



DFK AUSTRALIA NEW ZEALAND BUSINESS & TAXATION BULLETIN

keeping you informed **autumn 2018**

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YOUR BAS & RECORD KEEPING

Often, we are asked by clients about how long they need to keep all their business 'paperwork'. Any tax invoices and other records required for the GST calculations should be kept for 5 years.

This means that a business must hold a valid tax invoice for all purchases above \$82.50 for which they are claiming a GST credit. As a reminder, a valid tax invoice must include:

- | | |
|--|--|
| ■ The words 'Tax Invoice' | ■ Sellers name and ABN |
| ■ Issue date of the invoice | ■ Description of the items sold |
| ■ GST amount included in the price | ■ Extent to which each sale includes GST |
| ■ For sales above \$1,000, the purchasers name and ABN | |

It is essential for a business to keep accurate records of all sales and purchases to support all the calculations which have been reported in the BAS. It is also satisfactory to store tax records electronically.

dfk

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FRINGE BENEFITS TAX – YEAR ENDED ON 31 MARCH 2018

The Fringe Benefits Tax (FBT) year ended on 31 March 2018, so now that it is FBT time, it is important that every business review any non-cash benefits provided to employees or associates during the previous 12 months. In order to familiarise yourself with common fringe benefits, we have listed them below:

Motor Vehicles

FBT liability arises where a car is used by an employee for any private purposes, notwithstanding that the vehicle is also used for business purposes. An exemption applies for taxis, utilities of carrying capacity greater than 1 tonne or unregistered cars.

Car Parking Benefit

FBT liability arises where a car is parked on business premises that is within 1 kilometre of a commercial car parking station.

An exemption applies to small businesses with gross ordinary income of less than \$10million and the car is not parked in a commercial parking station.

Exempt Benefits

There are a variety of benefits which are FBT free, if they are primarily used for business purposes including a portable electronic device, protective clothing, a briefcase and tools of trade.

Minor Fringe Benefits

Minor and infrequent benefits of less than \$300 are exempt from FBT.

In-house Benefits Exemption

Allows the employer to reduce the taxable value of in-house benefits by up to \$1,000 per employee per year.

Meal Entertainment on employer's premises

Food and drink provided to employees on ordinary working days are FBT exempt.

Meal Entertainment not on employer's premises

Generally, all meal entertainment provided to staff outside of business premises are subject to FBT.

Expense Payment Benefit

This is where an employer pays or reimburses private expenses incurred by employees.

For example, school fees; private telephone bills; rates and land taxes; life and health insurance premiums etc. All these payments would be subject to FBT.

Property Benefits

These arise when an employee is provided with property (e.g. stock) for free or at a discount.

The 'Otherwise Deductible Rule'

In most cases, where the employee would have been allowed a 'once only' tax deduction for the expense if they had paid it themselves, then the taxable value is reduced by its deductible portion.

SMALL BUSINESS DEPRECIATION – LAST CHANCE FOR \$20,000 INSTANT ASSET WRITE-OFF

Last chance for \$20,000 instant asset write-off ceases on 30 June 2018 and reverts back to \$1,000 from 1 July 2018, so now is the time for small businesses to invest in equipment. A business with an aggregated turnover of less than \$10 million may choose to apply the simplified depreciation rules. Under these rules, depreciation of assets is calculated as follows:



- Immediate write-off for assets costing less than \$20,000 (ex GST) that are bought and used or installed ready for use prior to 30 June 2018.
- The instant asset write-off will reduce to a \$1,000 threshold from 1 July 2018.
- Pool most other depreciating assets that cost \$20,000 or more. Depreciation is calculated at 15% in the first year and 30% in each subsequent year.
- Write-off the small business pool balance if it is less than \$20,000 at the end of an income year.
- Only claim a deduction for the portion of the asset used for business.

If a business wishes to access the instant asset write-off they must also apply all aspects of simplified depreciation to their other depreciating assets.

