

CTC Taxation & Accounting

Subject: FW: welcome to tax time 2014-15 at CTC Taxation & Accounting Services
Attachments: 2015IndivTax Return Checklist.pdf; 2015SchOfFees_CTC TAS.pdf

From: CTC Taxation & Accounting [mailto:tax@ctcaccounting.com.au]
Sent: Tuesday, June 30, 2015 8:09 PM
To: 'admin@ctcaccounting.com.au'
Subject: welcome to tax time 2014-15 at CTC Taxation & Accounting Services

Welcome to tax-time for 2014-15! Oh gosh – here it is before we know it!

Our firm is evolving to concentrate on providing quality, professional and personalised services to taxpayers with more complex tax affairs (dividends, rental properties, business income, etc), and financial planning because of the advent of the myGov facility. We view the myTax facility as the modern day equivalent to the transitions experienced by farriers (horse-shoers) at the time of increased popularity of motor vehicles.

myGov (<https://my.gov.au/mygov/content/html/about.html>) encourages taxpayers (with straightforward and simple affairs) to use the myTax (<https://www.ato.gov.au/Individuals/Lodging-your-tax-return/Lodge-online/MyTax/>). Please be alert that the ATO expects the myTax facility to have pre-filled data **after** the first week in August.

As registered tax agents we can lodge tax returns continuously during the year, which helps us organise and schedule our work throughout the year. In order for us to complete all of our clients' income tax returns before the relevant lodgement due dates we need to obtain your details as soon as possible – the earlier the better! Please do not leave things to the last minute - as this makes it very difficult for our office to meet all your needs and the requirements of the Australian Taxation Office (ATO).

Bogus Emails and/or Phone calls from the ATO: we have witnessed a significant increase in bogus emails and phone calls to our client base in the last 12 months.

Please do not open those emails.

Please do not engage with phone calls purporting to be from the ATO – instead, ask for the person's name and direct line number and advise them your tax agent (CTC TAS) will call them back to resolve the matter, then call us and provide the name and phone number. Then, please call CrimeStoppers on 1800-333-000 to report the call while providing the name and phone number collected.

Government agencies do not send emails asking people to provide personal information.

On a matter related to bogus emails and/or phone calls: **emailing tax returns to banks to support loan applications. Please do not ask us to do this. Email; are insecure. Your tax return contain; sufficient detail; to initiate theft of your identity.**

We do not want our refusal to offend you, and at the same time we work hard to make sure your private details are appropriately safeguarded.

If your bank asks you to email through your tax return – please remind the bank that they are bound by the *Privacy Act 1988* (as amended), and the bank should know better than to make such a request. **Please think twice about whether you want to deal with a bank which doesn't show respect for your privacy.**

Major changes: The federal Government is continuing to work towards “digital by default” through online taxation (myGov/myTax), SuperStream and e-Business. SuperStream and other “digital by default” matters will be the subject of a separate email to small employers. As an ATO staffer said today(30/6/15), the ATO is catching up with the level of computer interactions used by Medicare and Centrelink.

This year, the checklists are available from our website www.ctcaccounting.com.au on the resources page, which can be downloaded for use as required. We aim to get the livestock schedule working interactively in the next day or two.

Individual tax returns (ie everyone, except partnerships, companies and trusts): Attached is our annual checklist of items to ensure tax returns this year can be completed in the one appointment.

What's new this year – so says the ATO:

- **Temporary Budget Repair Levy** – applies when taxable income exceeds \$180,000 at the rate of 2%
- **Medicare Levy is 2%** of taxable income – to help fund the National Disability Insurance Scheme, started 1/7/2014
- **Medicare Levy Surcharge Rates** have migrated to a tiered system – only payable where taxpayer does not have an appropriate level of hospital cover within Private Health Insurance - refer <https://www.ato.gov.au/individuals/medicare-levy/medicare-levy-surcharge/income-for-medicare-levy-surcharge,-thresholds-and-rates/>
- **Dependent spouse and mature age worker tax offsets** have been abolished – as of 1 July 2014. Zone offsets are affected by this measure, too.
- **Net medical expenses tax offset** is being phased out – with a repeal date of 1 July 2019. In the meantime, this offset is available for only medical expenses relating to disability aids (including a seeing eye dog), attendant care and aged care. Please note: those taxpayers who claimed this tax offset in 2012-13 and 2013-14, will also be able to claim in 2014-15. **For those of our clients with Diabetes or Crohns Disease or Rheumatoid Arthritis or other debilitating lifelong diseases, we strenuously** encourage you to visit your local Member of Parliament (MHR) to seek an explanation of what will occur in 2015-16, 2016-17, etc. We referred to [https://www.comlaw.gov.au/Details/C2014B00009/Explanatory%20Memorandum/Text pages 45-53](https://www.comlaw.gov.au/Details/C2014B00009/Explanatory%20Memorandum/Text%20pages%2045-53)
- **Concessional Superannuation Contribution Caps (ie upper limits)** – for 2014-15
[Concessional superannuation contributions are the combination of employer contributions (super guarantee payments) and salary sacrifice contributions, and tax-deducted personal contributions by self-employed taxpayers. Non-concessional contributions are after-tax contributions from your take home pay.]
 - ❖ \$30,000 cap for anyone **younger than 49** on 30 Jun14
 - ❖ \$35,000 cap for anyone aged **49 or older** on 30 Jun14Excess super contributions will be added to other taxable income, by the ATO, and an amended assessment will be issued by the ATO
- **Managed investment trusts – a new tax system** to apply from 1 July 2016 – applicable to the 2016-17 tax returns.

