

BusinessPlus+ Newsletter



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End Of Year Tax Planning – June 2019

A. The 2019 Financial Year Is coming To An End

This special edition of the Business Plus+ newsletter contains commentary on many of the items you may encounter as part of your end of financial year deliberations. Please contact us for a copy of our End of Year Tax Planning paper and checklist. Both will assist you in identifying items that you might like to discuss with us. This article does not include the majority of items contained in the Australian government's Budget for 2019/2020 as the Budget has not yet been approved by Parliament.

B. End of Year Tips

- Prepayments – if your business' turnover is under \$10 million for the year, consider any prepayments that you could make prior to 30 June 2019.
- Instant asset write off – you can write off expenditure on individual items to a value of up to \$30,000 if your business has an annual turnover of less than \$50 million.

C. Taxing Of Trading Income

There are two forms of taxation treatment for trading income, depending on whether the business is assessed on a:

- "Cash" basis - businesses are assessed when income is received and payments are deductible when they are paid if the business's income is under \$10 million for the year (see Section D)
- "Accruals" basis - businesses are assessed when a legally recoverable debt arises, usually at the point of invoicing and payments are deductible when the supplier's invoice is received and entered into the business's accounting books irrespective of the date of payment (see Section D).

D. Small Business Entities

- Aggregated turnover (relates to annual turnover received by your business plus the annual turnover of any business connected with you or that is an affiliate of yours) of less than \$10 million. "Aggregated turnover" is calculated on a group basis and must be "business income". Please ignore this section if it is not applicable to you, in that case if you are in business, please refer to Section J "Entities Not Defined as Small Business".
- The small business entity rules applies to a sole trader, partnership, company or trust which has a group turnover of less than \$10 million in the previous year, or likely to be less than \$10 million in the current year.

Depreciation Rules

From 2 April 2019 a small business taxpayer can immediately write off the cost of new or second hand assets, costing up to \$30,000 until 30 June 2020. For acquisitions made prior to 2 April 2019 the instant write off thresholds are:

- Purchases from 29 January 2019 to 7:30pm AEDT 2 April 2019 - \$25,000
- Purchases from 1 July 2018 to 28 January 2019 - \$20,000

If the assets (including motor vehicles) cost more than \$30,000, the asset can be placed into the small business simplified depreciation pool, depreciated at 15% in the first income year and 30% each income year thereafter.

Prepayments

Small business entity taxpayers are entitled to a deduction for prepayments where the relevant services will be wholly provided within twelve months of the date of expenditure, such as office supplies, stationery, rent, advertising etc.

General Deductions

- Staff Bonuses – ensure a cheque has been written or payments made prior to 30 June 2019 and PAYG withholding tax deducted.
- Staff Holidays – where practical, encourage staff to take holidays prior to 30 June 2019 or when cashing in holidays, the payment is made before 30 June 2019.
- Superannuation – for the year ending 30 June 2019, superannuation contributions can be paid for any eligible person:
 - Up to - \$25,000
 - People aged 65 years or over must satisfy a "work-test". The work test applies when you have turned 65 years until you turn 75 years, you must have worked at least 40 hours within 30 consecutive days in a financial year before your superannuation fund can accept any non - concessional contributions for you.
- Self-Employed Persons – self-employed persons can obtain a superannuation deduction on the same basis as that adopted for employees.
- Salary Sacrifice Arrangements – salary sacrifice arrangements can be utilised to maximise superannuation contributions subject to the overall deduction limits.
- Non-Concessional Contributions – the non-concessional contributions cap is \$100,000 for 2018/2019. The maximum bring forward cap is \$300,000 over a three year period. The Total

Superannuation Balance is a restriction on superannuation contributions that can be made. In 2018/2019 if you have more than \$1.6M in superannuation you cannot make non-concessional (after tax) contributions, receive spouse contributions or receive the government co-contributions.

