NEWSFLASH

Visit us at www.bantacs.com.au

For website technical support email technicalservices@bantacs.com.au

For all accounting & tax support contact one of our offices or just go to Ask BAN TACS

BAN TACS Accountants Pty Ltd

BAN TACS Accountants Pty Ltd is a CPA Practice

Issue Number: 289 Pages: 4 Date: 1st July, 2014

Queensland

Gold Coast ***PNA***
Phone : (02) 6736 5383
E-mail: goldcoast@bantacs.com.au

Mackay ***CA***
Phone: (07) 4957 8340
E-mail: mackay@bantacs.com.au

Ningi ***CPA***
Phone: (07) 5497 6777
E-mail: ningi@bantacs.com.au

Stanthorpe ***PNA***
Phone: (07) 4681 4288
E-mail: stanthorpe@bantacs.com.au

Toowoomba ***CPA***
Phone: (07) 4638 2022
E-mail: **toowoomba@bantacs.com.au**

New South Wales

Burwood ***CPA***
Phone: 1300 367 688
E-mail: burwood@bantacs.com.au

Central Coast ***MNIA***
Phone: (02) 4390 8512
E-mail: centralcoast@bantacs.com.au

Tenterfield ***PNA***
Phone: (02) 6736 5383
E-mail: tenterfield@bantacs.com.au

Victoria

Geelong ***CPA***
Phone: (03) 5222 6962
E-mail: geelong@bantacs.com.au

Melbourne ***CPA***
Phone: (03) 5222 6962
E-mail: melbourne@bantacs.com.au

South Australia

Adelaide ***CPA***
Phone: (08) 8352 7588
E-mail: adelaide@bantacs.com.au

*Visit **Bantacs.com.au** About Us section to view office location details and information about BAN TACS practitioners.*

Welcome to the BAN TACS News Flash. Our aim is to provide short but succinct updates on all tax issues

Column by Noel Whittaker

The Commonwealth Seniors Health Card (CSHC) has been a useful tool for retirees who do not qualify for the age pension and the concession card that goes with it. However, big changes in last month's budget means some current holders will be losing it.

To qualify, you must be of age pension age but not be in receipt of an age pension. Also you must have an adjusted taxable income of less than $50,000 for singles or $80,000 for couples (combined). Adjusted taxable income is a person’s taxable income, reportable fringe benefits, salary sacrificed superannuation contributions and net investment losses.

It is valid for one year only and must be applied for each year.

Anybody who starts an account based pension or annuity after December 2014 will find that the income stream will be assessed under the deeming rules with the deemed income being added to their adjusted taxable income. Existing pensions that commence before January 2015 will be exempt.

You would need to be wealthy to be adversely affected. For example, if a couple had $1.2 million in superannuation and were drawing an account-based pension that started after 31 December the deemed income would be about $41,000 a year. This is way short of the $80,000 cut-off figure, but of course other income like franked dividends could push them over the cut off point.

It’s a reminder that the recent budget changes have changed the landscape for many Australians. As we approach June 30 good advice is becoming more important than ever.

Noel Whittaker is the author of Making Money Made Simple and numerous other books on personal finance. His advice is general in nature, and readers should seek their own professional advice before making any financial decisions. Email: noelwhit@gmail.com.

Before You Collate Your Medical Expenses Check You Qualify

To qualify for the medical expenses tax offset for the 2014 financial year you need to have at least $2,162 in expenses but it gets a lot more complicated than this.

This year you have to divide your expenses into two categories. Disability aids, costs of attendant care and aged care are one category and the other is the normal medical expenses. A disability aid is an aid to function or capacity assisting a person to perform normal daily living activities or provides assistance to alleviate the effect of the disability.

You are only entitled to include normal medical expenses in your calculation if you qualified for a medical expenses tax offset last year, the 2012-2013 financial year. In the following we use the term qualifying medical expenses to refer to disability aids, attendant care and aged care expenses and only medical expenses if you qualified for the tax offset last year.

If you didn't claim the offset last year then you need only consider whether you have expenses for disability aids, attendant care and aged care that exceed $2,162 before you bother to go any further.

