

News

September 2016

Olympic athletes sacrifice time and energy in training and leading a healthy lifestyle to give themselves the best chance at success. The road to financial fitness is no different.

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Being financially fit takes time and dedication.

The Olympics is over for another four years. Events have been won and lost. Performing at this level requires hard work, determination, passion, personal sacrifice and occasionally, some luck. It is clear that competitors know what is required to reach their goal of being successful.

My old athletics coach had many motivational sayings. One of these was, “No pain. No gain”. At that young age, I interpreted this to mean, “train harder”. It wasn’t until years later, that I could see another side to this expression. It can also mean, “the pain of discipline is better than the pain of disappointment”.

Jim Rohn, an American Author, has identified that we will all suffer from one of two pains: “the pain of discipline” or “the pain of regret”. The difference is “discipline weighs grams, while regret weighs tonnes”.

Successful people, like Olympic champions, have learnt the importance of fighting through the pain barrier to achieve their goals.

They know that the pain of discipline is temporary. It doesn’t last forever. However, the pain of regret is one worth training hard to avoid.

Being financially fit takes time and dedication. Just like the athletes at the Olympic Games, people need a game plan, good coaching and above all, need to be vigilant in order to ensure that they are performing at their financial peak.

Are we serious about getting our finances into shape? Like any other commitment, there is a price to pay for peak performance. With saving for a house, the future or retirement, there needs to be a willingness to make sacrifices.

Olympic athletes sacrifice time and energy in training and leading a healthy lifestyle to give themselves the best chance at success. The road to financial fitness is no different.

We can either pay the much cheaper price now (pain of discipline), or we can pay the much more involved price later (pain of regret). Either way, we will pay.

Andrew Evans

Taxation



*Tax Changes
for the
2016/17
Financial
Year*

**IMPORTANT
INFORMATION**

- The 32.5% Personal Income Tax Threshold will be increased to \$87,000 (from \$80,000) from 1 July 2016.
- The Small Business Entity Turnover Threshold has increased from \$2million to \$10million, from 1 July 2016. The current \$2million turnover threshold is to be retained for access to the Capital Gains Tax (CGT) Small Business Reliefs.
- **Restructure Go-Ahead**
 - ▷ Small Business Entities (SBEs) are now permitted to restructure without incurring income tax or CGT liabilities, subject to various conditions. Income tax and CGT consequences will be rolled over for SBE restructures that occur on or after 1 July 2016.
- Many other Budget announcements, particularly in relation to superannuation, are not planned to commence until 1 July 2017.
- **Withholding from land sold to foreigners**
 - ▷ From 1 July 2016, for all property sales of \$2million or more, the buyer is required to withhold 10% of the sale proceeds and remit that amount to the ATO without delay – unless the seller obtains a Clearance Certificate from the ATO before settlement.
- **SuperStream**
 - ▷ The 1 July 2016 start date has been postponed, for businesses

with less than 20 employees. The ATO has announced that it will provide compliance flexibility to small businesses that are not yet SuperStream ready, until 28th of October 2016.

- ▷ Solutions you can use to become compliant by this date include: upgrading your payroll software, using a superannuation fund's online system, a messaging portal or using a Clearing House (including the ATO's Small Business Clearing House).

• Backpacker Tax Delayed

- ▷ The so-called "Backpacker Tax" will not commence on 1 July 2016 as previously planned.

• Background:

- ▷ In the 2015 Federal Budget, on the 12th of May 2015, it was announced that the tax residency rules were changed to treat most people who are temporarily in Australia for a working holiday, as non-residents for tax purposes, irrespective of how long they are here. This would mean that such individuals would be taxed at 32.5%, from the first dollar that they earn.
- ▷ On the 17th of May 2016, it was announced that the changes which were scheduled to commence on 1 July 2016, will now be delayed, pending the outcome of a review.

Car Expenses Per Kilometre Rates for the 2016/17 Financial Year

The Commissioner has determined that the cents per kilometre rate for calculating car expenses, is 66 cents per kilometre for the current financial year. This rate is the same for all cars, irrespective of the engine size.

This rate applies to the year commencing 1 July 2016, and remains applicable to subsequent financial years, until such time that the Commissioner determines it should be varied.

Luxury Car Tax Threshold Increase

- From 1 July 2016, the Luxury Car Tax (LCT) Threshold for luxury cars will increase to

\$64,132 ↑

- The threshold for fuel-efficient luxury cars will increase to

\$75,526 ↑



Business

Update - \$20,000 Asset Write-Off



In the 2016 Federal Budget, the \$20,000 Instant Asset Write-Off Scheme which allows businesses to immediately deduct the full value of every asset purchased up to \$20,000 turnover threshold, was extended to \$10million.