- Superannuation Minimum Contributions – superannuation contributions have to be paid to all eligible employees who are paid, at least, \$450 gross per month.
- Interest On Loan Funds – interest can be claimed on loans taken out for business purposes or to buy income producing properties and/or shares.
- Repairs & Maintenance – ensure that the work has been completed prior to 30 June 2019.
- Directors' Fees – ensure cheques are drawn for payments made prior to 30 June 2019 and that PAYG Withholding Tax is deducted.
- Travel Deductions:
 - Overseas – prepare a full itinerary and diary.
 - Local – more than six nights you are required to maintain a diary.A ban on travel related tax deductions for most real estate investors now applies.
- Motor Vehicle Expenses – there are two methods available to calculate tax deductions for work-related motor vehicle expenses:
 - cents per kilometre - 68 cents per kilometre climate (to claim up to a maximum of 5,000 business kilometres per vehicle per annum)
 - logbook method - you can claim your actual business kilometres as a percentage of the total kilometres that the motor vehicle has travelled and to then utilise that percentage as the claimable percentage of the total motor vehicle expenses incurred.
- Donations – any promised tax deductible donations should be made prior to 30 June 2019.
- Borrowing Costs – borrowing costs can be claimed over the shorter of five years or the term of the loan.
- Entertainment – entertainment is not deductible unless it is provided as a fringe benefit and Fringe Benefits Tax has been paid.
- Gifts – ensure payment is made to a tax-deductible charity on or before 30 June 2019.
- Audit Fees – deductible if there is a contract that creates a presently existing liability before 30 June 2019.
- Salary Packages – ensure salary packages are negotiated and documented for 2019/2020 prior to 30 June 2019.
- Legal Costs – review any legal costs that have been incurred. If the legal costs relate to regular business operations (e.g. debt collection), separate them from costs relating to capital items which are not claimable for income tax purposes.
- Luxury Car Tax – the Luxury Car Tax is 33% and applies to the GST inclusive value in excess of \$66,331 (including GST). The Luxury Car Tax for "fuel efficient vehicles" applies from a cost of \$75,526.
- Research & Development for companies with turnovers under \$20 million – a company will receive the benefit of a research and development refundable tax offset calculated at 43.5% of the eligible research and development expenditure. The rebate can be paid to the company by the Australian Taxation Office within thirty days of lodgement of

the company's tax return if the company elects to receive this payment in the company's income tax return. It is important to note that for research and development claims in respect of the year ending 30 June 2019, the company must register with AusIndustry by 30 April 2020 or the date of lodgement of company's income tax return, whichever is the earlier.

If the company wishes to claim Research and Development expenditure incurred overseas an "Advance/Overseas Finding" application must be lodged with the Australian Taxation Office prior to the end of the financial year.

Stock

- Trading Stock Rules – small business entities (turnover under \$10 million) do not have to account for changes in trading stock or prepare a stocktake for tax purposes, where the difference between the value of the opening stock and a reasonable estimate of the closing stock is \$5,000 or less.

E. Stock – All Businesses

- Stock On Hand – review stocktake list in early June 2019. Determine whether to conduct "sales" prior to 30 June 2019. Conduct stocktake as at 30 June 2019. If you are conducting regular "rolling" stocktakes throughout the year, it may not be necessary to conduct a stocktake as at 30 June 2019. Stocktaking may not be necessary if you are a small business entity (refer Section D – Trading Stock Rules).
- Value Of Stock – stock can be valued at different individual methods for each item of stock:
 - Cost
 - Sale Value
 - Lower of Market Value or Replacement Cost
- Obsolete Stock – identify any obsolete stock and decide whether to clear or dump that stock prior to stocktake.

F. Assets

- Fixed Assets – determine if there are any benefits in scrapping any fixed assets to obtain a tax write off prior to 30 June 2019.

G. Employment Issues

- Payment Summaries – have to be prepared and sent to all employees by 14th July each year unless your business was operating the single touch payroll system for the entire period of 2018/2019, in which case the equivalent of the payment summaries will be prepared by the Australian Taxation Office for each employee.
- PAYG Withholding Tax – the annual summary is due to be lodged with the Australian Taxation Office by 14 August unless your business was operating the single touch payroll system for the entire period of 2018/2019.
- Payroll Tax (if you are liable – if you have any questions, please contact us) – you have to prepare a reconciliation of total payroll for the year showing

the total amount of payroll tax payable and then reconcile this with the remittances that you have forwarded throughout the year.