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 Apr – June 2018 is 8.77% and the SIC rate is 4.77%.

FUEL TAX CREDITS

The next 6 monthly rate change for fuel tax credits due to indexation commenced on 5 February 2018 (rather than 1 February).

The fuel tax credit rates are changing regularly so it is very important to keep good records to support your claim. For fuel used in heavy vehicles you are required to apply the applicable rate on the date you acquired the fuel.

USE OF FUEL	TYPE OF FUEL	FROM 5 FEBRUARY 2018	FROM 1 AUGUST 2017
Vehicle greater than 4.5 tonnes GVM travelling on a public road	Petrol, diesel or blended fuels eg. E10	15.1 cents	14.5 cents
Specified off-road activities	Petrol, diesel or blended fuels	40.9 cents	40.3 cents
All other business uses including power to auxiliary equipment of a heavy vehicle	Petrol, diesel or blended fuels eg. E10	40.9 cents	40.3 cents
	LPG	13.3 cents	13.2 cents
	LNG or CNG	28.0 cents	27.6 cents

Talk to us about your business needs today.

If you're interested in finding out more about any accounting and business advice or support, we can make it happen.

Email DFK Kidsons on

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ALL LEVELS OF
BUSINESS & FINANCE**

FEATURE ARTICLE

SINGLE TOUCH PAYROLL IS COMING – ARE YOU READY?



Single Touch Payroll (STP) is a government initiative to streamline and simplify the way businesses report to the Australian Taxation Office (ATO).

Each time an employer pays employees through a Single Touch Payroll enabled software you will be reporting the employees salaries and wages, allowances, deductions and other payments, pay as you go (PAYG) withholding and superannuation information to the ATO.

Your payroll frequency (cycle) does not need to change. You can continue to pay your employees using your current pay cycles.

EMPLOYER CHECKLIST TO HELP YOU GET READY

STEP 1: Take a headcount of the current employees you have on 1 April, 2018. If you have 20 or more employees on that date, you are considered a 'substantial employer' and will be required to report through STP enabled payroll software from 1 July 2018. If you have 19 or less employees, Single Touch Payroll reporting will be optional until 1 July 2019.

It should be noted that counting your employees is purely by headcount, not a count of your full time equivalent employees.

What is an employee for headcount purposes?

- Full-time employees
- Part-time employees
- Casual employees who are on your payroll on 1 April and worked any time during March
- Australian resident employees based overseas
- Any employee absent or on leave (paid or unpaid)

- Seasonal employees (staff who are engaged short term to meet a regular peak workload, eg. harvest workers)

Do not include:

- Any employees who ceased work before 1 April
- Casual employees who did not work in March
- Independent contractors
- Staff provided by a 3rd party labour hire organisation
- Company directors
- Office holders, eg. President, Vice President, Treasurer, Secretary, etc.
- Religious practitioners

If you are part of a company group, the total number of employees employed by all member companies of the wholly-owned group must be included.

STEP 2: Review and possibly update your payroll solution.

A payroll solution is the accounting, business management or payroll software you use to pay your employees. If you are using a payroll software solution or service provider you will need to confirm with them that they will be STP enabled by the due date.

What if I don't have a payroll solution?

There are a number of options available if you don't have a payroll solution:

- You can speak to your tax agent to determine which payroll solution would best suit your business.

■ **WE TREAT OUR
CLIENT'S BUSINESS AS IF
IT WERE OUR BUSINESS**



- You can use a registered tax agent or payroll service provider to report to the ATO on your behalf.
- You can check which payroll solutions are Single Touch Payroll enabled in the product catalogue on the Australian Business Software Industry Association (ABSIA) website and choose one of them.
- The major software and payroll services providers are either ready or committed to be ready for STP to be available and it is best to check with your provider and make sure your software is updated to be able to report by the due date.

A payroll provider that we have recently used and can recommend is **CloudPayroll**.