ATO focus: The ATO's compliance program for 2014-15 has been re-branded as "[Building Confidence](#)". Our short version is: the ATO is setting out to encourage willing participation and compliant taxpayers (including those who make **genuine** mistakes).

The ATO is signalling it will strike a balance between encouragement and enforcement activities (targeted and tailored) for taxpayers who have demonstrated an unwillingness to comply with our nation's taxation system.

As this relates to individuals, data matching is foreshadowed to be focussed on

- work-related expenses (overnight travel, work-related apportionment for use of computers, phones and other things),
- rental property expenses (especially holiday homes and rental properties in traditional holiday locations)

Accordingly, we remind you of the golden rule: no receipt, no deduction. 

For your information: the data matching capabilities of the ATO have grown exponentially during the last five (5) years. It is no longer acceptable to make a guesstimate of \$2 for interest earned on a bank account, or \$5 on a closed bank account. Due to the extensive data matching capabilities, it becomes imperative that the interest earned (for the full financial year) is ascertained and documented.

We referred to <https://www.ato.gov.au/General/Building-confidence/individuals/> and <https://www.ato.gov.au/General/How-we-check-compliance/Our-approach-to-compliance/> and we encourage you to follow these links. There is a lot to be gained by being aware of the ATO's way of saying and viewing things.

Our experiences in the last 12 months have lead us to this alert. Taxpayers whose parents are now elderly need to have cost base records in place. Cost base records are needed for family shacks and shareholdings because reconstructing cost bases at a later stage can be an extremely expensive exercise. We're sure you don't want to hear the many real-life examples of the horror costs associated with recreating cost bases.

We will do our utmost to ensure all taxpayers have adequate cost base records in place, at the time of doing the tax return. In fact, to quote the *Income Tax Assessment Act* 1997 s100-60 (4) says "the law requires you to". Oh my, oh my, that is a rather blunt piece of legislation.

Furthermore, s121-20 (1) contains explicit instructions of the records required – “you must keep records of every act, transaction, event or circumstance that can reasonably be expected to be relevant to working out whether you have made a capital gain or capital loss from a CGT event. (It does not matter whether the CGT event has already happened or may happen in the future.)”

Business tax returns (ie partnerships, sole traders, companies): **we will send separate emails to you.**

What’s new this year – so says the ATO:

- Depreciation changes and instant asset write offs – up to \$20,000 through until 30/6/2017
- Accelerated depreciation for primary producers – in particular, fencing and some water facilities (eg tanks, bores, pumps) and fodder storage assets (eg silos and tanks)
- Conservation tillage refundable tax offset was repealed on 1 July 2014

ATO focus: The ATO’s compliance program for 2014-15 has been re-branded as “**Building Confidence**” – we referred to <https://www.ato.gov.au/General/Building-confidence/Small-business/> and <https://www.ato.gov.au/General/How-we-check-compliance/> . Our short version is that attention will be paid to:

1. Pay-As-You-Go Instalments (PAYG-I)
2. Claiming fuel tax credits
3. Using benchmarks (to protect honest businesses)
4. Early intervention to ensure meeting obligations (ie lodging on time, correctly declaring the tax owing)
5. Data matching to identify non-compliance

As a general rule: it is **most important to lodge the activity statement...ON TIME!** Please do not ignore activity statements (even if you think it is a NIL statement) because the **late-lodgement penalty** can be \$850 or more.

SMSFs: **we will send separate emails to you.**

What’s new this year – so says the ATO:

- SMSF bank account for receipt of refund (cheques won’t be issued any more)
- If members are working for un-related entities, an “electronic service address” is necessary
- Tax rates have risen for various contributions and non-arm’s length income and non-complying SMSFs.

We work exceptionally hard for our SMSFs to protect our clients from these punitive measures.

Now back to ordinary practice matters. We will stock up on Freddo frogs (and other chocolates) in the week commencing 6 July. We want you to enjoy a sweet tax return ☺

Our schedule of fees for 2015 tax returns is attached.

Staffing

Tracey Jones, CPA, FIPA, B.MGT, M.ACC, continues as the Registered Tax Agent and is continuing as a Registered Auditor for SMSFs. For your information, Tracey is currently studying towards a Diploma of Financial Planning (estimated completion March 2016).

Tracey continues her work towards the status of Authorised Representative. It is believed this additional service to our clients rounds out our care for you and this aspect of your life. The legislated changes to provision of financial planning advice finally take effect from 1 July 2016 – only 12 months away. Financial product advice is highly regulated, and means “a recommendation or statement of opinion...that is intended to influence..., or could be reasonably be regarded as being intended to have such an influence...” (*Corporations Act 2001, s766B*). Accordingly, we ask that during 2015-16 we are not asked questions which have the intention of influencing your financial investment decisions (well, at least not until we are appropriately regulated and registered to give such advice).

Sadly for us, and cheerfully for **Sophia Fitzgerald**, she is pursuing full-time year round work with another firm.

All the best

Tracey

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