

JUNE 2021

NEWSLETTER

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Temporary Asset full expensing win- dow extended to 30/06/22

Applies to all businesses with
aggregate turnover lower than
\$5bn

[See page 2 for more information](#)



Super Guarantee Rate is increasing—1 July 2021

The rate for superannuation contributions made by employers under the Super Guarantee Charge will **increase from 9.5% to 10% on the first of July 2021.**

The rate will continue to increase by 0.5% per year until it reaches 12% in the 25/26 financial year.

Support During Mouse Plague

The NSW Government is handing out rebates to individuals and small businesses for mouse bait expenses. A grant is available to primary producers

[See page 3 for more information](#)

2020-21 SUPER CONTRIBUTION CAPS

Note: You may be able to contribute above these limits, but there are certain conditions you must first satisfy.

Concessional (i.e. tax deductible)

Members aged between 67 and 74 need to meet the work test. Generally members 75 and over are unable to make personal contributions. You may be eligible to carry forward unused concessional contributions.

\$25,000

*Increasing
to
\$27,500 in
FY 21/22*

Non-Concessional (i.e. not tax deductible).

Subject to the \$1.6m transfer balance cap. From the 1st of July 2021, the transfer balance cap will be indexed to \$1.7m. The cap that applies to you will be dependent upon the highest amount that has been held in your super at any one time.

\$100,000

*Increasing
to
\$110,000
in FY
21/22*

Reminder: Super Guarantee Payments

It is important to ensure you allow enough time for the payment to **be received** by the fund before the quarterly due dates, as listed below.

Quarter ended June 2021 — due 28 July 2021

Quarter ended September 2021 — due 28 October 2021

Quarter ended December 2021 — due 28 January 2022

Quarter ended March 2022— due 28 April 2022

Planning Point

To count as a tax deduction in the 20/21 year, you must have paid the super guarantee by 30 June 2021.



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Single Touch Payroll Phase 2

In the 2019–20 Budget, the Government announced that Single Touch Payroll (STP) would be expanded to include additional information. This expansion of STP (known as STP Phase 2) will allegedly reduce the reporting burden for employers who need to report information about their employees to multiple government agencies. It also supports the administration of the social security system.

It is important to note that the mandatory start date for STP Phase 2 reporting will be 1 January 2022, and that the exemptions previously available to some businesses will no longer apply after the 30th of June 2021.

The additional information you need to report should already be captured in your current payroll software. However, more information on the rollout can be found at:

[https://www.ato.gov.au/Business/Single-Touch-Payroll/Expanding-Single-Touch-Payroll-\(Phase-2\)/](https://www.ato.gov.au/Business/Single-Touch-Payroll/Expanding-Single-Touch-Payroll-(Phase-2)/)

Asset Purchases - Temporary Full Expensing

If you are a small business, to claim the instant asset write-off you must use the simplified depreciation rules. The amount a business can claim for its depreciable assets depends on the business turnover, the date of purchase and the cost of the purchase. There have been many changes to these rules over the last few years. The information below summarises these changes.

- For assets you first held after 7.30pm (AEDT) on 6 October 2020 to 30 June 2022, **you can immediately deduct the business portion of the asset under temporary full expensing if your turnover is under \$5bn.**
- For financial years ending between 6 October 2020 and 30 June 2022 (financial years 20/21 & 21/22) you deduct the balance of your small business pool under temporary full expensing.
- The \$150,000 instant asset write off limit applied from the 12 March 2020 and effectively changed to full expensing for most businesses on 6 October 2020.

Instant asset write-off thresholds	Aggregated turnover under \$10m	Aggregated turnover under \$50m
1 July 2018 – 28 January 2019	\$20,000	-
29 January 2019 – 2 April 2019	\$25,000	-
2 April 2019 – 11 March 2020	\$30,000	\$30,000
12 March 2020 – 31 December 2020	\$150,000	\$150,000
6 October 2020 – 30 June 2022	unlimited	unlimited

There are some ineligible assets for the full expensing rules, such as buildings.

ATO and Other Scam Alerts

The ATO has been made aware of several scams occurring in this calendar year, and wishes to provide the following guidance

- The ATO will never send or attach links to the emails and SMS it sends to MyGov or MyTax users.
- The ATO will never suspend a TFN
- The ATO will not threaten arrest

If you suspect that you have given your details to a scammer, you can contact Services Australia's Scams and Identity theft Help desk.

