

Annual Tax Time Newsletter

Greetings from All Accounting Matters!

Another year has passed and Covid is largely behind us. We hope you have managed to sort a new work life balance and life is getting back to a new normal.

Tax time has come around quickly this year, so again we have provided our annual email as a way of giving you a brief overview of things to consider and information to help you prepare for 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 office appointments as well as phone appointments** to assist those clients who are unable to attend the office.

Working hours will be extended for the period July 2023–September 2023 and will be as follows:

<i>Monday, Tuesday, Wednesday and Friday</i>	<i>8.30am to 5.30pm</i>
<i>Thursday</i>	<i>8.30am to 6.30pm</i>
<i>Saturdays</i>	<i>By Appointment only</i>

To book your spot to see Kerryn or Kylie please phone our office on **(02) 4648 1628**.
Click here for our Link to our **AAM Individual Helpful Tax Checklist**

Individual Tax Returns:

The government has decided to remove the Low and Middle Income Tax Offset (LAMITO) for 2023 tax returns taking away the \$1,500 offset. The Low Income Tax Offset will still be available for incomes below \$37500 and offset amount paid up to \$700.00

Income

Remember all Income Statements 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 pay slip. We recommend you still check your interest received on bank accounts or share dividends received as it is assessable income. We would also like you to bring any Managed Fund Annual Tax Statements as the ATO still don't have all that information.

The ATO will only have information once your employer has lodged your statements so we cannot complete tax returns until this happens. Once you receive a notice through MYGOV that the Income Statement is FINALISED this will be the time to make an appointment.

Information for Individuals

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Medicare Levy Surcharge Thresholds 2023

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

Medicare Levy Surcharge Thresholds 2024

Singles \$ 93,000
Couples \$186,000

HECS Repayments Start at \$48361 at 1% of Taxable Income

2023 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%)

Just to remind you all that the ATO are data matching Overseas investment income, Landlord Insurance Policies, Motor Vehicle ownership and Crypto Currency Investments!!

Centrelink payments are being data matched so if you receive any of those, make sure we are aware of them for your tax return.

Expenses

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

If you have allowable car travel or overnight travel claims, make sure you keep a travel diary showing kilometers travelled for work or study. Alternatively, you can prepare your 12-week logbook. If you do overnight travel keep note of your days away.

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

Home Office

The ATO have adjusted the claims for those who now work from home. We have an easy hourly rate available, or you can use actual expenses. A new substantiation rule came into effect from **1 March 2023**. You will now need to know **dates and hours per day worked** from home. This means no longer having a 4 week diary, it will mean it need to cover all 52 Weeks!!

Capital Gains

If you have sold shares, property, or any other asset **(including cryptocurrency)** during the 2023 financial year make sure you advise us so we can determine if you need to declare it in your personal tax return.

If you have sold/traded Cryptocurrency during the 2023 financial year you can use a Cryptocurrency software called Koinly (or the like) to produce a Capital Gains Schedule which is accepted by the ATO. There is a cost for the report although it is well worth it.

Rental Property

You must be able to substantiate all your deductions such as loan interest, repairs and maintenance, rates and depreciation.

The ATO are still targeting Rental Properties for holiday letting so if you rent any part of your home then you need to make sure you are declaring the income and claiming appropriate expenses. Remember with data matching payments like Landlord Insurance, the ATO may now know more than you think.

Online Hobbies & Business

The ATO are now able to access information from all payment platforms. These include Square, Tyro or TillPayment. They also have access to Air Tasker, Air BNB, Uber, Ola, Stayz and Menulog. We can help you understand what information you need to declare this type of income.