CloudPayroll is an online based payroll solution who will automatically manage the STP process on clients' behalf as part of the standard service. **CloudPayroll** is suitable for small to medium size businesses from 1 employee up to several hundred. Migration, implementation and training, is all taken care of by their experienced friendly payroll experts. Ongoing, unlimited support is provided by phone or email for no additional fee.

Penalties, exemptions and deferrals

When you commence reporting through Single Touch Payroll the first 12 months will be a transition period.

During the first 12 months of reporting through Single Touch Payroll you will be exempt from any administrative penalties for failing to report on time, unless the ATO have already given you written notice advising that a failure to report on time in the future may attract a penalty.

The ATO may grant an exemption from Single Touch Payroll reporting if you are located in a rural area with no reliable internet connection or are classed as a substantial employer for a short period of the income year – for example, due to harvesting activities.

The ATO may defer the date required to commence Single Touch payroll reporting if your payroll solution will not be ready, you have entered into administration or liquidation, are impacted by a natural disaster or affected by a circumstance beyond your control.

If you are not ready to start reporting on time you will need to request a deferral beforehand which can be requested by your tax agent.

■ ■ ■ WE BUILD SUCCESSFUL LONG-TERM RELATIONSHIPS WITH OUR CLIENTS

A DYNAMIC ASSOCIATION OF
EXPERIENCED PROFESSIONALS



We make it happen!

Talk to us about your business needs today.

If you're interested in finding out more about any accounting and business advice or 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

21 MARCH 2018	February 2018 Monthly Activity Statement due for lodgement and payment
31 MARCH 2018	2017 Income Tax Return due for individuals and trusts whose latest return resulted in \$20,000 tax liability
31 MARCH 2018	2017 Income Tax Return due for lodgement and payment for companies and super funds with a turnover of greater than \$2 million unless required to lodge earlier
31 MARCH 2018	End of 2018 Fringe Benefits Tax year
21 APRIL 2018	March 2018 Monthly Activity Statement due for lodgement and payment
21 APRIL 2018	Quarterly PAYG Instalments activity statement due for lodgement and payment for head companies of a consolidated group
28 APRIL 2018	Superannuation Guarantee Contributions due for payment for January – March 2018 quarter
15 MAY 2018	2017 Income Tax Return lodgement required for all entities not required earlier Companies and super funds required to pay 2017 income tax
21 MAY 2018	April 2018 Monthly Activity Statement due for lodgement and payment
26 MAY 2018	January – March 2018 Business Activity Statement due for lodgement and payment
28 MAY 2018	Payment required for 2018 Fringe Benefits Tax Return
5 JUNE 2018	2017 Income Tax Return lodgement for all entities who are non-taxable or due a refund in prior and current year
21 JUNE 2018	May 2018 Monthly Activity Statement due for lodgement and payment
25 JUNE 2018	2018 Fringe Benefits Tax Return required for lodgement
30 JUNE 2018	Payment of all superannuation contributions prior to this date to be considered as 2017 – 2018 contributions
30 JUNE 2018	End of 2018 Financial Year

FOR MORE INFORMATION & FUTURE NEWSLETTERS

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

DFK KIDSONS – NORTH CAIRNS & MELBOURNE

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 Kidsons.

General Enquiries: brian.woods@dfkkidsons.com.au

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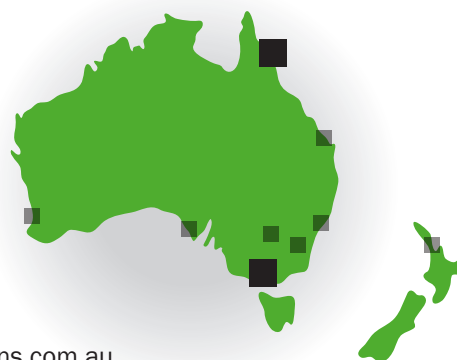
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