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DFK AUSTRALIA NEW ZEALAND BUSINESS & TAXATION BULLETIN

keeping you informed **winter 2018**

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CHANGES TO GST & THE PURCHASE OF NEW RESIDENTIAL PROPERTY

From 1 July 2018, any purchaser of a new residential property will be required to withhold a GST amount from the purchase price and pay it directly to the Australian Taxation Office on or before settlement.

- The payment of GST to the ATO does not increase the purchase price, but rather ensures the ATO is receiving the GST owed.
- Once a purchaser has paid the GST, when the vendor prepares and lodges their Business Activity Statement as normal, the amounts already received from purchasers becomes a credit against any GST payable.
- The vendor must notify the purchaser in writing of the amount to be withheld and when the payment is required to be made.
- A purchaser is required to complete a GST property settlement notification online prior to settlement to obtain a PRN and LRN.
- The solicitor or conveyancer for the transaction should assist with this task.

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YEAR-END TO-DO LIST

There are always lots of business tasks to be completed each day, but here are a few which must be ticked off by 30 June 2018 to optimise your 2018 income tax position.

Individuals

- Pay personal superannuation contributions to a complying super fund. The 2018 contributions cap is \$25,000 which includes any superannuation guarantee from your employer.
- Make donations to tax-deductible recipients.

Businesses

- Pay employee superannuation contributions to receive deduction.
- Ensure you are Single Touch Payroll ready if you have 20 or more employees.
- Purchase any small business assets to claim instant asset write-off (small business only).
- Ensure minimum repayments for Division 7A loans have been received (companies only).

Trusts

- Resolution minute for eligible beneficiaries for 2018 financial year.

Superannuation Funds

- Check minimum pension payments made (if required).

ARE YOU DEALING WITH AN ILLEGAL PHOENIX OPERATOR?

Do you ever get suspicious that something is not quite right with an entity you conduct business with? There are a few easy checks you can make to determine a business is legitimate.

- Check ABN details using the ABN lookup function at abr.gov.au
- Check company registration details at the Australian Securities and Investment Commission (ASIC) at asic.gov.au
- Search for company director status for banned or disqualified directors at ASIC.

If you do suspect any illegal activity, then it can be reported to the Australian Taxation Office using the online 'Report a Concern' form.

DATA MATCHING & THE ATO

The ATO conducts an extensive data matching program to assist them in administering the tax system and as a law enforcement tool. Information is collected electronically and then it is validated, analysed and used to:

- Pre-fill tax returns, making it easier for individuals to lodge a tax return.
- Reassure the community that the ATO protects honest people and businesses from unfair competition.
- Ensure individuals and businesses make lodgements when required to do so and correctly declare income and deductions.

The ATO collects information for more than 600 million transactions from a wide range of third party sources such as banks, financial institutions, employers, state revenue agencies, other federal government bodies, online selling platforms, stock exchanges, health insurers and building industry businesses.

RETIREMENT OF TRADING NAMES

The Australian Business Register (ABR) is working with the Australian Securities and Investment Commission (ASIC) in preparation of the discontinuation of trading names from November 2018.

If your business operates under a trading name other than the legal company name, now is the time to ensure the business name is correctly registered with ASIC.

SMALL BUSINESS DEPRECIATION – \$20,000 INSTANT WRITE-OFF EXTENDED

The increased instant asset write-off of \$20,000 has been extended to 30 June 2019. It was previously due to cease on 30 June 2018.

HECS-HELP REPAYMENT THRESHOLDS CHANGING

On 1 July 2018 the lower threshold for HECS-HELP compulsory repayments will be lowered to \$45,000 from \$55,874, however the minimum repayment rate has also been lowered from 4% to 1%.

The upper threshold of repayments has increased to 10% of adjustable taxable income over \$131,989. The lower threshold means a greater number of individuals will be required to commence HECS repayments and employers will need to adjust their PAYG withholding accordingly.

NEW CHILD CARE SUBSIDY

On 2 July 2018 a new Child Care Subsidy will replace the current Child Care Benefit and Child Care Rebate.

Parents and carers are required to register through myGov for the new subsidy prior to 2 July 2018 as your information from the previous Child Care Benefit does not rollover.

The subsidy will only be paid directly to the child care provider.

The rate of subsidy now varies depending on the family taxable income, passing an activity test for the parent/s and the number of hours of care.

GIC & SIC RATES

The ATO has published general interest charge (GIC) and shortfall interest charge (SIC) rates for the fourth quarter of the 2017-18 income year.

The GIC annual rate for April – June 2018 is 8.77% and the SIC rate is 4.77%.

