

2013-2014 Tax Season Newsletter

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Changes in the Office

This year brings exciting changes for us. After almost 30 years of working the tax season alone, we now have another accountant working with us. Robert joins the team with over 13 years taxation and GST experience and he will begin taking appointments for tax returns from July 1st which allows clients the availability to have appointments now from Tuesday to Saturday.

My appointment days will continue to be Tuesday, Thursday and Saturday.

Caroline has started her book keeping business and will be working from our offices and Josi has settled into her role as the Front Office Administrator.

adminmac@chariot.net.au is still our preferred email contact as this mail box is handled in the front office and monitored daily.

Thank you for your support in the 2012 year and we look forward to seeing you in the New Year.

Budget Changes

Medicare Thresholds for 2013	
Individuals	\$20542
Couples	\$33963

100% write off for capital equipment under \$6500 for small businesses was introduced in the 2012 budget, so it's a good time to buy that extra equipment prior to June 30th.

The reduction in superannuation contributions to \$25000 has now been in since July 1st 2012. Budget changes in May this year have now proposed to lift the contributions to \$35000 for taxpayers over 60 years of age from July 1st.

The Medicare levy is to be increased by 0.5%

From 1st July 2014 the government will introduce a cap of \$2000 on work related self education – currently there is no cap at all.

From January 1st 2014 the upfront discounts for HELP payments will be removed.

General Information

The office staff will continue to confirm **Saturday** appointments via SMS. Please provide your mobile telephone number when making your appointment.

Should you be unable to make your appointment please call the office as early as you can, as we always have a waiting list.

The HECS/HELP repayments threshold for 2013 is \$49,096

Administration Information

To ensure we are able to complete your tax return at your appointment please remember to bring all of the information on the checklist that is applicable to you.

Once again we will place a hold on completing your tax return until we receive the required information. Once we receive the information your tax return will be completed as soon as possible, however there may be other clients in the queue ahead of you so please be patient.

You will receive your original income tax return which is for your records. **PLEASE KEEP THIS SAFE FOR 5 YEARS.** Should you require a duplicate an additional \$25.00 + GST will apply.

If you do not have a requirement to lodge an income tax return for the 2013 financial year please notify us in writing as soon as possible so we can lodge the appropriate forms on your behalf.

Payment Of Fees

Our trading terms are on completion of work for individual tax returns and we are happy for you to use our EFTPOS facilities at no additional cost.

All accounts **MUST** be settled at the time of your appointment or your return will not be lodged the same day - business client accounts are due when the work is returned to us for lodging.

Telephone Enquiries

As in previous years our phone policy has not changed. When we are with clients, or in fact working on a client's file, it is difficult to take phone calls immediately. Please help the front office staff by giving them as much information as possible or see if they can help you with your query. Also help them by leaving your number, even if we already have it- it saves time when we are returning your call as they are often not made from this office.

Please remember the time I spend with you is your time, therefore the time I spend with another client is their time.

2013 – 2014 Appointment Times

Tuesday	9:00am → 6:30pm
Wednesday	9:00am → 5:00pm
Thursday	9:00am → 7:30pm
Friday	9:00am → 5:00pm
Saturday	7:30am → 5:30pm

Lodgement Of Returns

This has been a very good year for lodgement. At the time of writing this newsletter we had less than 90 income tax returns outstanding and we hope these clients will all have their work in and processed prior to the end of the financial year. That is over 200 returns less than last year so thank you all for your help in getting your work in early.

Updating Information

Almost all ATO correspondence is sent to our office on your behalf. If your details aren't kept current, important information may go astray. If you are a director or shareholder of a Company you must notify ASIC within 28 days of moving. Notification after that date will incur heavy penalties

Should your address change throughout the year, let our office know so we can update our records and inform ASIC if necessary.

Mail and Email Returns

We will continue to offer these services for tax return preparation for clients who are unable to attend an appointment, or who prefer this method.

More clients have been using our email service. Scanning and emailing documents to us is a very efficient way of saving time.

