Chapell & Associates
MONEY MATTER$

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End Of Financial Year Due Dates

- Payment summaries & group certificates are due to be lodged with the ATO by **14 August 2019** and provided to staff by **14 July 2019**
- Payroll Tax annual summary and adjustments are due on **21 July 2019**
- All Superannuation for 2018/2019 must be paid by **28 July 2019**
- 2019 income tax returns where 2018 tax returns were lodged late/not lodged are due on **31 October 2019**
- Some of your private health insurance providers may send your tax statements to your MyGov account instead of emailing them to you

Federal Budget 2019—Explained

Happy New Financial Year—another year, another Federal Budget. We thought that it might be helpful to give you a summary of the points / changes from the 2019 Federal Budget.

INDIVIDUALS

- Personal Tax Rates—from 1 July 2018, the 32.5% tax bracket threshold increased from $87,000 to $90,000. No further changes to rates were made in the 2019 Federal Budget.
- If Legislation is passed, the non-refundable Low and Middle Income Tax which was introduced in the 2018 Budget, will be increased. From 1 July 2019, Taxpayers earning under $126,000, will be entitled to the offset. The offset available will be as follows:

Taxable Income	Tax Saving
$37,000 or less	Up to $225
$37,000 to $48,000	Offset increases at a rate of 7.5c per $ to a maximum of $1,080
$48,000 to $90,000	$1,080
$90,000 to $126,000	Offset phases out at 3c per $1

BUSINESSES

- Small to Medium Businesses—From 2 April 2019 there was an increase in the immediate tax deduction for assets from $20,000 to $30,000 for small business. This will apply to 30 June 2020. Further, the write-off is now available for all businesses whose annual turnover is less than $50 million. From 1 July 2020, the instant asset write-off available to small to medium businesses will return to $1,000.
- The government announced a new skills package to help create 80,000 new apprenticeships over 5 years. The government will double incentive payments to employers to $8,000 per placement. The new apprentice will also receive a $2,000 incentive payment. Payments will be made over the period of the apprenticeship.

SUPERANNUATION

- Individuals aged 65 and 66 will be able to make voluntary contributions from 1 July 2020 (both concessional and non-concessional) without needing to meet the contributions work test.
- From 1 July 2020, the age limit for making spouse contributions will be increased from 69 to 74. Currently, those aged 70 and over cannot receive contributions made by another person on their behalf.

Pay As You Go Instalments (PAYGI)

Yes we agree that the notices the ATO send out are confusing!

If you received income which has not been taxed by the payer (for example: trust distributions, business income, interest income) during the year, then this may trigger the PAYGI system. The PAYGI system enables the ATO to collect the tax on any additional income in advance for the year (that is prepayment of your tax). The ATO uses your last lodged tax return to estimate your next years tax and collects it via PAYG quarterly instalments. If you were already in the PAYGI system, then instalments will be adjusted to reflect the most recently lodged tax return. This PAYGI is used as a tax credit towards your current financial year tax.

The confusing notice received from the ATO gives you your notional **yearly** tax amount, which is the total tax they require for the **year**. This total tax is paid in quarterly instalments from the time you receive the notice. Most clients only receive their PAYGI statement electronically via MyGov.

It is possible to vary your quarterly PAYGI if your situation has changed from the prior year but this needs to be done before the due date of instalment. We also have the ability to claim back the instalment if you believe that no additional tax will be required for that year.

Don't Leave Your Tax Returns Until The Last Minute

Reminder To Do Your 2019 Tax Return Sooner

Do you need to pay Payroll Tax?

If you are a business that pays wages, you may have to pay payroll tax which is a state tax assessed on wages. Not every business has to pay payroll tax, but it's important to know whether your business needs to pay payroll tax. Payroll tax is self-assessed, and the onus is on the business to register if required.

You only have to apply for registration and pay the required payroll tax if the total wages exceed the monthly or the annual threshold amount.

- Monthly - $70,833 - Annually - $850,000

Please note that payroll tax is different in each state.

The Office of State Revenue will calculate the liability, which is calculated on the wages a business pays each month. The various wages liable for the tax include employee salary and wages, contractor payments, directors' remuneration, superannuation, allowances, fringe benefits, bonuses and termination payments. There are various employer-based exemptions for payroll tax which you can find on the State Revenue Tax website.

Generally, employers registered for payroll tax declare their wages by way of a monthly, quarterly, or annual return.