- WorkCover – a WorkCover Declaration is due by 31 August certifying wages paid for year ending 30 June 2019.

H. Income Issues

- Government Grants – if your business has received a grant from a Government department, it is most likely paid to you on the basis that it is taxable income and therefore you need to disclose in your tax return the receipt of the government grant. If you are lodging your income tax return on a cash basis, this highlights the desirability of ensuring that all of the government grant funds have been expended on tax-deductible items prior to 30 June 2019 (if possible).

The government has announced a tax exemption for primary producers and small businesses who receive grants for losses suffered from the North Queensland floods and primary producers affected by the Queensland storms.

- Personal Service Income – taxation laws include measures that are designed to limit the deductions available to certain contractors, whether operating as a sole trader or through a company, trust or partnership; these are known as the Personal Services Income (PSI) measures. A taxpayer, who meets certain specified tests, will be treated as carrying on a personal services business and will be able to claim a wider range of deductions. If you are operating a personal service business you need to be aware of the Australian Taxation Office's strict approach to income retention and income splitting. If you have any questions relating this to item, please contact us.
- Non-Commercial Losses – for a business to be commercial, under the "non-commercial losses tests", the business needs to meet certain prescribed tests. If the tests are not met, any losses arising from the activities have to be carried forward and offset in a later year against future income from the same type of source. If you have non-commercial losses, please contact us for advice on the treatment of the losses in 2018/2019.
- Trust Distributions – the Australian Taxation Office has indicated that it will be enforcing the full meaning of the law, whereby trustee distribution/resolutions have to be made by the 30 June each year.

I. Utilising Tax Free Threshold

Every adult taxpayer has a tax-free threshold of \$18,200. If a taxpayer is verging on losses, consideration should be given to the decisions being made in relation to the valuation of stock, bringing forward or delay of sales, etc., to utilise the tax-free threshold. Otherwise, the benefit will be lost forever.

J. Entities Not Defined As Small Business

Aggregated turnover (Refer Section D) of over \$10 million for the year. Please ignore this section if not applicable to you – refer to Section D – Small Business Entities).

Prepayments

The prepayment rule for "other small businesses" applies to business taxpayers with a group turnover of \$10 million or more.

Depreciation rules for turnover up to \$50 million per annum

From 2 April 2019, businesses with a turnover of up to \$50 million per annum can immediately write off the cost of new or second hand assets (including motor vehicles) costing up to \$30,000 per item.

General Deductions

- Staff Bonuses – ensure a cheque has been written with payment made prior to 30 June 2019 and PAYG withholding tax deducted.
- Staff Holidays – where practical, encourage staff to take holidays prior to 30th June 2019 or if being cashed out, paid before 30 June 2019.
- Superannuation – for the year ended 30 June 2019 superannuation contributions can be paid for any eligible person:
 - up to \$25,000
 - people aged 65 years or over must satisfy a "work test". The work test applies when you have turned 65 years until you turn 75 years, you must have worked at least 40 hours within 30 consecutive days in a financial year before your superannuation fund can accept any non - concessional contributions for you.
- Self-Employed Persons – self-employed persons can obtain a superannuation deduction on the same basis as that adopted for employees.
- Salary Sacrifice Arrangements – salary sacrifice arrangements can be utilised to maximise superannuation contributions subject to the overall deduction limits.
- Non-Concessional Contributions – the non-concessional contributions cap is \$100,000 for 2018/2019. The maximum bring forward cap is \$300,000 over a three year period. If you have more than \$1.6M in superannuation you cannot make non-concessional (after tax) contributions, receive spouse contributions or receive the government co-contributions.
- Superannuation Minimum Contributions – superannuation contributions have to be paid to all eligible employees who are paid, at least, \$450 gross per month.
- Interest On Loan Funds – interest can be claimed on loans taken out for business purposes or to buy income producing properties and/or shares.
- Repairs & Maintenance – ensure that the work has been completed prior to 30 June 2019.
- Directors' Fees – ensure cheques are drawn for payments made prior to 30 June 2019 and that PAYG Withholding Tax is deducted.
- Travel Deductions:
 - Overseas – prepare a full itinerary and diary.
 - Local – more than six nights you are required to maintain a diary.