We can then prepare the return and email the finished product for signing. This can be a convenient way to assist in lodging your return on time.

Email: adminmac@chariot.net.au

Important Tax Office Changes

The Tax Office will no longer be sending tax refunds in a cheque format from July 1st this year.

All income tax refunds will be processed via EFT. Please ensure that you have filled out the enclosed form with your bank account details and give the form to the front office staff when you arrive for your appointment.

The staff can then enter your details whilst you wait for your appointment.

Please don't forget to include your email address for our records as the ATO are planning to email tax assessments at some stage in the future and we would like to update our database now.

2013 -2014 Individual Tax Return Checklist

Please review the information below and contact our office if you need assistance.

Tax Rates for 2013 - 2014

Income Threshold	Tax Payable
0-\$18,200	Nil
\$18,201-\$37,000	19% on excess over \$18,200
\$37,001-\$80,000	\$3572 + 32.5% on excess over \$37,000
\$80,001-\$180,000	\$17,547 + 37% on excess over \$80,000
\$180,001 and over	\$54,547 + 45% on excess over \$180,000

Please note: The Medicare Levy is in addition to these rates

Common Work Related Claims Made by Individuals

The following outlines common types of deductible expenses claimed by individual taxpayers, such as employees and rental property owners, plus some strategies that can be adopted to increase deductions for the 2012/2013 income year.

Clothing expenses

Purchase or pay for work-related clothing expenses prior to the end of the income year, such as:

- Compulsory, non compulsory and registered, occupational specific and protective clothing;
- Other expenses associated with such work related clothing such as dry cleaning, laundry and repair expenses

Self Education Expenses

Consider pre-paying the following self education items before the end of the year:

- Course fees (but not HECS-HELP), student union fees, and tutorial fees.
- Interest on borrowings used to pay for any deductible self education expense

Also bring forward purchases of stationery and text books (i.e. those that are not required to be depreciated)

Other work-related expenses

- Employees can prepay any of the following expenses prior to 1st July 2013.
- Union fees
- Subscriptions to trade and professional or business associations;
- Magazines and newspaper subscriptions
- Seminars and conferences;
- Income protection insurance (excluding death, trauma and total/permanent disability).

Information Required

We will need you to bring some information to assist us in preparing your income tax return. Please check the following and bring along payment summaries, statements, accounts, receipts, etc. To help us prepare the return:

Income/receipts

- Payment summaries for salary and wages
- Lump sum and termination payments;
- Government pensions and allowances
- Other pensions and or annuities
- Allowances (e.g. entertainment, car, tools)
- Interest, rent and dividends
- Distributions from partnerships, trusts
- Details of any assets sold that were either used for income earning purposes or which may be caught by capital gains tax.

Deductions in addition to those mentioned above

- Award transport claims
- Bridge/road tolls (travelling on business)
- Car parking
- Conventions, conferences and seminars
- Depreciation of library, tools, business equipment, incl. portion of home computer
- Gifts or donations
- Home office running expenses
- A log of hours spent working from home for work purposes
- Interest and dividends deductions

- Ongoing management fees
- Interest on borrowings to acquire shares
- Advice relating to changing investments (but not setting them up)
- Interest on loans to purchase equipment or income earning investments;
- Motor vehicle expenses (business) log book method required plus proof of ownership of the vehicle.
- Overtime meal allowances
- Rental property expenses – including:
 - Advertising
 - Council/water rates
 - Insurance
 - Land tax
 - Interest
 - Legal expenses/management fees
 - Genuine repairs and maintenance
 - Telephone expenses
 - Travelling to inspect property
- Superannuation contributions by sole traders or substantially unsupported taxpayers
- Sun protection items
- Tax agent fees
- Telephone expenses (business)

Information Checklist

- PAYG summary or Centrelink certificate for you and/or your partner
- Private health fund tax statement, whether you have claimed the rebate or not. **Important: we cannot lodge your return without the statement**
- Log books for your motor vehicle, telephones and home office hours
- Bank interest and dividend advice forms. Managed fund tax statements.
- Receipts for work related deductions including income protection insurance
- Rental property information (i.e. Receipts and mortgage statements)
- Rental property management statement or your own records
- Travel diaries

2013 -2014 Individual Tax Return Checklist (cont.)