FINANCE ARTICLE PRE-APPROVAL BEFORE YOU PURCHASE THE PERFECT HOME OR INVESTMENT PROPERTY

Purchasing your perfect home or investment property is an exciting and challenging journey, and usually is one of the largest investments in your life! It is therefore important to remain level headed throughout the excitement, to understand what you may be able to afford, and to engage with a professional to help you through the various stages of buying.

Talking to a finance professional about obtaining a Pre-Approval is the best and safest way to start this journey.

A Pre-Approval, otherwise known as an Approval in Principle (AIP) can be obtained by first considering your property goals. You can then work towards shaping your potential borrowing capacity and a broader strategy. It is worth then researching the market, discussing and agreeing to the most suitable lender for your needs. Then comes the process of paperwork and bank/lender discussions to work through.

Examples of documents required for Pre-Approval

- Proof of income (pay slips, tax returns if you are self-employed).
- Monthly living expenses (we offer a template to assist you in allowing for all of your normal living costs).
- Information about existing debts such as loans, credit cards, HELP debt.

Benefits

There are many benefits of organising a Pre-Approval prior to buying or even locating the right property. For example:

- It provides an indicative guide on how much you can afford to borrow, and therefore how much you may be able to spend on a property.
- Financial Safeguard – avoids a costly situation, where you may have won a property at an auction, later to discover you cannot satisfy a lender's ongoing servicing requirements or loan conditions.

- It allows you to 'shop with confidence' and bid at an auction should your dream home come onto the market.
- Is a handy tool for price negotiations – It shows your estate agent that you are serious about buying a home. Some agents won't spend their time showing you homes in case you don't come through with the financing.
- The approval is valid for up to 3-6 months. Your circumstances, and the home loan market, can change rapidly. Consulting a finance professional ensures that you have a clear idea of how long your home loan Pre-Approval is valid for. The time frame will depend on the relevant lender and it is usually a simple process to update the Pre-Approval.

Proceeding to Formal Approval

The Pre-Approval is simply an indication of your ability to borrow from a lender, based on the information provided at that time.

Once you have successfully found your dream property, you can progress your loan position to a Formal Approval, and prepare for settlement of the property.



GREAT PEOPLE THAT KNOW & UNDERSTAND ALL LEVELS OF BUSINESS & FINANCE

Talk to us about your business needs today.

If you're interested in global outsourcing, foreign operations or any business and accounting support, we can make it happen.

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IMPORTANT: Information contained in this newsletter is not advice. Clients should not act solely on the basis of material contained in this bulletin. Items herein are general comments only and do not constitute or convey advice per se. Also, changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. The bulletin is issued as a helpful guide to our clients and for their information.

UPCOMING KEY DATES & DEADLINES

5 JUNE 2018	Due date for lodgement of 2017 Income Tax Return for companies and super fund who were non-taxable or refundable in prior year and non-taxable or refundable in current year.
5 JUNE 2018	Due date for lodgement and payment of 2017 Income Tax Returns for individuals who have not lodged earlier
21 JUNE 2018	May Monthly Activity Statement due for lodgement and payment
25 JUNE 2018	Due date for lodgement of 2018 Fringe Benefits Tax Annual Return
30 JUNE 2018	Superannuation contributions must be paid by this date to qualify for a tax deduction
30 JUNE 2018	End of Financial Year
16 JULY 2018	PAYG Payment Summary required to be provided to each employee
23 JULY 2018	NSW Payroll Tax Annual Reconciliation due for lodgement and payment
23 JULY 2018	June Monthly Activity Statement due for lodgement and payment
23 JULY 2017	Quarterly PAYG Instalments activity statement due for lodgement and payment for head companies of a consolidated group
30 JULY 2018	Superannuation Guarantee Contributions due for payment for April – June 2018 quarter
30 JULY 2018	March – June 2018 Business Activity Statement due for paper lodgement and payment
31 JULY 2018	TFN Report for closely held trusts for TFNs quoted by beneficiaries of the trust
14 AUGUST 2018	Due date for lodging PAYG Withholding Payment Summary Annual Report for large withholders and payers with no tax agent involved in preparation
21 AUGUST 2018	July 2018 Monthly Activity Statement due for lodgement and payment
27 AUGUST 2018	April – June 2018 Business Activity Statement due for electronic lodgement and payment
28 AUGUST 2018	Taxable Payments Report – Building and Construction Industry
21 SEPTEMBER 2018	August 2018 Monthly Activity Statement due for lodgement and payment

FOR MORE INFORMATION & FUTURE NEWSLETTERS

For more information on anything contained in this bulletin please telephone or email to our details below.

DFK GRAY PERRY – ADELAIDE

For further information or enquiries about any of the latest business and taxation topics discussed in this newsletter, please contact the Directors and team at DFK Gray Perry.

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