Prior to 1 July 2018, the payroll tax rate was 5.5% for all employers regardless of the level of taxable wages paid in Australia. From 1 July 2018 to 30 June 2023, payroll tax is calculated on a tiered rate scale in which the payroll tax rate gradually increases to a maximum of 6.5% for employers, or groups of employers, with annual taxable wages in Australia of more than $100 million.

The most common trap for growing businesses is knowing when their total wages reach the level that requires them to register for the payroll tax because you might be closer to the threshold than you think.

As a business owner, it's critical to be on top of your payroll tax obligations.

Single Touch Payroll

Employers

From 1 July 2019, all employers should report to the ATO - wages paid, tax withheld, superannuation on wages and superannuation paid every time they process a payroll. Some smaller employers can delay the commencement of reporting until September 2019 and owner wages may have further exemptions. Please call us to discuss if this applies to you.

The report is generated at the time of processing your wages either through your on-line accounting software (such as MYOB, XERO or Quickbooks), or if you do not use an on-line accounting software, a service provider of your choice.

A service provider will upload your payroll reports and convert them into the ATO's required format and submit the report on your behalf.

Your payroll process will not change. You will process wages on your normal payroll cycle, pay your employees in the usual way, provide payslips to your employees and you will continue to pay PAYG withholding in the usual way (monthly or quarterly). The only change is that once you have finished processing the payroll you will need to send a report to the ATO, which is generated by the software that you use.

There is good news, because of the Single Touch Payroll you no longer need to produce Payment Summaries for your employees or submit payroll information to the ATO at the end of the year.

Employees

From the 1 July 2019, every time your employer pays you, details of your wages, tax withheld and superannuation will be reported to the ATO. This means, if you have a MyGov Account you will be able to log on and see your Year to Date payroll information at any time.

One benefit of the new system is that you will be able to keep track of your superannuation. You will be able to see how much superannuation you are entitled to and what has been paid by your employer. Because of timing differences, there may be discrepancies between the two. However, you should check that your employer is at least paying your superannuation quarterly.

When you are paid and how you are paid should not change. Unless there are other reasons for the change.

You also will no longer receive a Payment Summary at the end of the year. When the time comes to prepare your tax return, we will be able to download your annual income from the ATO. Or if you prepare you own return, you will be able to access your income information from you MyGov account.

Rental Properties

Please remember that travel expenses relating to inspecting, maintaining or collecting rent for a residential rental property are non longer allowed, effective from 1 July 2017.

Joke of the Day!

Why did the blonde accountant stare at his glass of orange juice for three hours?

Because on the box it said Concentrate

Superannuation

Tax Deductible Superannuation Contributions

Many of our clients ask us whether they can top up their deductible superannuation contributions.

Each year, an individual can contribute up to a total of $25,000 to their superannuation fund and claim a tax deduction. (These are called concessional contributions). This limit applies to the combined contributions of yourself and your employer.

When your employer contributes the 9.5% of your gross salary or amounts agreed as salary sacrifice to superannuation, they claim the tax deduction. If you also contribute, from after tax income, you get to claim the tax deduction. You can only contribute the difference between $25,000 and the amount your employer contributed. If you have multiple employers, then you must add them all together. Just remember to inform your superannuation fund provider that you wish to claim a deduction for the contribution made and obtain a confirmation letter from the fund.

If you are self-employed, and no other contributions have been paid into your fund, then you can contribute up to a maximum of $25,000 and claim a tax deduction.

If your total concessional/deductible contributions exceed the $25,000 limit the extra will be taxed as an excess concessional contribution.

Excess Contributions Tax

If you exceed the contribution limit of $25,000, you will be taxed on the excess contributions in your personal tax at marginal rates and receive an offset of 15%. The superannuation fund will be taxed at 15% on the contributions. In addition, you will be charged an excess contributions charge which is effectively the same as the extra tax you have to pay on the contributions.

You can however access the funds from your superannuation fund, instructing your superannuation fund to pay the excess contribution tax by completing the Excess Concessional Contributions Election Form and sending it to the ATO.

Section 293 Notice

If your Taxable Income plus your concessional superannuation contribution exceed $250,000, then you will be issued a Section 293 Notice. Under the legislation, when a person's income and contributions are more than $250,000, they are required to pay an additional 15% tax on the contributions portion that exceed the $250,000 threshold.

