

suite 2, 167-169
Macquarie Rd
Springwood N.S.W
2777
mail PO Box 457
Springwood
phone (02) 4751 4091
fax (02) 4751 5878

www.kerslakegray.com.au
admin@kerslakgray.com.au

abn 51 104 053 750

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**liability limited by a
scheme approved under
professional standards
legislation**

Welcome to our 2019 edition of Tax Time!

We hope this newsletter finds all of our clients and friends fit and healthy, and we look forward to catching up with you during 2019/20.

Please refer to our frequently used tax rates and tables to assist you with your tax planning. We also include a summary of items affecting us in the 2018/19 financial year and some bits and pieces for the 2019/20 year and beyond.

Things to consider for 2018/19

- The 32.5% personal marginal tax bracket has changed from \$87,000 to \$90,000 for 2019. This is a savings of \$135 p.a. for tax payers earning over \$87,000.
- The cents per kilometre rate for MV claims has increased to \$0.68 per kilometre. Up from \$0.66 per kilometre.
- The Home Office rate has increased from \$0.45 per hour of home office use to \$0.52 per hour.
- The Low Income Tax Offset remains at \$445. There is a new offset for 2019 - the Low and Middle Income Tax Offset (LAMITO), maximum of \$1,080. When combined with the tax-free threshold of \$18,200 effectively means those eligible for both tax offsets will not pay tax until their taxable income exceeds \$21,884. **Note: Unless changed beforehand**, the LAMITO will stop at 30 June 2022 and the LITO will increase to \$700 after 30 June 2022. This is to coincide with changes to the marginal income tax brackets.
- 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, the Low Income Tax Offset and the Low and Middle Income Tax Offset. (The max offset for 2018/19 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 2019 is \$2,766 (**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 was increased to \$25,000 on 29 January 2019 and then to \$30,000 on 2 April 2019. Therefore 2019 has three threshold amounts and dates. The now \$30,000 threshold will remain until 30 June 2020.
- **Small business concessions:** The definition of a Small business **company** for the 27.5% tax rate to apply was changed to exclude companies whose main income is passive income (i.e., interest, dividends, rent or royalties income). The 27.5% tax rate will apply to a **Base Rate Entity** company:
 - With sales less than \$25Mil, and
 - 80% or less of their income is passive income.

- **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.
- **Business:** The Taxable Payments Report for payments to contractors in the building and construction industry is now extended to cleaning and courier industries.
- **Rental properties:** A reminder for Depreciation on plant and equipment (e.g. Dishwashers, Air conditioners, Carpets, Hot water systems etc.). Depreciation will be limited to the taxpayer(s) who actually bought the equipment new. Subsequent owners of the property **will NOT** be able to continue to claim depreciation on the existing plant & equipment. They **will be** able to claim depreciation on any **NEW** plant & equipment they buy, but **NOT** second hand equipment they buy. Properties owned prior to 9 May 2017 will not be affected unless the property was owned before 9 May 2017 but not used as a rental property any time before or during 2017.



- 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 2019/20 and beyond (SUBJECT TO PASSING OF LEGISLATION)

- **Income tax:** Personal income tax cuts are in place to commence 1 July 2022 with increases in the 19% and 32.5% tax brackets. From 1 July 2024 further changes will see the 32.5% bracket dropped to 30% and the 37% bracket removed as well as the top marginal tax bracket increased to \$200,000.
- **Superannuation:** There will be a work test exemption for voluntary contributions by individuals aged 65-74 if you:
 - Satisfied the work test in the financial year preceding the year in which you made the contribution
 - Have a superannuation balance below \$300,000 at the end of the previous financial year
 - Have not previously utilised this exemption.
- **Business: Effective 1 July 2019,** Single Touch Payroll (STP) has commenced for small businesses. This affects all businesses including companies where the owner is the only employee.
- **Business: Effective 1 July 2019,** no longer able to claim a tax deduction for the following payments:
 - Payments for wages or directors fees 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 2019** to security and investigation services, road freight transport and computer system design and related services.

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

Trading Hours for July to 30 November 2019 *Note: Availability after 5pm by appointment only

Monday	Tuesday	Wednesday	Thursday	Friday	Every 2 nd Saturday
9.00am – 7.30pm*	9.00 am – 6.30pm*	9.00am – 6.30pm	9.00am – 7.30pm*	9.00am – 5.00pm	9.30am – 2.30pm*
After 30 November 2019 Monday to Friday 9.00am to 5:00pm					