

JUNE 2022

NEWSLETTER

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ACCOUNTANTS
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Temporary Asset Full Expensing window extended to 30/06/23

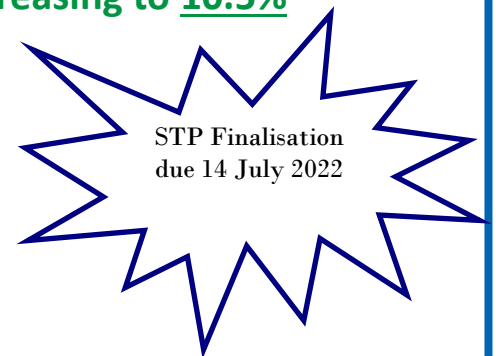
Applies to all businesses with aggregate turnover lower than \$5bn

[See page 2 for more information](#)

Super Guarantee Rate is Increasing to 10.5% from 1 July 2022

The rate for superannuation contributions made by employers under the Super Guarantee Charge will **increase from 10.0% to 10.5% on the first of July 2022.**

The rate will continue to increase by 0.5% per year until it reaches 12% in the 2025/26 financial year.



2021/22 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) \$27,500

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.

Non-Concessional (i.e. not tax deductible) \$110,000

Subject to the \$1.6m transfer balance cap. From the 1st of July 2021, the transfer balance cap has been 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.

Reminder: Super Guarantee Payments

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

Quarter ended June 2022 — due 28 July 2022

Quarter ended September 2022 — due 28 October 2022

Quarter ended December 2022 — due 28 January 2023

Quarter ended March 2023 — due 28 April 2023

Pay June Qtr Employee Super Contributions now

To count as a tax deduction in the 2021/22 year, you must have paid the super guarantee by 30 June 2022.

A recent ATO statement highlights the need to organise the early payment of the compulsory super guarantee.

For instance, the ATO has just advised that if an employer is wishing to receive a 30 June 2022 deduction and pays to the ATO clearing house the payment needs to be made before the 26 June 2022. This is due to computer maintenance after this date preventing the payment being processed by the 30 June 2022.

Paying employee super on time

From 1 July 2022, the \$450 per month threshold for super guarantee eligibility no longer applies and employers will be required to make super guarantee (SG) contributions to the eligible employee's super fund regardless of how much the employee is paid.

Employers must pay their super guarantee obligations within 28 days after the end of each quarter or incur a non tax deductible superannuation guarantee charge (SGC). It may also include interest and penalties. If you are unable to meet the deadline speak to the ATO regarding a payment plan.

ATO Tax Time Targets

The ATO has revealed its four areas of focus for the 2023 tax year:

1. Record keeping
2. Work Related expenses
3. Rental Property income & deductions
4. Capital gains from crypto assets, property and shares

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.

If you are audited the ATO will disallow deductions for unsubstantiated or unreasonable expenses. Even if the expense is below the substantiation threshold the ATO may ask how you came up with the deduction amount.

Rental Property Income & Deductions

For landlords the focus is on ensuring that all income received, whether long-term, short term, rental bonds, back payments, or insurance pay-outs, are recognised in your tax return.

If you rent to a related party at a reduced market rate you can only claim the same reduced proportion of the expenses.

Gifting an Asset may still incur capital gains tax

Donating or gifting an asset **does not** avoid capital gains tax. If you receive nothing or less than the market value of the asset, the market value substitution rules might come into play. The market value substitution rule can treat you as having received the market value of the asset you donated or gifted for the purpose of CGT calculations.

For example if, Mum and Dad buy a block of land then eventually gift the block of land to their daughter, the ATO will look at the value of the land at the point they gifted it. If the market value of the land is higher than the amount that Mum and Dad paid for it, then this would normally trigger a capital gains tax liability. It does not matter that Mum and Dad did not receive any money for the land.

Single Touch Payroll (STP) Finalisation

Your STP Reporting finalised declaration needs to be completed and lodged by 14 July 2022.

Before completing the declaration

Check your bank statements and ensure wages paid for the year reconcile with STP reporting totals.

Before you roll-over your software...

Before rolling over your accounting software to the new financial year make sure you

- Prepare your financial year-end accounts. This way, any problems can be rectified and you have a 'clean slate' for the 2022/23 year. Once rolled over, the software cannot be amended.
- Do not perform a Payroll Year End function until you are sure that your STP finalisation declaration is correct and printed. Always perform a payroll back-up before you roll over the year.
- Check to see if your Anti-Virus software is up to date and renew if required.

Check your myGov Account?

Please check your myGov account regularly for ATO and other correspondence. People appear to be receiving late payment notices from the ATO for non payment of tax instalments. You may not realise the ATO had been sending you the income tax installment electronically and missed the payment notifications due to it being on your myGov account. The ATO is using myGov as a preferred communication method as they move towards paperless communication.