For example, if your income was $240,000 and superannuation contributions were $25,000, therefore making your combined income $265,000 you would be required to pay an additional $2,250 in tax on your contributions ($15,000 x 15%). Again, this tax is charged to you personally, but you can instruct your superannuation fund to pay it by completing the Division 293 Tax Due and Payable Election Form and sending it to the ATO. The ATO will then instruct your fund to pay the amount due.

If the employer contributes more than $25,000 because of your salary

Please do not intentionally contribute in excess of $25,000 into your superannuation fund each year. If you are fortunate enough to have a salary over $263,000 and your employer wants to pay the 9.5% superannuation on your full salary, you can request them to divert the excess amount over $25,000 to your salary instead of your superannuation. This will save you in overall tax.

Maintaining Your Records

The End of the Financial Year is the perfect time to declutter your documents, however before doing so, know what records you need to keep and for how long.

The type of document it is will determine the length of time you are required to keep it. Holding on to your documents for seven years is a good starting point for most businesses and people. However, the essential rules are as follows:

1. Financial records must be kept for seven years after the transactions have been completed.
2. Tax records must be kept for a minimum of five years.
3. Employment records must be kept for seven years after termination.
4. Documentation of assets must be kept for five years after they are sold.
5. Documents relating to intellectual property rights like trademarks and copyright must be retained for as long as the rights to the intellectual property exist.
6. Trust deeds must be kept indefinitely.
7. Documents relating to legal action must be held for the period of litigation or permanently.

Electronic Copies

Most documents can be retained electronically. If you do decide to keep your records electronically, ensure that the copy is a true and clear reproduction of the original document.
Legal documents such as wills and agreements should always be retained and the original documents stored in a safe and secure spot.

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Congratulations Sherryl

We would like to congratulate **Sherryl McCambridge** and her husband, Tim on the birth of their baby boy, Benjamin on 10 April 2019 (7.9 lb.'s and 50.5 cm).

Sherryl has decided to take 12 months maternity leave in order to enjoy some sleepless nights and precious moments with baby Ben.

Website

As per our last newsletter, a reminder that we now have a **WEBSITE!!** We would love if you were to go visit and spread the word. Please visit **https://www.gregchapell.com.au**

Meet the team, find out more about us, see the endless services we can assist and provide, or simply go back and have a read of past newsletters. If there is something you would like featured in one of our newsletters, or a handy link on our website, then please do not hesitate to contact our office and submit your request.

Welcome Linda

Chapell & Associates welcomed our newest member of the team, Linda Chapell in March 2019. As her name suggests, Linda is Greg's wife and is joining our team officially whilst Sherryl is on maternity leave.

Linda has over 20 years of experience, working in various industries, including manufacturing, finance and mining. She has a Bachelor of Commerce and is a Certified Practicing Accountant (CPA)

Linda is joining the practice on a part time basis, balancing being mum to two boys while also keeping Greg in line.

Welcome Back Aoife

We also get to welcome back Aoife Kilroy after maternity leave with her second child. Aoife is looking to return at the end of September 2019. Aoife will return on a part time basis.

Staff Event—Amazing Race

As part of one of our yearly team building events, we all participated in an amazing race around the city, trying to locate landmarks and solve cryptic clues, as well as a few funny games to get everyone ready for the big race.

We all had a lot of fun, and yes Greg's team won this time.

Fee Reminder

A reminder to our clients that per our engagement letter we charge on a time basis. This means that every contact with our firm is recorded against your account. All time spent liaising with you, the ATO, mortgage brokers, car finance people or anyone else on your behalf is also recorded. We regularly we consider the account and issue an invoice.

Further, we have had to introduce payment before lodgement (unless covered by a refund) rule due to a number of clients defaulting on their debts.

Please respect that where an error is made by us, no charge is applied to correct the error. If an error is made by the client or the ATO or any other person, which we then have to assist you to correct the error, then charges will apply.

Chapell & Associates is a close knit and friendly team of staff, who all enjoy helping you with your business. We are experienced in all areas of clients advice and all work together to provide you with the best possible outcomes.

When you call, if your usual adviser is not available let us know your question and one of our team members may be able to help you. If they can help they will, then update your normal adviser on any discussions you may have had with them.

However, if you prefer to wait for a call back, then of course leave a message. Thank you for your business, and we look forward to hearing from you all soon.

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