



JUNE 2020

NEWSLETTER

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\$30,000
ASSET IMMEDIATE
DEDUCTION
INCREASED TO
\$150,000
AND EXTENDED FOR
SMALL BUSINESSES
UNTIL
31/12/2020
[See page 4 for more information](#)

Timing of Super Guarantee payments

Employers can generally only claim a deduction for superannuation contributions in the income year in which the contribution is made. Super contributions are made when the payments are **received** by the trustee of a complying superannuation fund.

It's not uncommon for employers to be caught out by timing problems, many in the belief that the contribution has been made at the point the payment is made rather than when it is credited to the superannuation fund provider's account. Many forms of electronic transfer however are not guaranteed to be automatic or next day. BPay for example may take up to 2 days, a delay that is often not factored in.

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.

Quarterly payment due dates

Quarter ended June 2020 — due 28 July 2020
Quarter ended September 2020 — due 28 October 2020
Quarter ended December 2020 — due 28 January 2021
Quarter ended March 2021 — due 28 April 2021

The current super guarantee rates remains at 9.5% . From 1 July 2021 the super guarantee rate is set to increase to 10%.

CHANGES TO DROUGHT TRANSPORT SUBSIDY

From 1 July 2019 drought transport subsidy includes transporting of farm chemicals, fertilizer and seed to farms
[See page 3 for more information](#)

2019-20 SUPER CONTRIBUTION CAPS

<u>Concessional</u> (i.e. tax deductible)	\$25,000
Members aged between 65 and 74 need to meet the work test. Generally members aged 75 and over are unable to make personal contributions	
<u>Non-Concessional</u> (i.e. not tax deductible).	\$100,000
Subject to the \$1.6m transfer balance cap	

If you have received a salary during the year and your employer has made super contributions, this reduces the amount that you may personally pay into your super fund and claim as a tax deduction.

Example: *Henry's salary was \$73,684.21 in 2018-19. His employer paid \$7,000 (9.5% x 73,684.21) into his super fund. Henry can pay a maximum of \$18,000 (25,000 less 7,000) into his fund and claim this amount as a deduction in his income tax return, provided that he has submitted a Notice of Intent to his fund and received an acknowledgement.*
See: <https://www.ato.gov.au/forms/notice-of-intent-to-claim-or-vary-a-deduction-for-personal-super-contributions/>

Are casual workers entitled to paid leave?

Recent media headlines have suggested casual workers have won the right to paid leave following a decision in the Federal Court. What are the facts?

There is no change granting casual workers paid leave, however the recent case in the Federal Court looked at the issue of determining who is a permanent staff member and entitled to paid leave and other benefits, and who is a casual worker entitled to a casual loading.

The WorkPac v Rossato case does not generally award casual employees paid leave entitlements but it does highlight the problem that can occur over time where the nature of the employment arrangement changes from casual to a more permanent arrangement.

The Fair Work Commission's updates to Modern Awards rolled out across this year include a *Right to request casual conversion* clause that enables a long-term casual worker to request permanent employment. The employer can refuse that request but only on "...reasonable grounds and after there has been consultation with the employee."

JobKeeper's impact on employee entitlements

To be eligible for JobKeeper payments as a casual employee, the individual had to be a long-term casual as at 1 March 2020. Casual employees do not qualify unless they meet this condition. For some employers, JobKeeper has ensured that there is now a clear definition of some employees as a long-term casual where JobKeeper payments have been paid.

Long term casuals have additional entitlements to casual employees providing for parental leave (and a guarantee of their job or an equivalent on their return from leave), and the right to request flexible arrangements.



ATO contact information for individuals
and businesses in financial difficulty

Phone number: **1800 806 218**

Drought, bushfires & COVID-19

This past year has seen many challenges and uncertainties for many. The ATO continues to support individuals and businesses affected by the drought with initiatives including allowing more time to make payments, waiving penalties or interest incurred, payment plan options with interest-free periods and tax incentives to help primary producers. For example, primary producers whose cash income is received largely at a particular time of year (eg. wool cheque) may be able to set up a payment plan to allow for their payment of activity statement debt to be made in instalments if they meet certain conditions including a good payment and lodgement compliance history. These instalments may also be interest-free if the payments are made in full within 12 months. The ATO phone number to set up a payment plan is 13 28 66.

Specific tax incentives for primary producers continue to be available including :

- Farm Management deposits
- Immediate tax deductions for capital expense on fencing infrastructure, on-farm water storage facilities and fodder storage assets
- Double wool clips—can elect to defer the profit on the sale of the clip from the advanced shearing to the next year
- Deferral of profit from forced disposal of livestock—Under Section 385-105 (1) of the *Income Tax Assessment Act 1997*, primary producers can elect to spread the profit on forced disposal or death of livestock over the income year and the next four income years.

Drought Community Support Initiative

Round 2 of the Drought Community Support Initiative delivered by the Salvation Army together with St Vincent de Paul Society is now open for applications for a one-off payment of \$3,000 for households in drought declared areas, who have not already received this payment since 21 November 2019.