Note the offset only applies to qualifying medical expenses that exceed the threshold.

The threshold and offset percentage differ depending on your adjusted taxable income, if you are a family or member of a couple both parent's income must be included in the following:

Your Adjusted Taxable Income (ATIFR) includes:

+$____________ taxable income,

+$____________ reportable superannuation contribution (usually salary sacrifice),

+$____________ add back any losses on investments,

+$____________ the reportable fringe benefit amount on your PAYG Summary multiplied by 0.535,

+$____________ foreign income (not already included in your taxable income above),

+$____________ tax free government pension,

- $____________ and *deduct* any amount of child maintenance you pay.

============

Single People - If you are single, and if your ATIFR is less than $88,000 a year, you are entitled to a tax offset of 20% on your qualifying medical expenses that exceed $2,162. If your ATIFR is more than $88,000 a year, you are only entitled to a tax offset of 10% on your medical expenses that exceed $5,000.
Families and Couples – Your ATIFR threshold is $176,000 plus $1,500 for every child (under 22) other than the first child. If the combined family ATIFR is under this threshold you are entitled to a tax offset of 20% of your medical expenses that exceed $2,162. If the combined family ATIFR is above this threshold you are only entitled to a tax offset of 10% of your medical expenses that exceed $5,000. A family combined ATIFR includes only the two parents ATIFR and does not include any income children receive. Whether you are a member of a family or not is determined solely on your status at the 30th of June 2013. Note that a family can include one adult as long as there are children.

Cloud Accounting Systems

Before you sign up to keep your business accounting records on a cloud make sure you understand the exit strategy. Cloud accounting software requires a monthly or annual subscription fee to access the cloud. What happens if they double the fee or you close your business? You need to be able to continue to access the data you have entered without having to pay their fees for eternity. Consider the situation where you have closed your business done your tax returns and not renewed with the cloud but 4 years later the ATO decide to audit you. You need to be sure you can still access the data. Not necessarily continue to be able to enter data but at least be able to use the search facility to find information for the ATO. For this reason it is not satisfactory to just be allowed to download the data in a PDF format.

Queensland Land Tax For Trusts

In Queensland each trust you control will be assessed separately, for land tax purposes, if it has a different trustee. This would mean a different company for each trust. Companies cost around $800 to set up and $250 annual return fees.

LTA020.1.1 states:

12. Where a trustee holds several parcels of land, each in the name of a different trust, but the beneficiaries of those trusts, at the time when the land tax liability arises, are the same, one assessment will issue to the trustee including all the taxable land that is subject of the trusts.

Example 6

Y is the registered owner of three parcels of land. Y holds parcel 1 as trustee for the Gold Trust, parcel 2 as trustee for the Silver Trust and parcel 3 as trustee for the Bronze Trust. At the time of determining land tax liability, each trust has the same beneficiaries. Y is liable for land tax as trustee under ss.20(2) and (3) of the Land Tax Act. One assessment is issued to Y under the Administration Act.

13. Where parcels of land are held by separate trustees under trusts where the beneficiaries are the same, separate assessments are issued to each trustee.

Example 7

A is the registered owner of parcel 1 and B is the registered owner of parcel 2. A holds parcel 1 as trustee for the Beaver trust and B holds parcel 2 as trustee for the Bear Trust. Each trust has an identical set of beneficiaries. A and B are liable for land tax as trustees under s.20 of the Land Tax Act. Separate assessments are issued to A and B under the Administration Act.

If you would like to read more go to https://www.osr.qld.gov.au/legislation-rulings/public-rulings/land-tax/lta020-1.shtml

There is also the asset protection advantage of having properties in separate trusts. Here are the land tax rates for trusts; each trust gets a $349,999 threshold. So if the unimproved value of the land held by each trust is less than this, no land tax will apply.

Unimproved Value	Land Tax
Up to $349,999	$0
$350,000 to $2,249,999	$1,450 plus 1.7 cents for each $ more than $350,000
$2,250,000 to $4,999,999	$33,750 plus 1.5 cents for each $ more than $2,250,000
$5,000,000 and over	$75,000 plus 2 cents for each $ more than $5,000,000

Note this is every year!