A ban on travel related tax deductions for most real estate investors now applies.

- Motor Vehicle Expenses – there are two methods available to calculate tax deductions for work-related motor vehicle expenses:
 - Cents per kilometre - 68 cents per kilometre climate (to claim up to a maximum of 5,000 business kilometres per vehicle per annum).
 - logbook method - you can claim your actual business kilometres as a percentage of the total kilometres that the motor vehicle has travelled and to then utilise that percentage as the claimable percentage of the total motor vehicle expenses incurred.
- Donations – any promised tax deductible donations should be made prior to 30 June 2019.
- Borrowing Costs – borrowing costs can be claimed over the shorter of five years or the term of the loan.
- Entertainment – entertainment is not deductible unless it is provided as a fringe benefit and Fringe Benefits Tax has been paid.
- Gifts – ensure payment is made to a tax-deductible charity on or before 30 June 2019.
- Audit Fees – deductible if there's a contract that creates a presently existing liability before 30 June 2019.
- Salary Packages – ensure salary packages for 2019/2020 are negotiated and documented prior to 30 June 2019.
- Legal Costs – review any legal costs that have been incurred. If the legal costs relate to regular business operations (e.g. debt collections), separate them from costs relating to capital items which are not claimable for income tax purposes.
- Luxury Car Tax – the Luxury Car Tax is 33% and applies to the GST inclusive value in excess of \$66,331 (including GST). The Luxury Car Tax for "fuel efficient vehicles" applies from a cost of \$75,526.
- Research & Development – companies that incur research and development can claim additional taxation benefits. There are two components:
 - companies with turnovers under \$20 million
 - companies with turnovers over \$20 million
 - companies must register their research and development projects with AusIndustry by 30 April 2020 or the date of lodgement of the company's income tax return, whichever is the earlier.
- Research & Development for companies with turnovers under \$20 million – a company will receive the benefit of a research and development refundable tax offset calculated at 43.5% of the eligible research and development expenditure in the financial year. The rebate can be paid to the company by the Australian Taxation Office within thirty days of lodgement of the company's taxation return, if the company elects to receive this payment in the company's income tax return.

Companies with turnovers over \$20 million – the company will receive a 38.5% non-refundable tax offset of the eligible research and development expenditure. If you require further information of the treatment of research and development expenditure, please contact us.

If the company wishes to claim Research and Development expenditure incurred overseas an "Advance/Overseas Finding" application must be

lodged with the Australian Taxation Office prior to the end of the financial year.

Deductions On “Accruals” Basis

(subject to income tax return being lodged on an “accruals” basis)

- Fringe Benefits Tax Payment (Accruals Basis) – if a Fringe Benefit Tax instalment is due on 21 July 2019, it can be accrued and claimed as a tax deduction in the year ending 30 June 2019.
- Commissions Owed (Accruals Basis) – where employees or another business are owed commission by your business for services rendered up to 30 June 2019, the accrued amount can be claimed as a tax deduction at 30 June 2019.
- Bad Debts (Accruals Basis) – actually write-off any bad debts prior to 30 June 2019 and prepare minutes authorising the write-off.
- Interest (Accruals Basis) – any accrued interest outstanding on a business loan, that has not been paid at 30 June 2019, can be claimed as a tax deduction at 30 June 2019.
- Salaries & Wages (Accruals Basis) – the accrued expense for the days that employees have worked, but not paid at 30 June 2019, can be claimed as a tax deduction at 30 June 2019.
- Commercial Bills (Accruals Basis) – where the term of a Commercial Bill expires beyond the 30 June 2019, the discount applicable to the period up to 30 June 2019 can be claimed as a tax deduction.
- Rent (Accruals Basis) – if rent is in arrears, the part that is owed up to 30 June 2019 can be claimed as a tax deduction.

