

## TAX TIME 2018

Welcome to our 2018 edition of Tax Time! *Please note* that next year's Taxtime newsletter will only be available on our website, and will no longer be mailed.

We hope this newsletter finds all of our clients and friends fit and healthy, and we look forward to catching up with you during 2018/19.

We have attached some frequently used tax rates and tables to assist you with your tax planning. We also include a summary of items affecting us in the 2017/18 financial year and some bits and pieces for the 2018/19 year and beyond.

### Things to consider for 2017/18

- The Low Income Tax Offset remains at \$445 and when combined with the tax-free threshold of \$18,200 effectively means those eligible will not pay tax until their taxable income exceeds \$20,542.
- Senior Australians eligible for the Senior Australian & Pensioners Tax Offset (SAPTO) will **not pay tax** on "rebate income" up to **\$32,279** for singles and **\$28,974** each, for couples living together because of the combined effect of the Senior Australians Tax Offset and the Low Income Tax Offset. (The max offset for 2017/18 remains at \$2,230 for singles or \$1,602 for each couple).
- Invalid and Invalid Carer Tax offset is available for taxpayers who maintain:
  - a spouse who is an invalid or who cares for an invalid
  - your or your spouse's parent, who lives in Australia
  - Your or your spouse's invalid child, brother or sister aged over 16

The maximum rebate for 2018 is \$2,717 (**Note: Other conditions apply and a means test for the taxpayer claiming is \$100,000 Adjusted taxable income**).

- **Small business concessions:** The instant asset write-off threshold for assets costing less than \$20,000 has been extended to 30 June 2019. (**Note: This concession was due to expire 30 June 2017**). This now applies to businesses with sales less than \$10Mil.
- **Small business concessions:** Small business **company** tax rate will be 27.5% in 2017/18. This applies to companies with sales less than \$25Mil.
- **Small business concessions:** Small business **non-corporate entities, ie sole traders, partnerships and trusts** will receive a 8% discount on tax relating to their business profits up to a maximum of \$1,000. This applies to **non-corporate entities** with sales less than \$5Mil.
- **Small business concessions:** The threshold for access to the Small business CGT concessions will remain at \$2Mil.
- **Rental properties:** Depreciation on plant and equipment (e.g. Dishwashers, Air conditioners, Carpets, Hot water systems etc.) will be limited to the taxpayer(s) who actually bought the equipment. Subsequent owners of the property will not be able to continue to claim depreciation on the existing plant & equipment, but will be able to claim depreciation on any new plant & equipment they buy. Properties owned prior to 9 May 2017 will not be affected.
- **Rental properties:** No longer be able to claim travel expenses to inspect a property or collect rent. Effective **1 July 2017**.

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•business start-up  
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•budgets and cash flow  
•special projects  
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**taxation**  
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- To substantiate your expenses, you must retain all your receipts for five years from date of lodgement.
- Adding and summarising your income and expenses before your appointment will help us tremendously and save you time during our interview.

**New for 2018/19 and beyond (SUBJECT TO PASSING OF LEGISLATION)**

- **LAMITO (Low and middle income tax offset):** This new non-refundable tax offset will be introduced from 1 July 2018. The benefits will be as follows:
  - Taxpayers under \$37,000p.a. will receive a benefit of \$200.
  - Taxpayers between \$37,000p.a. and \$48,000p.a. will receive a benefit of \$200 plus 3% of income over \$37,000 to a maximum benefit of \$530.
  - Taxpayers between \$48,001p.a. and \$90,000p.a. will receive a benefit of \$530.
  - Taxpayers between \$90,001p.a. and \$125,333p.a. will receive a benefit of \$530 minus 1.5% of excess over \$90,000.
  - Taxpayers over \$125,334 will not be eligible for the offset.

This offset will be in addition to the already existing Low Income Tax Offset (LITO).

- **Income tax:** The 32.5% marginal tax rate will be extended from \$87,000 to \$90,000 from 1 July 2018.
- **Superannuation:** There will be a work test exemption for voluntary contributions by individuals aged 65-74 with superannuation balances below \$300,000 in their first year after retirement. **Effective 1 July 2019.**
- **Business:** Effective 1 July 2019, no longer able to claim a tax deduction for the following payments:
  - Payments for wages where no PAYG tax has been withheld when it should have been
  - Payments to contractors who did not provide an ABN and the payer did not withhold any PAYG when they should have.
- **Business:** The Taxable Payments Report for payments to contractors in the building and construction industry will be extended:
  - 1 July 2018 to cleaning and courier industries,
  - 1 July 2019 to security and investigation services, road freight transport and computer system design and related services.

**Financial Services**

Robert Gray and Gray Financial Services Pty Limited are authorised representatives of Politis Investment Strategies Pty Limited.

Politis Investment Strategies is a boutique financial planning and investment management firm. Their unique approach allows me to provide you with financial planning services on a genuine fee for products, platforms or commissions.



This service offered is one that I am sure will benefit you, and is aligned with the high standards and values held within our accountancy practice. As part of the Politis Investment Strategies group, our approach to financial planning, investment management and account administration is of the highest quality.

Please call for further enquiries or to book an appointment.

**Phone our office for an appointment today! (02) 4751 4091**

**Trading Hours for July to 30 November 2018 \*Note: Availability after 5pm by appointment only**

Monday	Tuesday	Wednesday	Thursday	Friday	Every 2 <sup>nd</sup> Saturday
9.00am – 7.30pm*	9.00 am – 6.30pm*	9.00am – 5.00pm	9.00am – 7.30pm*	9.00am – 5.00pm	9.30am – 2.30pm*
After 30 November 2018 Monday to Friday 9.00am to 5:00pm					