Accord Group (WA) Pty Ltd
CERTIFIED PRACTISING ACCOUNTANTS
ABN: 96 210 970 944
William Murray House
92 Wray Avenue
FREMANTLE WA 6160
PO Box 236
FREMANTLE WA 6959

Email: accordwa@accordwa.com.au
Telephone: (08) 9430 5559
Facsimile: (08) 9336 1192

client alert

tax news | views | clues

Single Touch Payroll pilot and tax offset proposed

The Government is looking to cut red tape for employers by simplifying tax and superannuation reporting obligations through its initiative called Single Touch Payroll (STP). "Employers currently manually report Pay As You Go (PAYG) withholdings to the ATO," the Assistant Treasurer Kelly O'Dwyer said. "Under the new STP this information will be automatically reported to the ATO through Standard Business Reporting (SBR) software."

The ATO will be conducting a pilot in the first half of 2017 focusing on small businesses. From 1 July 2017, all businesses will be able to commence STP reporting, with the option to make voluntary payments. In addition, the ATO will transition employers with 20 or more employees to STP. From 1 July 2018, employers with 20 or more employees will be required to use STP enabled software for reporting to the ATO. The Government will make a decision on timing for rolling out STP reporting for employers with less than 20 employees after the pilot is completed.

To assist small businesses with a turnover of less than $2 million, the Government will offer a $100 non-refundable tax offset for SBR-enabled software. This offset is proposed to apply from 1 July 2017 and for software purchases or subscriptions made in the 2017–2018 financial year only.

TIP: Although there are benefits to streamline reporting, some commentators have highlighted cashflow concerns relating to making more frequent payments. Real time pay day reporting also gives the ATO an earlier intervention signal to contact struggling businesses. If you have any questions, please contact our office.

GST simplified accounting methods for small food retailers

Simplified GST accounting methods are available for small food retailers if they meet certain eligibility conditions. Many small food retailers buy and sell products that are taxable as well as products that are GST-free. Accurately identifying and recording GST-free sales separately from those that are taxable can be difficult, which makes accounting for GST complicated. However, there are five simplified GST accounting methods to choose from to help businesses meet their GST obligations. These include the Business norms method, Stock purchases method, Snapshot method, Sales percentage method, and the Purchases Snapshot method.

TIP: Business needs change and it may be prudent to take a look at whether there are advantages with adopting a SAM. Do you need help deciding which method would be best for your small food business? Please contact the office for assistance or further information.

Government's Innovation Agenda contains tax incentives

The Government is looking to support innovation and its recently released Innovation Agenda proposes a suite of new tax and business incentive measures. A key proposal is to provide concessional tax treatment to encourage early stage investors to support innovative startups. Under the proposal, investors will receive a 20% non-refundable tax offset based on the amount of their investment (capped at $200,000 per investor, per year), as well as a 10-year capital gains tax exemption for investments held for three years. The Government has advised that the scheme is expected to commence during 2016 as soon as supporting legislative amendments are passed into law.

TIP: The incentive is proposed to be available for investments in companies that: undertake an eligible business (scope to be determined); that were incorporated during the last three income years; aren't listed on any stock exchange; and have expenditure and income of less than $1 million and $200,000 in the previous income year, respectively.

ATO data matching real property transactions

The ATO has issued a notice announcing that it will be acquiring details of real property transactions for the period 20 September 1985 to 30 June 2017 from various state revenue offices and tenancy boards. In relation to rental properties, the ATO is seeking details of rent paid and contact details of landlords. In relation to property transfers, the ATO is seeking details of the transfers, including details of the transferors and transferees and any state land tax and/or stamp duty concessions sought.

The information will be matched to the ATO's data holdings. The ATO said an objective of the data matching program is to ensure taxpayers are correctly meeting their taxation obligations. The ATO expects that around 31 million records for each year will be obtained. Based on current data holdings, the ATO said records relating to approximately 11.3 million individuals are expected to be matched.

TIP: The data matching program goes all the way back to the start of the capital gains tax (CGT) regime in September 1985. Some commentators suggest this could be the ATO looking for CGT revenue on previously undeclared capital gains or incorrectly claimed CGT concessions. Note also that the ATO intends to carry on its data matching program from 2017. It will no longer announce details of its program as law changes will make it mandatory by then for revenue authorities and other entities to report real property transactions to the ATO.

Tax treatment of earnout rights on business sale

A Bill has been introduced in Parliament that proposes to amend the tax law to change the capital gains tax treatment of the sale and purchase of businesses involving certain earnout rights (ie rights to future payments linked to the performance of an asset or assets after sale). As a result of these amendments, capital gains and losses arising in respect of look-through earnout rights will be disregarded. Instead, payments received or paid under the earnout arrangements will affect the capital proceeds and cost base of the underlying asset or assets to which the earnout arrangement relates.

Clarifying the CGT treatment of earnout rights has been a long time coming – it was first announced on 12 May 2010 as part of the 2010–2011 Budget. The amendments contained in the Bill are proposed to apply from 24 April 2015. However, note there will be protections for taxpayers who have undertaken other actions in reasonable anticipation of announcements made about the amendments in the 2010–2011 Budget.

TIP: The ATO has released details of its administrative treatment pending the formal enactment of the legislation. Please contact our office for further information.

Are your super saving goals on track?

The new calendar year is a good time to conduct a superannuation health check and set some new goals to help boost superannuation savings. Although there have been no seismic shifts in the superannuation landscape of late, it may be prudent to reacquaint yourself with the rules. The following are some considerations.

- Make extra contributions – the general concessional contributions cap is $30,000 for 2015–2016. For people aged 50 and over, there is a higher concessional contributions cap of $35,000 for 2015–2016.
- Check super savings – it is a good habit to check your super balance regularly. You may also want to protect your super from identity crime. For example, you may want to change passwords for accounts that can be viewed online.
- Look for small lost super accounts – the threshold below which small lost super accounts will be required to be transferred to the ATO has increased to $4,000 (from December 2015).
- Consolidate multiple super fund accounts – you may want to consider consolidating multiple super fund accounts. This may help avoid paying multiple fees, reduce paper work, and make it easier to keep track of your super.
- Salary sacrifice super – you may want to ask your employer about salary sacrificing super, or you may want to consider reviewing existing arrangements with your employer.

TIP: Professional advice should be obtained before implementing a new retirement saving strategy. Please contact our office to discuss your circumstances.