In the previous financial year, this scheme had been limited to businesses turning over up to **\$2million** annually.

The Government has not extended the timeframe for the scheme. It is due to end on **30th of June 2017**.

This means that businesses with a turnover of more than **\$10million** will only have the 2017 financial year, in which to take advantage of this scheme.

Employee or Contractor Myths – Workers with ABNs

When you hire a worker, forget the common myth that they are a contractor, simply because they have an ABN.

Your worker could have an ABN for a number of legitimate reasons. However, this makes no difference to whether you should treat them as an employee or contractor.

When it comes to tax and superannuation, working out if your worker is an employee or contractor, is based on the terms and conditions of their working arrangement with you. It is important to get it right, because your tax and super obligations can change, based on these arrangements.

So how do you get it right with your workers?

Use the 'employee/contractor decision tool' to get a quick and reliable answer. This tool is available on the ATO website.

Alternatively, feel free to contact our office.

ReturntoWorkSA (WorkCover) and Labour Hire Entities



In the past, there was no assurance to whether an employee of a labour hire company was covered by Workplace Injury Insurance. However, there is a new way of knowing.

SA Businesses are obligated to participate and provide correct information to ReturntoWorkSA. Under Section 128 of the 'Return to Work Act 2014', an employer is obligated to register its employees within 14 days of employment.

However, there is an exemption: businesses are free from the obligation, when the worker earns less than \$12,426 for the 2016-2017 financial year.

ReturntoWorkSA is designed to protect business owners from the full cost of workplace injuries. In the event of a workplace injury, the employee will be covered by the ReturntoWork Scheme. This policy is to avoid disruption in the workplace and to help facilitate the employee's recovery.

What you can do to acknowledge whether subcontractors are protected?

If you hire workers/contractors in SA, it is not necessarily clear whether or not they have been registered with ReturntoWorkSA. Previously there was no way of knowing, and this hurt those entities that were not entitled to receive cover.

Now there is the ability to use the NEW "Employer Lookup" feature that is available online by ReturntoWorkSA. The link is found within the "Online Services" tab or via the following web address: <https://www.rtwsa.com/online-services/for-employers/registered-employer-lookup/employer-lookup>

This service is there for your benefit, so use it!

For those business owners that have not registered, or are unaware of the terms and conditions that apply, log onto www.rtwsa.com to find out more information. If you require further clarification, please do not hesitate to contact our office.

When Can Super Monies Be Released On “Compassionate Grounds”?

Where a self-managed superannuation fund (SMSF) member is suffering a severe medical condition, and cannot afford to pay for such medical expenses, they can apply to the Department of Human Services to have some of their super funds released on “compassionate grounds”.

A member will be entitled to claim “compassionate grounds” where:

- 1 The medical treatment (which is not readily accessible through the public health system) is necessary to treat a life threatening condition, to alleviate acute or chronic pain, or to alleviate an acute or mental disturbance/illness.
- 2 Two medical practitioners (one of whom is a specialist) has certified that the above requirements have been satisfied.

However, there are many other issues involved, including significant penalties where funds are withdrawn incorrectly. Please contact our office before trying to withdraw any funds from your superannuation fund.



⚠ Warning!

Tax Scams Demanding Payment Of Fake Debts. Check With Us First

Sophisticated tax scam techniques are being used to defraud Australians.

The scammers use letters, emails or telephone calls and pretend to represent the Australian Taxation Office (ATO). Emails can include links to fake websites, which look remarkably genuine. The email attachments or links may also contain ‘Malware’, which corrupts your computer system, or ‘Ransomware’ which seeks payment for unlocking access to your computer files.

Typically, the scammers demand payment of fake tax debts, and threaten prosecution or arrest if the payment is not made immediately.

Little can be done to stop these scams. The criminals involved are usually based offshore and use techniques which are almost impossible for Australian Law Enforcement Agencies to trace.

As your tax agent, contact from the ATO about your tax affairs should come via our office. In particular, the ATO does not make telephone calls seeking payment of tax debts, without first writing to taxpayers.

Please inform us immediately if you receive any direct contact claiming to be the ATO, and we will seek to verify whether it is genuine. Alternatively, you can phone the ATO on 1800 008 540.

Under no circumstances, should you pay an alleged tax debt without first talking to us.

IN BRIEF

The Positive Side of Life

1. Living on earth is expensive, but it does include a free trip around the sun every year
2. How long a minute is, depends on what side of the bathroom door you’re standing on
3. Birthdays are good for you - the more you have, the longer you live
4. Happiness comes through the door you didn’t know you left open
5. You may be only one person in the world, but you may also be the world to one person
6. Some mistakes are too much fun to only make once
7. A truly happy person is one who can enjoy the scenery on a detour