

## Judy's Diary

Tax time 2018 is here. Can you believe another year has passed us by? In February of this year Noel and I welcomed our second grandson, our 4th grandchild, Jake in to the world. He is the second son of Elysia and Adam. We are very blessed to be able to spend time with our grandchildren and watch them grow.

I have also had plenty of opportunities to perfect my sewing and quilting skills. My latest venture saw me cruise and quilt on the open seas between Sydney and Singapore with two very special family friends from Cloncurry.

The girls in the office have been very quiet of late, after the Blues took out the 2018 State of Origin. Needless to say I am very happy with their win.

As with each taxation year there have been numerous changes made to the legislation. We have highlighted some of these changes in this newsletter. If you require any further information please do not hesitate to contact my wonderful staff who will be happy to discuss your questions further.

Yours in friendship and taxation,

*Judy*

### Medicare Levy to Remain Unchanged



The Medicare Levy will remain unchanged for the 2018 and 2019 financial years, staying at **2%**.

### Individual Income Tax Rates Proposed Threshold Increases

It is proposed from 1 July 2018, the Government will increase the top threshold of the 32.5% personal income tax bracket to \$90,000.

### EXTENSION GRANTED to the \$20,000 Immediate Write Off for Small Business

The Government has announced it will extend the \$20,000 immediate write off for small business by a further 12 months to **30 June 2019**.

Small businesses will be able to immediately deduct purchases of eligible assets costing less than 20,000 first used or installed ready for use by 30 June 2019. The asset can be new or second hand.



### HELP Threshold 2018



The current financial year HELP repayment threshold phases in at income above \$55,874.

*The proposed repayment rate for the 2018-19 financial year is \$51,957.*

## WHAT'S HAPPENING AT HCA

There have been some changes at HCA during the past year.

We said farewell to *Sara Laver* in September 2017, who ventured south to Brisbane to begin a new chapter in her life with her family.

In February 2018 we said goodbye to our outgoing receptionist *Tracy Connolly*. She spent 4 years as part of the team at HCA and will be missed.

*Rosalie Domoney* joined our team in March 2018 as our new receptionist. She brings with her 15 years of administration experience.



Find us on  
**Facebook**

Keep updated, like us on  
**Facebook: Harbour City  
Accounting QLD.**



We would like to congratulate Susan Lowry, Alicia Hunt and Natalie Hurworth in recognition of **10 years** outstanding service and dedication to our practice.

### Rental Property—Travel Expenses now Non Deductible

Traditionally, a deduction may have been available for travel expenses in relation to a rental property where the purpose of the travel was to inspect or maintain the property.

From **1 July 2017** (the 2018 income year), travel expenses relating to **residential** rental properties are **no longer deductible**. The restriction applies (but is not limited) to motor vehicle expenses, taxi or hire car costs, public transport costs, airfares and any meals or accommodation costs related to travel.

### Rental Property—Depreciation Restrictions on 2nd Hand Assets



The ATO have amended the tax law to **disallow** deductions for the depreciation of 'previously used' (e.g. second hand assets) that are used in **residential rental properties**.

Depreciation deductions are still available for 'new assets' acquired by residential property owners.

*The finest compliment we can receive is a referral from our clients and friends. We are openly welcoming new clients.*

## Expanding the Contractor Payment Reporting System

The contractor payment reporting system was first introduced in the building and construction industry and has now been extended to include the **cleaning and courier industries** effective from 1 July 2018. Under the contractor payment reporting system, businesses are required to report payments to contractors to the ATO.

The Government has announced it will further expand the contractor payment reporting system to the following industries:

- Security providers and investigation services;
- Road freight transport; and
- Computer system design and related services.



Businesses will need to ensure that they collect information from **1 July 2019**, with the first annual report required in **August 2020**.

## REMINDER: \$25,000 Concessional Superannuation Cap

The Concessional Superannuation Cap **remains at a maximum of \$25,000 for all individuals regardless of age.**

Concessional contributions include employer contributions (including contributions made under a salary sacrifice arrangement) and personal contributions claimed as a tax deduction.



## Deductions for Personal Superannuation Contributions

The Government intends to improve the integrity of the “notice of intent” (NOI) process for claiming personal superannuation contribution tax deductions. Currently some individuals receive deductions on their personal superannuation contributions but **do not** submit a NOI, despite being required to do so. This results in their superannuation funds not applying the appropriate 15% tax to their contribution. As the contribution has been deducted from the individual’s income, no tax is paid on it at all.

From 1 July 2018, the ATO will modify income tax returns to alert individuals to the NOI requirements with a tick box to confirm they have complied. **You will be required to provide our office with the approved and valid NOI or acknowledgment letter from your superannuation fund in order to claim.**



Australian Government  
Australian Taxation Office

Notice of intent to claim or vary a deduction  
for personal super contributions

### COMPLETING THIS STATEMENT

- Print clearly using a black pen only.
- Use BLOCK LETTERS and print one character per box.
- Place **7** in ALL applicable boxes.

ⓘ The instructions contain important information about completing this notice. Refer to them for more information about how to complete and lodge this notice.

### Section A: Your details

1 Tax file number (TFN)

--	--	--	--	--	--	--	--	--	--

## Preventing Inadvertent Concessional Cap Breaches by Certain Employees

**From 1 July 2018**, the Government will allow individuals whose income exceeds \$263,157, and who have multiple employers, to nominate that their wages from certain employers are not subject to the superannuation guarantee (SG). The measure will allow eligible individuals to avoid unintentionally breaching the \$25,000 annual concessional contributions cap as a result of multiple compulsory SG contributions. Employees who use this measure could negotiate to receive additional income, which is taxed at marginal rates.

### 2018 ATO Audit Hot Spots

The ATO conducts annual audits in regards to individual income tax return deductions. There is a high focus on the following:

**Work-related expense claims**—the focus here is on claims such as work related travel, dry cleaning and laundry expenses, home office use, mobile phone and internet costs, overtime meal claims and professional subscriptions.

**Capital Gains Tax**—in particular sale of shares which is reported to the ATO.

**Crypto Currencies**— ensuring profits are declared and any capital gains tax is correctly calculated.

### TAX TIP—Claiming Work Related Expenses

Remember to meet all 3 golden rules when claiming work related expenses on your income tax return.

1. You must have spent the money yourself (and not have been reimbursed by your employer)
2. The expenses must be directly related to your income earning activities
3. You must have a record (receipt) to prove you have incurred this expense



### BEWARE of Scams

*Be wary of emails, phone calls and text messages claiming to be from the ATO. The ATO will not threaten you with fines, arrest or deportation for failing to provide personal information. These are just a few common scare tactics scammers use to steal your money and personal information.*

*Before you disclose any information, we encourage you to contact our office as we can check if this is a valid query directly with the ATO on your behalf.*

**Did you know?** If you are linked to the Australian Taxation Office via your myGov account your Notice of Assessment will be electronically sent to your inbox. **This means you will no longer receive a posted paper copy.**