Payroll Basics for 2014-2015

The following links will take you to the rates of PAYG instalments you should be deducting from your employees' wages

Weekly https://www.ato.gov.au/uploadedFiles/Content/MEI/downloads/BUS39408n10050514.pdf
Fortnightly https://www.dropbox.com/s/7m9tyoqm7vc32gn/NAT-1006-BUS39409n10060514.pdf
Monthly https://www.ato.gov.au/uploadedFiles/Content/MEI/downloads/BUS39410n10070514.pdf

You might like to pass these references around as they are impossible to find on the ATO web site.

The superannuation guarantee rate for the 2014-2015 financial year 9.5% of ordinary times earnings.

Unless an employee contribution is made to cancel out the fringe benefit, the FBT rate is now 49%

Doing Your Tax Return on Line

In response to last month's article about the risk of doing your tax return on line on any web site other than the ATO's www.ato.gov.au a reader bought the following article to our attention.
http://www.smh.com.au/it-pro/security-it/revealed-serious-flaws-in-mygov-site-exposed-millions-of-australians-private-information-20140515-zrczw.html

It seems there is even an element of risk with the ATO web site. Maybe the good old fashion way of sitting across the desk from a trusted tax agent is still the safest method.

Seminar

How To Claim Your Trip Around Australia As A Tax Deduction - 6.30pm 2nd July, 2014 Speaker Julia Hartman To be held at the Mackay City Bowls Club on the corner of Shakespeare and Shaw streets Mackay. No charge but please phone (07) 4957 8340 to tell us you are coming so we know how many chairs to put out.

Skype Julia

Skype has become a very effective way of consulting. Skype allows me to see the client's face so that I know they are following what I am saying. Most of the people who have used this service to date just want to talk about their overall strategy or get a straight answer to a difficult question. It is not intended to replace your current Accountant but it is an excellent method of getting specialist advice on property from investing to developing or just a second opinion.
http://www.bantacs.com.au/shopping.php

Where is Julia?

Chasing the sunshine. I will be in Mackay for July, August and September with a short trip to Cairns in September.

Ask BAN TACS

For $69.95 at Ask BAN TACS you can have your questions regarding Capital Gains Tax, Rental Properties and Work Related Expenses answered by Julia. I will include ATO references to support our conclusion, answer are generally 300 to 700 words long depending on the complexity.

Winning Property Tax Strategies – The Book

Once again a brilliant combination of Noel Whittaker's easy reading style with Julia Hartman's mind numbing attention to detail. Lots and lots of new stuff plus updated basics for the first time reader so it is much bigger, 300 pages but still the same price. New chapters including young investors, SMSFs, renovators, granny flats, investment and budgeting strategies, fires and floods, mass marketing spruikers, commercial properties, subdividing and development. You can also purchase it online by going to www.bantacs.com.au/book_winning-property-tax-strategies.php The cost is still a low low $29.95 plus $5.95 postage – tax deductible of course!

What Is New on www.bantacs.com.au

Want more? Please go to bantacs.com.au/publications.php for back issues of newsflash or download our free booklets where past newsflash articles are collated according to their topic. There are over 30 topics, for example How Not To Be A Developer, Claiming Your Trip Around Australia As A Tax Deduction, Claimable Loans, Rental Properties, Overseas, Fringe Benefits Tax, Claiming a Motor Vehicle, GST etc.

With the forum and the Ask BAN TACS Notice Board the information on the site regularly change. Some very generous askbantacsers have allowed their question and answer to be placed on the notice board.

http://www.bantacs.com.au/QandA/index.php?xq=566 Lots of useful information for people travelling around Australia operating their own business.

http://www.bantacs.com.au/QandA/index.php?xq=567 Very timely question that may have saved the asker tens of thousands of dollars by not demolishing a house before her father died.

www.bantacs.com.au/QandA/index.php?xq=568 The complications of a SMSF being registered for GST and building a house the members, one day, intend to reside in.

http://www.bantacs.com.au/QandA/index.php?xq=569 Divorce and demolishing a property, both fraught with danger.