Asset Purchases - Temporary Full Expensing extended to 30 June 2023

To claim the instant asset write-off you must be a business. This concession does not apply to rental property owners. The general rule is:

- For assets you first held after 7.30pm (AEDT) on 6 October 2020 to 30 June 2023, **you can immediately deduct the business portion of the asset under temporary full expensing if your turnover is under \$5bn.** However please note there are a few exemptions for certain ineligible assets.
- For financial years ending between 6 October 2020 and 30 June 2023 you can deduct the balance of your small business pool under temporary full expensing.

Quad bike and Side by Side Vehicles (SSV) rebates

If you own or operate a farm or business that uses quad bikes or side by side vehicles, or you work on one, you may be eligible for a safety rebate.

- Maximum of \$2,000 per ABN for owner or operator.
- \$90 as a worker rebate towards the purchase of a helmet.

Visit the SafeWork NSW website www.safework.nsw.gov.au to check your eligibility and how to apply. Search Quad bike and SSV rebates on their webpage.

2022 Budget Announcement—Small Business Technology Investment & Training Boost

On the 29 March 2022, as part of the 2022/23 Budget, the then government announced it will support small business through tax deductions for small businesses that invest in training and in their IT systems. These measures are not yet law and are subject to decisions from the new government.

Employees—Work from Home Temporary Short Cut Method

The temporary shortcut method to calculate your deduction for working from home expenses has been extended for the 2021/22 income year.

Using this method you can claim 80 cents per hour you work from home to cover expenses such as phone, internet, decline in value of equipment & furniture, electricity and gas for heating, cooling and lighting. You cannot claim any other expenses for working from home, even if you bought new equipment.

Fuel Excise Temporary Changes

From 30 March 2022 to 28 September 2022, the excise rates for petrol, diesel and all other fuel and petroleum based products, except aviation fuels, has been halved. In this 6-month period, businesses using fuel in heavy vehicles for travelling on public roads won't be able to claim fuel tax credits. This is because the road user charge exceeds the excise duty you'll pay, and this reduces the fuel tax credit rate to nil. For all other businesses, for petrol and diesel, the rates will be reduced from 44.2 cents to 22.1 cents per litre.

Work Test Abolished—for non concessional contributions

From 1 July 2022, if you are under 75 years old you can make personal superannuation non-concessional contributions (providing you are within your existing contribution cap limits and total super balance thresholds) without needing to meet the work test.

Currently, if you are aged 67 to 74 years old you can only make or receive voluntary contributions (both concessional and non-concessional) to your superannuation if you meet the work test. That is, you must work at least 40 hours over a 30-day period in the relevant financial year.

From 1 July 2022 this requirement is being partially removed **however** individuals wishing to claim a personal superannuation contribution deduction still have to meet the work test.



Estate planning

Prepare for the unexpected

Is Your Will up to date?

Contact BWR or your solicitor today to discuss what information is required





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REMINDER:
Director ID

A director ID (DIN) is a 15-digit identifier given to a director, or someone who intends to become a director, who has verified their identity with the Australian Business Registry Services. If you first became a director on or before 31 October 2021, you need to apply by 30 November 2022. All new directors need to apply for an DIN before appointment as a director

To commence your application:

Go to the ABRS website
www.abrs.gov.au



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Income tax rates for 2021/22 and 2022/23 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%.

These rates are the same for the 2021/22 and 2022/23 years. There has been an announcement that rates will change in July 2024 however this has not yet been legislated. If legislated this change will see those earning between \$45,001 and \$200,000 being taxed at a single rate of 30%.

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 **25%** for the 2021/22 and future years. 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.

Extension of Low and Middle Income Tax Offset (LMITO)

Initially, the LMITO was to be phased out before the 2021/22 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 2022/2023

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 \$41,112 and \$56,112 in the 2022 financial year. These will increase to \$42,016 and \$57,016 in the 2023 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 and be less than 71 years of age. There are also other conditions that must be met.

Reporting Payments to Contractors

Certain businesses make payments to contractors or subcontractors and will 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 will need to lodge a TPAR for any contractors you have engaged for those services.

Shareholder loan agreement minimum repayments

Division 7A captures situations where shareholders access company profits in the form of loans, payments or forgiven debts. If certain steps are not taken, such as placing the 'payment' under a complying loan agreement, these amounts are treated as a deemed unfranked dividend and taxable at the taxpayer's marginal tax rate.

The ATO provided an extension for COVID-19 impacted taxpayers who were unable to meet their minimum loan repayments under a Division 7A loan agreement in the 2020/21 year until 30 June 2022 (where they applied for an extension). These loans will need to be brought up to date by 30 June 2022 to avoid a deemed dividend being triggered.