Stock

- Stock On Hand – review stocktake list in June 2019. Determine whether to conduct “sales” prior to 30th June 2019. Conduct stocktake as at 30 June 2019. If you are conducting regular “rolling” stocktakes throughout the year, it may not be necessary to conduct a stocktake as at 30 June 2019.
- Value Of Stock – stock can be valued at different individual methods for each item of stock:
 - Cost
 - Sale Value
 - Lower of Market Value or Replacement Cost
- Obsolete Stock – identify any obsolete stock and decide whether to clear or dump that stock prior to stocktake.

Assets

- Fixed Assets – determine if there are any benefits in scrapping any fixed assets to obtain the tax write off prior to 30 June 2019.

Employment Issues

- Payment Summaries - payment summaries have to be prepared and sent to all employees by 14th July each year unless you were operating a Single Touch Payroll System for the entire period of 2018/2019 in which case the Australian Taxation Office will supply details of earnings to your employees.
- PAYG Withholding Tax - annual summary must be sent to the Australian Taxation Office by 14th August unless you were operating Single Touch Payroll System for the entire period of 2018/2019.
- Payroll Tax (if you are liable) - you have to prepare a reconciliation of total payroll for the year showing

the total amount of payroll tax payable and then reconcile this with the remittances that you have forwarded throughout the year.

- Work Cover - a Work Cover Declaration is due by 31 August certifying wages paid for year ending 30 June 2019.

Income Issues

- Bad Debts Recovered (on an accruals basis) – if a debtor owed an amount which has been written off, subsequently pays that amount you have to bring the amount paid to account as assessable income in the year of recovery.
- Government Grants – if your business has received a grant from a government department, it is most likely paid to you on the basis that it is taxable income and therefore you need to disclose in your tax return the receipt of the government grant.

The government has announced a tax exemption for primary producers, and small businesses who receive grants for losses suffered from the North Queensland floods and primary producers affected by the Queensland storms in 2018/2019.

- Personal Service Income – the taxation laws include measures that are designed to limit the deductions that are available to certain contractors, whether operating as a sole trader or through a company, trust or partnership; these are known as the Personal Services Income (PSI) measures. A taxpayer, who meets certain specified tests, will be treated as carrying on a personal services business and will be able to claim a wider range of deductions. If you are operating a personal service business you need to be aware of the Australian Tax Office’s strict approach to income retention and income splitting. If you have any questions relating to this item, please contact us.
- Non-Commercial Losses – for a business to be commercial, under the “non-commercial losses tests”, the business needs to meet certain prescribed tests. If the tests are not met, any losses arising from the activities have to be carried forward to offset in a later year against future income from the same type of source. If you have non-commercial losses, please contact us for advice on the treatment of the losses in 2018/2019.
- Trust Distributions – the Australian Taxation Office has indicated that it will be enforcing the full meaning of the law, whereby trustee distribution/resolutions have to be made by the 30 June each year.

K. Primary Producers

(In addition to small business entities (Section D) and entities not defined as small business (Section J))

Deductions

- Non-Commercial Losses – for a business to be commercial, under the “non-commercial losses tests”, the business needs to meet certain prescribed tests. If the tests are not met, any losses arising from the activities have to be carried forward as an offset in a later year against future income from the same type of source. If you have non-commercial losses, please contact us for advice on the treatment of the losses in 2018/2019.

L. Companies

- Franking Account – a company's dividend payments and franking profile should be reviewed before year-end to ensure sufficient credits are available. If you have any questions, please contact us for a review.
- Company Loans – the law requires that a loan to a shareholder is properly documented. If there is no security offered, the term of the loan should not exceed seven years. If security is offered, the loan should not exceed twenty-five years. The interest rate to be charged during 2018/2019 is a minimum of 5.2%. If loans have been made to shareholders that haven't been supported by properly documented Loan Agreements, then the Australian Taxation Office can treat these payments as being dividends that are assessable to the shareholder.

