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Annual Tax Time

Greetings from All Accounting Matters!

This Tax time is a again a little different with the Covid -19 pandemic continuing to affect our lives. This year there will be lots of changes to deal with and we are here to help. Our annual email is a way of giving you a brief overview of things to consider and details you may find helpful during tax time. Again, we thank all our clients for your loyalty during the past year and look forward to working with you again in the next financial year.

For **individual tax returns** we will be **offering phone/video appointments** as well as office appointments to assist those clients who are unable to attend the office.

Working hours will be extended and will be as follows:

Monday, Tuesday, Wednesday and Friday *8.30am to 5.30pm*
Thursday *8.30am to 7.30pm*
Saturdays *By Appointment only*

To book your spot to see Kerryn or Kylie please phone our office on **(02) 4648 1628**.

For your **Tax Time Checklist** go [Helpful Tax Checklist](#)

Individual Tax Returns:

The government has decided to continue with the Low and Middle Income Tax Offset (LAMITO) for the 2021 tax returns. This means the \$1080 offset is again available for incomes over \$48000 and lower than \$90000!

Income

Remember all Income Statements / Payment Summaries will be provided through the ATO so you don't need to bring them along. If you receive an allowance it will help to bring your last payslip. Still check your interest received on bank accounts or share dividends received as it is assessable. ATO will only have information once your employer has lodged your statements so we cannot complete returns until this happens.

Also, ATO are data matching Overseas investment income and Crypto Currency Investments!!

Expenses

Under an Audit, substantiation is the only way you will keep your deductions. If you claim items like Tools, Resources, Internet/Phone, stationary or other work deductions make sure you have your receipts or a 4 week diary evidence of use.

Information for Individuals

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Medicare Levy Surcharge Thresholds

Singles \$ 90,000
Couples \$180,000

Heccs Repayments
Start at \$46620 at
1% of Taxable
Income

2021 Tax Rates

\$0-\$18,200
Nil
\$18201-\$45000
19.0 %
\$45001-\$120000
32.5%
\$120001-\$180000
37.0%
\$180001+
45.0%
plus
(Medicare levy of 2%)

If you have allowable car travel or overnight travel claims, make sure you keep a diary showing kilometers traveled for work or study or you have your 12-week log book and if overnight travel keep your days away.

Rental Interest claims are a target for the ATO this year so make sure you have all your loan statements available and identify any personal drawings made that affect your interest claim.

Jobkeeper and Centrelink payments are being data matched so if you received any make sure we are aware of them for your tax return.

COVID -19

This year the ATO is making available adjusted claims for those who have had to work from home. We have an easy hourly rate available or you can use actual expenses. For those using the Covid rate we will need to know **dates and hours per day worked** from home. This rate is only available if work attendance changed due to Covid -19.

For further information on deductions see our website **LINKS** page for occupation specific general deductions. Go to www.allaccountingmatters.com.au

Capital Gains

If you have sold shares, property or any other asset during the 2021 financial year make sure you advise us, so we can determine if you need to declare it in your personal tax return. Remember this may include Crypto Investments.

Rental Property

You must be able to substantiate all your deductions such as loan interest; repairs and maintenance; holiday letting and depreciation.

In relation to COVID -19 if you have reduced your rent for tenants the ATO have now cleared up any questions on how this affects your tax. No need to worry we can answer those question in our meeting with you.

The ATO are still targeting repair verses improvements and watching interest claims when using the loan for private drawdowns.

Online Hobbies & Business

ATO are aware of many individuals establishing home or online web business. Make sure you understand your tax obligations in relation to business/hobby sales over \$12000 and expenses that relate to these earnings. We can help you understand if you might be a target.

Superannuation Contributions

If you have made personal contributions to your super fund you may be eligible to claim a deduction in your tax return. Make sure you check with your fund first then fill in the Notice of Intent to claim form and have ready to provide to us when we do your return.

If you made any withdrawals under the ATO Covid -19 early release scheme be aware the ATO may ask for evidence in relation to you reduced income or reduced hours.