DROUGHT FREIGHT SUBSIDY

The Rural Assistance Authority (RAA) NSW is continuing to offer a Drought Transport Subsidy that allows farmers to receive up to 50% of the full cost of freight and applies to the transport of fodder, water for stock or domestic use, and livestock to pasture, slaughter or sale. From 1 July 2019 the subsidy also includes transporting of farm chemical, fertilizer and seed to farms. The subsidy applies to road or rail transport journeys conducted between 1 January 2019 to 30 June 2020. There are a number of conditions but eligible farmers can claim up to \$50,000. For more details, please visit the website below or call BWR. The government has further extended the subsidy up to another \$50,000 cap for the period 1 July 2020 to 30 June 2021.

<https://www.dpi.nsw.gov.au/climate-and-emergencies/droughthub/drought-assistance/faq#dts>

COVID-19

Covid-19 has provided unprecedented challenges and uncertainties for many. The Australian Taxation Office has implemented a number of specific initiatives for both individuals and businesses to assist during this very unusual time including:

- boosting cash flow—delivered through credits in the activity statement system when eligible businesses lodge their activity statements and JobKeeper payments for employees and eligible business owners
- Instant asset-writeoff—increased to \$150,000 from the 12 March 2020 initially only to the 30 June 2020 but now it has been announced this deduction will be extended to 31 December 2020
- Backing business incentive—accelerated depreciation
- Early release of superannuation—up to \$10,000 before 30 June 2020 and up to a further \$10,000 between 1 July 2020 and 24 September 2020
- Reducing superannuation minimum drawdown rates by 50% from the 24 March 2020 onwards for 2019-20 and the 2020-21 financial year

SMALL BUSINESS — Single Touch Payroll

Declarations need to be lodged with ATO by 14 July 2020 (20 or more employees) or 31 July 2020 (19 or less employees). Micro employers (1- 4 employees) are allowed to report quarterly until 30 June 2021, through their tax agent.

JOBKEEPER AUDIT TARGETS

The ATO has released guidance highlighting where it will focus their compliance resources:

- where businesses have made adjustments to meet eligibility, where if not made, the entity would have been ineligible
- Staff increases beyond levels prior to 1 March 2020
- Deferral or bringing forward of supplies in business unlikely to be adversely impacted by the pandemic to meet the turnover tests
- Management fee manipulation between related entities
- Reduction or deferral of payments to subcontractors to meet the decline in turnover test
- Businesses and customers agree to reduce, waiver or defer payments to meet decline in turnover test

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.

SUPERANNUATION GUARANTEE AMNESTY

A one-off amnesty for employers to self-correct historical Super guarantee (SG) non-compliance for and underpaid or unpaid SG for any period up to the March 2018 quarter. Under the amnesty, no administration fees, no penalties and the SGC amounts are deductible. To qualify, employers must disclose outstanding SG to the Commissioner by either paying the amount or entering into a payment arrangement. The amnesty only applies to voluntary disclosures and if employers who do not utilise the amnesty are found to have underpaid SG, SGC and penalties of up to 200% will apply. The amnesty applies from 24 May 2018 till **7 September 2020**.



ACCOUNTANTS
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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 2020 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 2020**. If valid resolutions are not in place by 30 June 2020, 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 2019-20 financial year

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 – \$37,000	19%	19c for each \$1 over \$18,200
\$37,001 – \$90,000	32.5%	\$3,572 plus 32.5c for each \$1 over \$37,000
\$90,001 – \$180,000	37%	\$20,797 plus 37c for each \$1 over \$90,000
\$180,001 and over	45%	\$54,097 plus 45c for each \$1 over \$180,000

Small business company tax rates

The tax rate for companies carrying on a business with turnover under \$50m is 27.5% for the 2019-20 income year. From the 2021 financial year, the company tax rate will reduce to 26%, and then to 25% for the 2022 financial year. The rate remains at 30% for companies with 80% or more of passive income.

Asset purchase instant write-off threshold increase

The immediate write-off has been increased this financial year. At 1 July 2019 the threshold remained at \$30,000 and was increased to \$150,000 from 12 March 2020 until 31 December 2020. A reminder the asset must be installed and ready for use by 30 June 2020 to be eligible to claim a tax deduction in the 19/20 year. After the recent announcement extending the \$150,000 deduction to 31 December 2020, the threshold will revert to \$1,000 (at this stage).

Taxable payments reporting—TPAR

For business in the building, construction, courier, cleaning, road freight, security, investigation or surveillance and information technology services, you will need to lodge your Taxable payment annual report (TPAR) to the ATO by 28th August 2020. This report provides information about payments you made to contractors (subcontractors, consultants and independent contractors) during the 2019/2020 financial year.

Home office expenses for employees

If you are an employee who works from home, you may be able to claim a deduction for expenses you incur relating to that work, such as electricity, etc. There are three ways of calculating home office expenses depending on your circumstances:

1. Short-cut method—80 cents per hour for each hour you work from home during the period 1 March to 30 June 2020. This method covers all of your work from home expenses such as phone, internet, decline in equipment & furniture, electricity & gas for heating or cooling. You must keep a records of the number of hours worked, this could be a timesheets, roster or a diary.
2. Fixed rate method—52 cents per hour for each hour you work from home, using a dedicated work space This method covers expenses for decline in equipment & furniture, cost of repairs to home office equipment, electricity & gas for heating or cooling. You must keep a records of the number of hours worked, or a diary for a representative four-week period.
3. Actual cost method— remember to keep receipts and determine the percentage of work used over a four-week period.