M. Capital Gains Tax

- Matching Capital Losses and Capital Gains – capital losses are not directly deductible. Capital losses have to be offset against any capital gains generated during 2018/2019.
- 50% Capital Gains Tax Discount – you should check your eligibility for the general 50% Capital Gains Tax discount for individuals. If you are a small business operator and are able to meet the \$6 million net value asset test or have turnover of less than \$2 million, you might be entitled to further Capital Gains Tax concessions. If you have any questions on the operation of these concessions, please contact us.
- "Wash Sales" - the Australian Taxation Office has issued a ruling that relates to "wash sales". This is a situation where shares, in companies listed on the Stock Exchange, are sold to crystallise the capital loss and then shortly thereafter the taxpayer, or an associate of the taxpayer, purchases shares in that same corporation on the Stock Exchange.

N. Reportable Payment Report

- If you are operating the following industries, you are required to submit a Summary of Payments made during 2018/2019 to the Australian Taxation Office by 28 August 2019:
 - Building and Construction Industries
 - Couriers Services
 - Cleaning Services

O. Superannuation Funds

- Contributions to superannuation funds - for taxpayers with Adjusted Taxable Income (ATI) less than \$250,000 are taxed at 15% of the contribution by the superannuation fund. For taxpayers with ATI over \$250,000, contributions are taxed at 30%.
- Earnings made in a superannuation fund - are taxed at 15% and paid by the superannuation fund.
- For people 60 years or over who have started drawing a pension, payments from the superannuation fund are, in the majority of cases, tax-free.
- Generally, monies invested in superannuation funds

P. Early Stage Innovation Company Report on Shares Issued

- Companies are required to complete an Early Stage Innovation Company Report if they issue new shares to one or more investors during 2018/2019 that could lead to an investor being entitled to access the Early Stage Investor Tax Incentives.
- The report must be submitted by 31 July 2019.

Q. Property Investments

Deductions

- Interest On Investment Loans – taxpayers who have borrowed money for a non-business investment (e.g. rental property) can check with their lenders to see if they can prepay interest prior to 30 June 2019.
- Building Allowance – the construction costs of income producing buildings may be written off at 2.5% or 4%, depending on the date of construction. Please contact us if you require additional details.
- General expenses - can include real estate agents fees; building allowance; depreciation of fixtures, fittings, plant and equipment; share of depreciation of common property in a strata-titled property; repairs and maintenance; pest control; interest on monies borrowed for investment in the property; bank charges on the property bank account; cleaning; electricity; rates; land tax; insurance.
- Negative Gearing – the net loss, which may include interest, borrowing costs, etc., may be deductible.
- Travel Expenses – A ban on travel related tax deductions for most real estate investors now applies.

Income Issues

- Income Splitting – income splitting can be highly tax effective, especially if investments have been placed in the name of a lower income earner. This can be applicable where a spouse is not working and the income in the spouse's name would therefore be taxed at a lower rate.
- All income from a rental property - should be declared.

R. End of Financial Year Review

If you have any queries on any other items not discussed in this newsletter, or you have general matters that you would like to discuss with us relative to your taxation affairs for the year ending 30 June 2019, please contact us urgently so that a convenient time for a meeting can be arranged.

S. Business Review

Now is an ideal time to talk to us about Business Development Strategies for your business in 2019/2020, particularly relating to:

- The establishment of a series of regular quarterly meetings to discuss your business performance
- What we could offer by performing a Chief financial Officer service for your business
- Reviewing your business financing position and giving consideration to the possibility of raising

capital via:

- Crowd Sourced Funding Equity Raising; or
- Section 708 of the *Corporations Act* capital raising; or
- Early Stage Innovation Company capital raising
- a Business Health Check
- An analysis of risks relating to your business particularly a Personal Property Securities Register Due Diligence Review
- Cashflow including:
 - debtors
 - stock
 - work in progress
- Business Plan development for 2019/2020
- Budgets & Cashflow Forecasts for 2019/2020
- Setting retail prices to achieve budget targets
- Setting trades charge out rates to achieve budget targets
- Setting professional fees to achieve budget targets
- Accessing government grants
- Analysing gross profit being achieved in your business
- "What If" calculations relative to sales

If you would like us to undertake a business review on your business, please contact us.

