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<http://bantacs.com.au/aboutus/>

Welcome to the new financial year!

And an exciting start it is, with a very likely chance that your tax refund will exceed \$1,000. More details on how that works in the tax offset article below. This edition is full of news affecting taxpayers **right now**.

Check Lists Are Out Now

To make sure you have everything you need to have your tax return prepared as efficiently as possible, please download our checklists from this page <https://www.bantacs.com.au/media-library/checklists/>. Fill in what you can. We can work from there, it is just a prompt to make sure we can claim everything we legally can for you, to maximise your tax position. We also have a mail in service if you can't make it to one of our many offices <https://www.bantacs.com.au/topics/mail-in-tax-returns/>

How the New Tax Offsets Work

For the financial year just finished, you are able to earn \$21,883.30 taxable income without paying tax. If you're earning above this, you start paying tax at \$18,200. In the 2019 tax year, if your income is under \$126,000 you will qualify for some of the tax offsets as follows:

Your Taxable Income

Under \$37,001
\$37,000 to \$48,000

\$48,001 to \$90,000.
\$90,001

Tax Offset

\$255 new plus old \$445
\$255 + 7.5% of amount your income exceeds \$37,000. At this point the \$445 starts to shade out at the rate of 1.5 cents per dollar over \$37,000

\$1,080

The offset starts to reduce at the rate of 3 cents for every dollar over \$90,001. Those people earning in excess of \$126,000 a year will not be entitled to any tax offset

For 2019/2020 the \$445 becomes \$700 and starts to shade out at 5 cents for every dollar between \$37,500 and \$45,000. After \$45,000 it will shade out at the rate of 1.5 cents in the dollar, disappearing completely at \$66,667.

This means that, in 2019/2020, if your taxable income is \$23,226 or less you will not have to pay tax. As follows; \$23,226 - \$18,200 = \$5,026 x 19% = \$955 which is \$700 plus \$255.

Subcontracting

We are getting a lot of questions in this regard by contractors supplying their own ute. This is a typical tactic by a payer to try and get out of their employment responsibilities, so be careful. **Don't assume** there are tax deductions in it for you, and **don't assume** that just because it's a ute that the ATO will consider your usage 100% tax deductible. Here is all the detail

<https://bantacs.com.au/Jblog/psi-contractors-splitting-income/#more-330>

What is Different for 2019?

You might not need to dig up as much information this year.

- **PAYG Summaries** – If your employer had more than 20 employees they are not required to issue PAYG summaries because they have been utilising Single Touch Payroll, which will report your PAYG summaries straight to our ATO Tax Agent Portal. Don't bother chasing your PAYG summaries up, but it may be worth bringing in your last payslip. Previously, some employers would put useful information about your allowances, donations and union fees on your PAYG summary. These do not transfer to the portal so we may have to get them off your payslip.
- **Health Insurance Statements** – Don't bother waiting for these either, they are also being sent straight to the ATO portal.
- **Low and Middle Income Tax Offset** – There is nothing you need to bring to qualify for this, it all happens automatically and it is happening already so no need to delay.
- **Bank Interest, Managed Funds and Shares** – It can take a couple of months for this sort of information to arrive on the ATO portal so if you are coming in early it would be worth bringing this information with you.
- **Letters from your Employer** – The ATO's latest trick in every audit, with any work-related tax deductions, is to require you to produce a letter from your employer verifying these expenses were necessary for you to carry out your job. Audits tend to happen a year or so after you lodge your tax return. By then you might not be on good terms with your employer or your supervisor may have left. *It would be prudent to acquire this letter at the end of each financial year just in case your number comes up.* We can help you with a draft when preparing your tax return. Alternatively you can use the template on this page <https://www.bantacs.com.au/media-library/checklists/>
- **Regarding Rental Properties** - Travel is no longer tax deductible no matter what the reason. As you can no longer claim depreciation on second-hand plant and equipment, *please avoid buying items for your rental property while you are staying there* as they will be deemed to have been previously used, even if you don't use them.
- **Must Be Available for Rent** - From 1 July 2019 you are only entitled to claim expenses associated with the property if it is available for rent. *Make sure you keep evidence that it has been listed.* **You can no longer claim expenses during the construction period**, and it appears this also means you cannot claim expenses while repairing tenant damage if the place is unable to be listed during that time. Hopefully this area will become clearer as the year progresses; follow BAN TACS Property on Facebook to stay up-to-date.

Single Touch Payroll (STP)

If you employ less than 20 people, and they are not all you and your family, then you need to report your payslips to the ATO on a monthly basis, through non-ATO software. As the ATO is not providing the software to do this, you will need to subscribe to a commercial product. Some advertise a free service, but expect that to expire in a matter of months.

You need to speak to your Accountant about this immediately, if you are not already registered for STP, and you are paying employees. This may be the time to upgrade to computerised record keeping across the board. Another reason why going for just a cheap basic solution may be a false economy.

The only exemptions now from STP are for family members, rural employers that do not have access to reliable internet connection, and employers of seasonal workers.

It is worth noting that your employees will be able to log into myGov and check that what you report corresponds with their payment and see the superannuation amount. For employees it is worth doing this regularly to make sure the information reconciles to your payslip.

Get the Answers Damn Straight From Askbantacs for \$79.95 <https://taxquestions.com.au/>

Disclaimer: Please note that by the time you read this information it may be out of date. The information is presented in summary form and intended only to draw your attention to issues you should further discuss with your accountant. Please do not act on this information without further consultation. We disclaim any responsibility for actions taken on the above without further advice as to your particular circumstances.

'Liability limited by a scheme approved under Professional Standards Legislation.'