Service Australia: Scams and Identity Theft Help Desk
Phone number: **1800 941 126**

Do you have a myGov Account?

The ATO is increasingly using the myGov portal to communicate with taxpayers.

A myGov account gives people access to a range of government services such as the ATO, Medicare and Centrelink, which can be easily linked.

To ensure secure access, myGov requires a username and password, which is then verified by entering a number sent via SMS to your mobile phone each time you log in to your account. Please check your myGov account regularly for ATO and other correspondence including any income tax instalments you may need to pay.



Passenger Vehicles and Log Books

There is a limit to the amount of depreciation that can be claimed for passenger vehicles (except a motorcycle or similar vehicle) designed to carry a load less than one tonne and fewer than 9 passengers. The car limit for the 20-21 financial year is \$59,163, and will increase to \$60,733 in the 21-22 financial year.

To establish your business use and hence what percentage of the vehicle's depreciation and other running costs and GST you can claim you generally need to maintain a log book for 12 weeks. The log book should record your business kilometres travelled in the course of producing assessable income. The log book and written evidence of your expenses should be kept for 5 years. A new log book is required every 5 years.

The instant asset write-off is limited to the business portion of the car limit for the relevant income tax year. For example, the car limit is \$59,136 for the 2020–21 income tax year. If you use your vehicle for 75% business use, the total you can claim under the instant asset write-off is 75% of \$59,136, which equals \$44,352. If your vehicle is not considered a passenger vehicle, the car limit does not apply.

Luxury Car Tax

From 1 January 2020, primary producers and tourism operators can claim a yearly refund of up to \$10,000 on luxury car tax paid. For the vehicle to be eligible, it must be four or all wheel drive, must be a passenger vehicle with ground clearance greater than 175mm, or an off road passenger vehicle. The refund must be claimed within 4 years of becoming entitled to it.

Support for Farmers, households and small businesses affected by Mouse Plague

Mouse Bait Rebates

Farmers in New South Wales will now be eligible for a 50 percent rebate, of up to \$10,000 for zinc phosphide bait under the NSW Government's extension of its mouse plague assistance package

Further grants are available for households, primary producers, and small businesses in regional and rural NSW areas to help manage the cost of baiting.

- Households will be eligible to claim up to \$500.
- Small businesses will be eligible to claim up to \$1,000.

The rebate can be claimed via the service NSW website, or at any local branch, by uploading or showing receipts for the purchase of mouse bait. The receipts can be dated back to 01/02/2021.

Grain Treatment Facilities

Broadacre crop farmers will have access to free treatment of grain for use as mouse bait.

Bait preparation sites will be set up to allow broadacre farmers to treat grain for mouse bait on the perimeters of paddocks, which, when used in combination with zinc phosphide, will create a multi-layered defence for your crops.

Twenty grain treatment sites will be available across regional NSW. Our clients may be happy to know that Forbes, Condobolin and Dubbo are among the locations where treatment sites will be established.

Commonwealth Seniors Health Card

You may be eligible for the Seniors' Healthcare card if you:

- Are Aged Pension age currently 66 1/2 years or older
- Not receiving a payment from Service Australia or Veterans Affairs
- Meet the income test. Currently you must earn no more than the following:
 - \$ 55,808 a year Singles
 - \$ 89,290 a year Couples
 - \$111,616 a year Couples separated by illness or respite care

Other standard Centrelink conditions are also required to be met including residency tests. Further information can be found on the servicesaustralia.gov.au website.

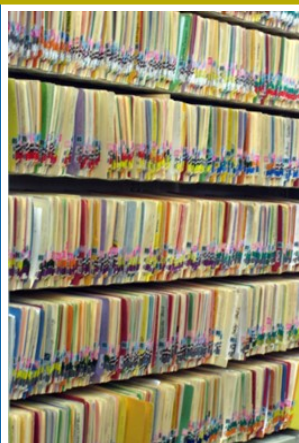
Small Business Fees and Charges Rebate NSW

If you are a sole trader, the owner of a small business or a not-for-profit organisation in NSW, you may be eligible for a small business fees and charges **rebate of \$1500**.