T. Individuals

Deductions

- Superannuation Co-Contribution – the government will give lower income earners (\$37,697 to \$52,697) \$0.50 for each \$1 they contribute to superannuation from their after-tax salary up to a maximum of \$500.
- Taxation Advice – fees payable to an accountant or registered tax agent for taxation advice can be claimed.
- Expense Substantiation – ensure that you can justify all employment-related expense amounts incurred.
- Working from Home Expenses – expenses can be claimed for working from home (as distinct from having a home office).
- Expenses for Shareholding Investments – expenses incurred in gaining income from shares are a tax deduction.
- Sickness and Accident Insurance – premiums for Sickness and Accident Cover are tax deductible. Payments can be made by the employer without incurring Fringe Benefits Tax.
- Home Office Expenses – if you use an area in your home, you can claim the expenses of a home office. Items that could be claimed include:
 - electricity (proportionate)
 - rent (proportionate)
 - cleaning (proportionate)
 - repairs and maintenance for the office
 - depreciation of fixtures and fitting and plant and equipment for the home office
- Work-Related Expenses – items such as travel (other than travel to and from work), uniforms, laundry of work clothes, subscriptions, union fees and self-education – but you must be able to substantiate your claim. A ban on travel related tax deductions for most real estate investors now apply. If you have used your own motor vehicle for business related

purposes you can claim motor vehicle expenses:

- Cents per kilometre
- Logbook method
- End of Year Tax Schemes – the Australian Taxation Office produces product rulings on various investment products that are marketed particularly around 30 June each year. To avoid confrontation with the Australian Taxation Office, it is best to consider investing in products that have obtained a product ruling. These product rulings are not a guarantee or government endorsement on the likely success, or profitability, of the investment.
- Managed Investment Schemes – it is recommended that you have a meeting with your professional accountant prior to committing to a Managed Investment Scheme (MIS) investment.

Income Issues

- Interest Earned – declare interest earned on bank accounts, loans, etc.
- Employee Share Schemes – if you are a member of an employee share scheme, you should ensure that any income earned is included in your income tax return.
- Scheme Formed After 1 July 2015 – Employee Share Scheme interests provided by eligible start-up companies will not be subject to up front taxation if the investment is held by the employee for at least three years. An eligible start-up company is one with aggregated turnover of less than \$50M unlisted and incorporated for less than ten years.
- Scheme Formed After 1st July 2009 – the discount on Employee Share Schemes are taxed either upfront or on a deferred basis. For 'qualifying' schemes, if the employee is earning less than \$180,000 taxable income plus reportable fringe benefits, reportable superannuation contributions and total investment losses, then the employee can claim a \$1,000 exemption from the inclusion of the assessable discount.
- Dividends, Interest, Managed Funds Distributions, etc. – the ATO matches information provided in tax returns with information received from external sources, such as public companies, banks, managed funds etc.

Offsets

- Zone Offset – This offset is based upon where you are considered to reside for the tax year, so your Zone Tax Offset is limited to where your main residence or home is considered to be.
- Minimisation of Income Tax
- Salary Packaging – salary packaging can assist in the minimisation of income tax, particularly in the areas of voluntary superannuation contributions and acquisition of assets that are not subject to Fringe Benefit Tax. Your employer is required to report the value of fringe benefits in your payment summary. That may have an effect on other government payments you receive.

If you have any questions relating to planning your taxation affairs for 30 June 2019, please do not hesitate to contact us.

An Important Message

While every effort has been made to provide valuable, useful information in this publication, this firm and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any suggestions should be considered carefully within your own particular circumstances, as they are intended as general information only.

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