes to the system introduced on 1 July 2016 for foreign resident capital gains withholding tax. The changes will apply to contracts of sale entered on or after 1 July 2017.

The two changes are:

- ◆ The threshold is being reduced from \$2 million to \$750,000; and
- ◆ The withholding payment rate is to increase from 10% to 12.5%.

Importantly, Australian vendors selling properties for more than \$750,000 will have to obtain a clearance certificate from the Australian Taxation Office stating you are not a foreign resident. You will need to provide a copy to the purchaser on or before settlement. If you fail to provide the certificate by settlement, the purchaser is required to withhold 12.5% of the purchase price, so don't waste any time.



## Uber / Ride Sourcing—GST Rules

Uber has taken the country by storm as a great way of earning extra income, but there are some important tax issues which you need to consider. Uber drivers are not employees of Uber but are considered contractors. This means Uber will **not** withhold any taxes and drivers are responsible for their own tax obligations. Any money made from Uber driving is considered income and must be declared on your income tax return. Drivers can only claim deductions relating to transporting passengers for a fare, meaning expenses must be apportioned to the time you are providing a ride-sourcing service.

From August 2015 the ATO confirmed that all Uber drivers are required to register for GST regardless of the amount of income earned. This means you need to get an Australian Business Number and register for GST from the first day you start driving for Uber. Drivers are required to lodge business activity statements where they pay GST on the full fare and only claim GST credits for expenses relating to transporting passengers for a fare. You will also need to know how to issue a tax invoice as you are required to provide one for fares over \$82.50 if asked.

If you are already an Uber driver or are considering becoming one and have not registered for GST please get in touch and we can help get you sorted.

## How Does Same Sex Marriage Rules Affect Us For Tax?

On 15 November 2017 the results for the Same Sex Marriage Plebiscite resulted in a YES!

In 2008 the government passed legislation to ensure that same sex couples and families are treated the same way as other couples and families for income tax and superannuation purposes. This expanded the definition of “spouse” and “child” to recognise same sex couples and their children.

The reform also removed discrimination in areas such as social security and family assistance, Pharmaceutical Benefits Scheme Safety Net and Medicare Safety Net, aged care, veterans entitlements, immigration, citizenship and child support and family law.

Therefore the recent excitement does not in any way change the way in which the Australian Tax Office or Medicare treats same sex marriage.

## SINGLE TOUCH PAYROLL—STARTS 1 JULY 2018

From 1 July 2018 if you have more than 20 employees you will need to send a report to the ATO every time you pay an employee.

For employers who have less than 20 employees the reporting is optional until 1 July 2019.

The report will be sent using a system called Single Touch Payroll, which will send the below information to the ATO:

- Payments to employees such as salaries and wages
- Pay as you go (PAYG) withholding tax
- Superannuation information

You can also get a third-party provider, like a payroll service provider or ourselves to report this information to the ATO through Single Touch Payroll on your behalf.

Payroll and service providers, eg MYOB, Xero and Quickbooks are updating their products and services which will allow you to send the required information to the ATO when you pay your employees. They should let you know when they become Single Touch Payroll-enabled.

### What you need to do

Do a headcount of the number of employees you have on **1 April 2018** to work out if you need to report to the ATO using Single Touch Payroll from **1 July 2018**. If you have more than 20 employees follow up to ensure that you will be able to meet the reporting requirements.

Should you have any queries regarding this please do not hesitate to contact our office to discuss or go to [ato.gov.au/SingleTouchPayroll](http://ato.gov.au/SingleTouchPayroll)



### CHRISTMAS TRADING HOURS—Where have your accountants gone?

The office will be closed from end of business Thursday 21 December 2017 and will re-open on Tuesday 2 January 2018.



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## Our Services

- Preparation of Tax Returns
- Preparation of Financial Statements
- SMSF Tax & Audit
- GST & BAS Lodgement
- Tax & Strategy Planning
- Bookkeeping
- Corporate Secretary Management
- Dashboard Reporting
- Due Diligence Review
- Financial Planning

## Office News—Michelle is a Nanna

We would like to congratulate **Michelle Houwen** on becoming a Nanna for the very first time. Her eldest daughter, Kelly and husband Craig, welcomed their first child, a baby girl, **Chelsea Florence McKeon** on 6 December 2017 (7.19 lb and 48 cm).

Michelle is beyond excited, and we are sure that she will be requesting that Greg cut down her hours so that she can do babysitting duties more often. We know that your grandchild will be very spoilt and we all cannot wait for all the photos. **Congratulations!!!**

  
First Time  
Nanna



## Website

We have some exciting news, and some 9 years in the making (of pushing Greg to give us the permission to go ahead) - we have a website currently under production. We hope that it will be another way for us to provide information to you. So watch this space, and we hope to reveal our launch date soon.

## Corporate Files & Registered Office & Agent Fees

We are currently going through our client list where we are the ASIC Registered Office and Registered Agent for Company Corporate Files. We will now be charging, for the 2018 financial year onwards an annual fee of \$120 + gst to be your Registered Office. If we act as your ASIC Registered Agent and have your ASIC correspondence this will be charged on a time used basis.

If you do not wish to be charged the annual fee of \$120 + gst, please contact us with the address you would like registered with ASIC as your Registered Office and we will update it on your behalf.

We are also returning all corporate files to our clients as we no longer have the capacity to store them all. Can you please arrange to collect your file or alternatively we can return it to you via Registered Mail or by courier but this will be at your cost. Please contact us by emailing reception on [rebecca@gregchapell.com](mailto:rebecca@gregchapell.com) regarding this matter.

## Staff Event

To celebrate Melbourne Cup this year, we had a lovely lunch while watching the race. We have an office tradition that everyone must wear a hat or fascinator, and our proud leader, stole the catwalk with this fascinator (don't forget your hat next time). We were then lucky enough to go tenpin bowling as our staff event.

As we know Greg always likes to set a competition, and this time he didn't win!! Sherryl took out the championship. Well Done Sherryl, Greg will, no doubt be selectively choosing the next event as something he can excel at it (if he can find one).



## Message from the Boss

As the holidays are nearly upon us, I would like to say "thank you" for your business over the last year. No business can thrive without good clients, so your support is really appreciated. No doubt 2018 will bring opportunities and challenges - and as ever, Chapell & Associates is here to help. We all look forward to speaking with you in the New Year.

Hope you have an enjoyable, safe and peaceful break over the next few weeks.



Thank you for your business, we wish everyone a very  
**Merry Christmas and a Safe and Prosperous New Year**



**IMPORTANT:** Professional advice should be considered before acting in any area. Clients and readers should not act solely on the material contained in this newsletter which is in the nature of general comments only. Material may or may not be applicable to your particular circumstances and changes in legislation occur quickly.