Quick Info

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From 1 July 2023

**SGC for employees
increases to 11%**

**Concessional
Super Limit
\$27,500**

**Company Tax
Rate continues at
25%**

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From 1 July 2022

**SGC for employees
was 10.5%**

**Concessional
Super limit
increased to
\$27500**

**Company Tax Rate
changed to 25%**

Superannuation Contributions

If you have made an after tax personal contribution to your super fund you may be eligible to claim a deduction in your tax return. This would mean a reduction of your tax at your marginal rate and only 15% applied in your super fund. Make sure you check with your Super Fund first about what type of payment has been received, then we can discuss what your option may be.

Business Tax Hotspots:

Single Touch Payroll (STP) Phase 2

STP Phase 2 has now expanded to include the reporting of leave entitlements, superannuation owed for each staff per quarter and even more ...

Data matching is here to stay so make sure you have met your employee obligations.

Staff Annual Income Statements

If you have had employees for the 2023 financial year you will need to process your finalization in the software by **14 July 2023**. 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.

You will need to make sure your wages paid balances to the wages reported to the ATO. If you are unsure on how to do the reconciliation of wages, then contact our office and we can assist.

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 2023**. 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 is getting very aggressive in the superfund space. With data matching the ATO are now targeting late paid super for staff and super not paid for sole trader contractors.

If you pay sole trader contractors mainly for their labour, they are deemed employees and you must pay their super.

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 end date.

If your super is paid late, a Super Guarantee Charge Statement will need to be filled out and sent to the ATO. Interest of around 10% will be applied to the late payment from the beginning of the quarter the super liability applied, and a \$20 administration fee per staff member will be charged.

You are not entitled to a tax deduction for super that is paid late.

Key dates for Business

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

14 July, 2023
Employers need to
lodge Annual
Finalisation
Reports through
their STP software

28 July 2023
Employee Super
Due for June 2023
Quarter

28 July 2023
Quarter 4
(April, May, June)
BAS

28 August 2023
Taxable Payments
Annual Report for
contractors due

For the 2023 – 2024 financial year, Super Guarantee Contributions for employees will increase to 11%. If you have staff on Salary Packages or Salary Sacrifice Super, you may need to consider the effect of this on their take-home pay or SGC limits. If you need any assistance in understanding the obligation just speak with us.

Instant Asset Write Off

The ATO have reduced the instant write off amount to pre pandemic levels from 30 June 2023. This means you can now only claim instant write off for assets up to \$20000 in the 2024 year that are primarily used for business. If you want to claim assets before 30 June 2023 you must have those assets in your possession and installed for use to make that claim.

Personal Service Income and Personal Services Business

ATO is focusing largely on PSI and PSB income for the 2023 year. If you work under an ABN, especially as a 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

From 1 July 2025 the government is proposing to introduce an additional tax that relates to member balances exceeding \$3,000,000.00. Although this seems years away it is good to know the changes and prepare a future tax plan.

We remind those who have a SMSF that trust deeds are a very important document and set out the rules of your fund. As these rules change regularly the deed needs to be upgraded often. We now have the ability to offer a subscription-based system that will upgrade the deed as the rules change. If you would like to know more about this offer, please contact us to discuss.

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 revalued at 30 June each year. We suggest that you act now to obtain a current valuation specifically for each property as the property market has been through some significant fluctuations in the past year.

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.

An Update on Our Firm

Just remember we are here to assist you in all your financial affairs. We have two very efficient and friendly reception staff who are here to assist both us and you with any administration requirements. If you need help with appointments, financial information for lending or just need to discuss something with your accountant, they can book you a time that suits both yourself and our team.

This will be another busy but exciting year. We would like to congratulate Melissa and hubby Mitch on the announcement of their second baby due in November 2023. Donna will step up and hold the fort full time while Melissa is on Maternity Leave. We can't wait to add another member to our work family.

As we are going into our 12th year of service in Mount Annan, we would like to again thank all our clients for your continued support. We always look forward to having you visit us in our office, or a chat over the phone, giving us a chance to discuss your past and future year and provide you with our continued professional service.

HAPPY NEW FINANCIAL YEAR!

Your Team at

All Accounting Matters.