Please review the information below and contact our office if you need assistance.

Audits 2013

The Taxation Office will be conducting more work related audits this year and the following information will give you some idea of where that focus may be.

Once again they are putting added effort into reviewing claims for work related expenses made in returns that are lodged late. (more reason for you to be on time with your work)

They will also focus on the following :

Every worker in the building trade will be under scrutiny this year so please make sure you have receipts for all of your claims.

The other areas that will be closely reviewed will be home internet, mobile phones, motor vehicle expenses (don't forget to keep log books) More scrutiny on self education expenses especially where students commence work whilst doing their course.

Cars

Car expenses may be claimed using any one of the four methods below:

- Log book
- Cents-per-kilometre
- One-third actual expense
- 12% original value

Log Book Method

Log books are required for at least a 13 week period in the first year, and then every five years or every new car.

Log books are required for additional cars acquired for which the log book method is used.

Odometer records are required for the start and end of the period you owned or leased the car.

Written evidence of all other expenses is required. E.g. Receipts

Remember that you must provide your car log book and documents proving your ownership of the vehicle with your 2012-2013 tax return if you use the log book method for calculating work related car expenses this year.

You are unable to claim for a vehicle you do not own

Cents per kilometre method

(if business use is 5,000km or less your claim is limited to 5,000km)

The claim is based on a set rate for each business kilometre

Substantiation records are required

The number of business kilometres is based on reasonable estimate, but a log book is preferred.

12% of original value method

(Where business use exceeds 5,000km)

The claim for car expenses is based on 12% of the original value

The value of the car is subject to luxury car limits.

Substantiation records are not required

The number of business kilometres based on reasonable estimation, but a log book is preferred.

One- third of actual car expenses method

(Where business use exceeds 5,000km)

The claim for car expenses is based on one third of each car expense

Logbook records are not required

Fuel and oil expenses must be substantiated by written evidence or receipts as well as all other expenses

Before you claim car expenses, you need to ensure that the travel you are claim is work-related travel and is deductible. **You cannot claim the cost of normal trips between home and work as it is private and not deductible even if:**

You do small tasks while travelling to and from work such as collecting mail

You travel outside normal employment hour such as shift work

You are required to be on call

You live a long distance from your work place, or there is no public transport

Self Education

You need to ensure that there is a sufficient connection between these expenses and your work activities at the time the expenses were incurred

You cannot claim a deduction for self-education expenses if the study is:

- To enable you to get employment
- To obtain new employment or
- To open up a new income-earning activity

Other Work Related Expenses

Decline in Value

You can only claim a deduction for the decline in value of any assets costing more than \$300 that you use in your work-related activities, however you can claim a 100% deduction for the cost of purchasing an item(s) which you acquire to use for your work-related activities, if the cost is \$300 or less

You must apportion the amount of your claim where an asset has been used in part for private purposes or was not available for use during all of the financial year.

Apportionment

You must apportion expenses, such as mobile phone calls, home telephone calls and internet use between business and private use

You need to keep either itemised accounts and/or a diary to support the basis of apportionment, you need to keep a record for representative period and a reasonable duration (generally four weeks) of the calls made and or time spent on the activity.

Home office expenses

You can only claim occupancy expenses (such as interest on mortgage or rent paid) where your home office is considered a place of business. Refer to Taxation Ruling TR93/30-Deductions for home office expenses for further information about the limited circumstances in which you may claim for occupancy expenses and how to calculate you claim – more information at www.ato.gov.au

Remember if your property was purchased after September 1985, it may become subject to Capital Gains Tax when you sell it

If you are claiming minor use for your home office, you can calculate your claim by using a fixed rate of 34 cents per hour. You need to keep a record for a representative period and reasonable duration (generally four weeks) of the time spent in your home office on employment activities.