Quick Info



From 1 July 2020

SGC for employees 9.5%

Company Tax 26%

Concessional Super Limit \$25000

From 1 July 2021

SGC for employees increased to 10%

Concessional Super limit increased to \$27500

Company tax rate changes to 25%

Business Tax Hotspots

Single Touch Payroll (STP)

From the 1st July 2021 STP is compulsory for all employers and closely held employees....Directors! STP allows employers to report salary and wages, PAYG withholding and super information from their payroll program be aware this is expanding from 1 January 2022 so data matching is here to stay!

There are a small number of business who need to get STP operational so if you don't have STP compliant software you should give us a call to discuss your options.

Annual Payment Summaries (now Income Statements)

If you have employees for the 2021 financial year you will need to lodge with the ATO your finalisation for your staff by 14 July 2021. If you would like AAM to prepare them make sure we have information in the office as soon as your last pay run is made.

If you use STP compliant software and lodge wages yourself make sure you **finalise** the Income Statements within the software.

Contractor Taxable Payment Report

For businesses in Construction and Building, Courier and Road Freight Services, IT services, Security and Surveillance and Cleaning industries your reports will be due on 28 August 2021. There will be fines imposed if these lodgments are not met so be prepared and have all the necessary information ready.

Contractor and Employee Super Obligations

The ATO are targeting late paid super and super not paid for sole trader contractors. It is a timely reminder you are obliged to know your liability obligations. Just make sure you pay your super by 28th of July and then 28th of every month after your BAS quarter.

For the 2021-2022 year Super Guarantee Contributions for employees has increased to 10%. If you have staff on Salary Packages you may need to consider the effect of this. If you need any assistance in understanding the obligation just speak with us.

COVID -19 and Government Stimulus

For many businesses who have received JobKeeper you need to remember that this is income to your business. As we work through your BAS we will account for any tax due on those payments.

Small Business Instant Asset Write Off

If you are operating under the small business entity concessions regime, the immediate deduction for assets has increased to \$150,000 net of GST when purchasing assets before 30 October 2020. The limit then increased to unlimited claim which will be available until 30 June 2022 so we may need to consider this in your 2022 tax planning. If you are deciding if purchasing assets or if it is right for your business then give us a call and we can assist in some tax planning options for you.

Key dates for Business



Monthly BAS is due on the **21st day of the following month**

14 July, 2021
Employers need to lodge Annual Finalisation Reports through their STP software

28 July 2021
Employee Super Due for June Quarter

28 July, 2021
Quarter 4 (April, May, June) BAS

28 August, 2021
Taxable payments annual report due

Other areas that have undergone some changes include:

- Personal Service Income and Personal Services Business
ATO is focusing largely on PSI and PSB income for the 2021 year. If you work under ABN whether a company, sole trader or partnership you must understand the difference between Personal Service Income and Business Income. If your Income relates directly to your own personal exertion, then you may not meet the criteria for business income. This may also reduce some of the deductions available to you.

Self-Managed Super Funds News

New rules are being introduced for 1 July 2021 for SMSF to include up to 6 members. This change can impact your fund strategy! We suggest you chat with your Financial Adviser if this change may benefit you or your fund.

Limited Recourse Borrowing Arrangements (LRBA's)

If you are thinking about borrowing funds to buy a property through a self-managed super fund you must fully understand the ramifications of this type of arrangement.

Asset Real Property Valuations

A Trustees obligation is to ensure that all fund assets are valued at 30 June each year.

We suggest that you take action in obtaining the valuation specifically for property, this valuations can be obtained from a registered valuer or a real estate agent.

If you would like more information on setting up a SMSF, reasons for having a Corporate Trustee or tax advice we suggest you contact us for a quick chat and maybe even a talk with our trusted Financial Planner Jason from Your Life Financial Services.

Our Firm

We have had a few changes this year and would like you all to welcome our new administration staff Donna. Donna has come back to the accounting fraternity so she is gradually getting up to speed.

An update on Melissa who is now on maternity leave with her beautiful baby Harley. Both Melissa and Harley are doing well. She will enjoy a year off and we wish her well in this next chapter of motherhood.

We look forward to another Financial Year and we thank all of our clients for your continued support as we go into a new and brighter year.