Funds can be used to offset the costs of eligible NSW and local government fees and charges, including certain licenses and some events.

To be eligible for this rebate, small businesses and not-for-profit organisations (includes businesses that don't have employees) must:

- Have total Australian wages below the NSW Government 2020-2021 payroll tax threshold of \$1.2 million
- Have an Australian Business Number (ABN) registered in NSW and/or have business premises physically located and operating in NSW
- Be registered for goods and services tax (GST)
- Provide a declaration that the business has a turnover of at least \$75,000 per year



Reminder: Keep Records

A recent case involving working from home expenses has highlighted the importance of keeping records, especially if your claims are extraordinary or arise from unusual circumstances. We recommend you maintain diaries and logbooks, and keep copies of your receipts. Digitally storing the above is also a good backup and recall measure.





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REMINDER: Trust Resolutions

Trustees (or directors of a trustee company) need to decide on the distributions they plan to make by 30 June 2021 at the latest. It is also important to check your trust deed. Most trust deeds require resolutions to distribute trust income to be made by 30 June each year. Decisions made by the trustees should be **documented in writing by 30 June 2021**. If valid resolutions are not in place by 30 June 2021, the risk is that the taxable income of the trust will be assessed in the hands of a default beneficiary (if the trust deed provides for this) or the trustee (in which case the highest marginal rate of tax would normally apply).



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Income tax rates for 2020/21 and 2021/22 financial years

The tax rates that apply to individuals who are Australian residents for tax purposes are detailed below. These rates do not include the Medicare levy of 2%.

Taxable income	Marginal tax rate	Tax Payable
0 – \$18,200	0%	Nil
\$18,201 – \$45,000	19%	19c for each \$1 over \$18,200
\$45,001 – \$120,000	32.5%	\$5,092 plus 32.5c for each \$1 over \$45,000
\$120,001 – \$180,000	37%	\$29,467 plus 37c for each \$1 over \$120,000
\$180,001 and over	45%	\$51,667 plus 45c for each \$1 over \$180,000

Small business company tax rates

For base rate entities (BREs) the company tax rate is 26% for the 2020-2021 financial year. This will be reduced to 25% in the 2021-2022 financial year. For a BRE to qualify for the reduced rate, its income must be made up of less than 80% passive income and turnover under \$50 million. The rate remains at 30% for all other companies.

First Home super Saver (FHSS) Scheme

The maximum contribution available for release under the FHSS Scheme will be increased from \$30,000 to \$50,000.

The FHSS scheme allows individuals to save money in their super and thus attract a tax deduction to their savings and gain an annual interest rate of 4% while it is in their super.

Extension of Low and Middle Income Tax Offset (LMITO)

Initially, the LMITO was to be phased out before the 21/22 financial year. However, in the May 21 budget, the government has extended it. Individuals earning less than \$90,000 will be eligible for a tax offset between \$255 to \$1,080. The amount of offset you receive will depend upon your taxable income and how much tax you have paid.

Superannuation Co-Contribution

The government will contribute **up to \$500** to your super if you make an after tax contribution of \$1,000. The amount the government will contribute will phase out between the personal income thresholds of \$39,837 and \$54,837 in the 2021 financial year. These will increase to \$41,112 and \$56,112 in the 2022 financial year.

A further qualifier to the co-contribution scheme is that you must receive at least 10% of your income from employment or a business you operate.

Reminder: TPAR Reporting

If your business makes payments to contractors or subcontractors you may need to lodge a *Taxable Payments Annual Report* (TPAR) by **28 August** each year. Typically, if your business provides or receives services in the form of building, cleaning, courier and freight, IT, and/or security, you may need to lodge TPAR for any contractors you have engaged for those services. The information you will need to have records of include:

- Their ABN
- Their address
- The amount you paid them, inclusive of GST

Proposed Changes to the Super Guarantee Threshold From 1/07/22*

On 11 May 2021, as part of the 2021-22 Federal Budget, the Australian Government announced it will expand coverage of super guarantee to eligible employees regardless of their monthly pay. From 1 July 2022, employees who earn less than \$450 per month will be paid super guarantee by their employer if they satisfy the other eligibility requirements, such as Australian residency.

**This measure is not yet law.*