NEWSLETTER

October 2018

Business and Wealth Partners

business + wealth partners
ACCOUNTING AND FINANCIAL PLANNING

INSIDE THIS ISSUE

WHAT IS SINGLE TOUCH PAYROLL?

Single Touch Payroll (STP) is a reporting change for employers. It means employers will report payments such as salaries and wages, pay as you go (PAYG) withholding and super information to the ATO directly from their payroll software at the same time they pay their employees.

Employers may need to update their payroll solution to report through Single Touch Payroll.

Employees do not need to do anything and it will not change the way they are paid.

When does it apply?

STP applies to employers with more than 20 employees from 1 July 2018 (as determined on 01 April 2018). Employers with 19 or less employees have until 1 July 2019 to be compliant based on draft legislation. Employees are based on actual numbers – not full-time equivalents.

SINGLE TOUCH PAYROLL…

What do I need to do?

Your payroll systems need to be compliant by the relevant date.

If you are using a packaged software program such as MYOB and Reckon you need to ensure you are running the most up to date version in time – the current version you have may not be compliant. You can check their websites for whether your version is currently compliant. You must ensure you have a compliant version by 1 July 2019

Our main recommendation at this state is that you make sure you have up-to-date information for all of your employees and keep that information correct as STP approaches.

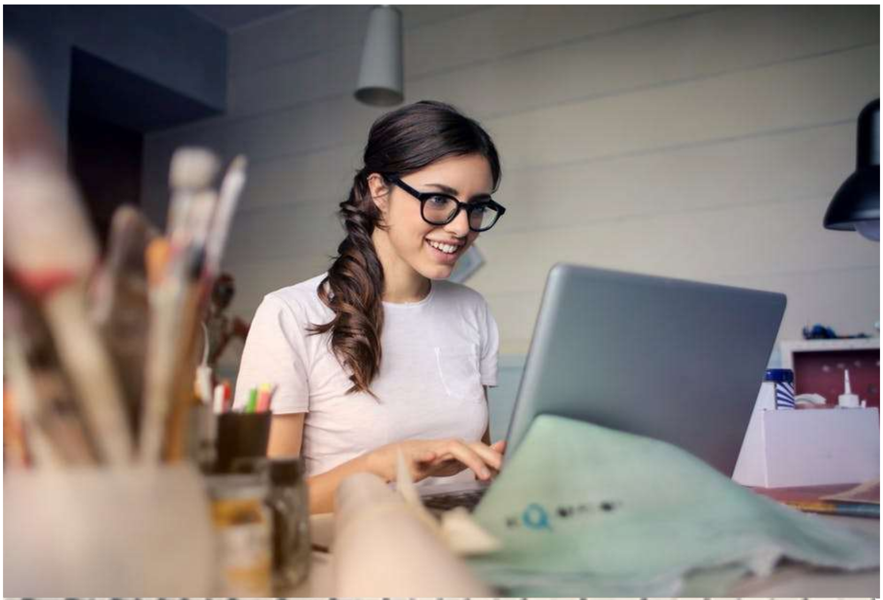
TAX PLANNING

2019 year-end tax planning

While we think of May and June as our time for tax planning it's also a good idea to start planning now. If you are considering making tax deductible super contributions or paying other expenses, it can be easier to make smaller monthly payments over the next few months rather than try to come up with the cash on short notice – especially if cashflow is better over the next few months or if you already feel this year will be significantly better than last year.

The $20,000 immediate tax deduction for asset purchases for small businesses are also still available until 30 June 2019 – major purchasing decisions should always be planned in advance to give yourself time to shop around and make an informed decision about equipment or other purchases.

So, it might be a good idea to start thinking about any major purchases now rather than in late June!



One of the questions we are most commonly asked is about the benefits of purchasing new cars.

Here are some frequently asked questions and answers

Also keep in mind that the ATO can contact your employer to confirm with them you are required to use your private vehicle for work purposes.

Driving from home to work does not count unless you have to transport bulky items over 20 kg e.g. tools or equipment <u>and</u> there is no secure storage available to you at your workplace.

NEW CAR DEDUCTIONS

Do I get a better deduction if the car is new?

No. Your depreciation deduction is calculated based on the cost of the car (up to the car limit of $57,581 in 2018). New or used makes no difference to the claim.

My friend says leasing is the way to go?

Leasing is generally more attractive if you hold the car for 4 years or less. If you own the vehicle for 5 years or more you will likely be better off to purchase the car outright.

This will depend on the financing options available to you at the time.

What can I claim?

If you travel up to 5,000 km per year you can claim using the cents per kilometer method. You need to work out your weekly, fortnightly or monthly average kilometers and apply the current rate of 66c per kilometer to work out your claim (increasing to 68c for the 2019 year).

A log book is not required but you do have to be able to show how you worked out your kilometers.

If you travel more than 5,000 km per year you will need a log book and can claim your expenses based on the work use percentage shown in your log book (kept for a minimum of 12 weeks).

You then need to have your receipts for fuel, insurance, registration, services, maintenance and repairs for the full year.

You can also then claim depreciation on the purchase price of the vehicle and interest on any loans.

"It might be a good idea to start thinking about any major purchases now rather than in late June"

business + wealth partners
ACCOUNTING AND FINANCIAL PLANNING

SUPER CONTRIBUTIONS

No more 10% rule for making deductible super contributions

Previously any taxpayer who received SGC contributions from their employer could not make an additional personal deductible super contribution unless their wages were less than 10% of their total income.

From 1 July 2017 any taxpayer can make concessional contributions from their own funds and be able to claim a tax deduction for it – up to the contribution cap of $25,000 in total contributions (including the employer ones). This can save setting up salary sacrifice arrangements or merely give flexibility to make a contribution prior to 30 June if you don't want to salary sacrifice along the way.

Please feel free to pass on to any friends, family or colleagues you feel may benefit from our newsletter or our services.
If you do not wish to receive our newsletter, please reply with unsubscribe in the subject line.

Business and Wealth Partners
209 Aumuller Street | PO Box 1029
BUNGALOW | QLD | 4870

Phone- (07) 4054 9600 | Fax- (07) 4031 6787
Email- info@businessandwealth.com.au | Website- www.businessandwealth.com.au