



JUNE 2024 NEWSLETTER

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Super Guarantee Rate increasing to 11.5% from 1 July 2024

The rate for superannuation contributions required to be paid by employers under the Super Guarantee Charge will **increase from 11% to 11.5% on 1 July 2024**. All employers should ensure that they have made necessary adjustments to their payroll system by 1 July 2024.



Reminder: Super Guarantee Payments

It is important to ensure you allow enough time for the payment to **be received** by the fund before the quarterly due dates, as listed below. **Please allow at least a week for your payment to be processed (though check with the fund).**

Quarter ended June 2024 - due by 28 July 2024
Quarter ended September 2024 - due by 28 October 2024
Quarter ended December 2024 - due by 28 January 2025
Quarter ended March 2025 - due by 28 April 2025

Super contribution caps to increase from 1 July 2024

For the first time in three years super contribution caps are set to increase. *Note:* You may be able to contribute above these limits, but there are certain conditions you must first satisfy. *Contact our office for further information.*

	2023/24	2024/25
<u>Concessional</u> (i.e. tax deductible) Members aged between 67 and 74 need to meet the work test. Generally members 75 and over are not able to make personal contributions. You may be eligible to carry forward unused concessional contributions.	\$27,500	\$30,000
<u>Non-Concessional</u> (i.e. not tax deductible) Subject to your total superannuation balance and age limits.	\$110,000	\$120,000

Late payment of Super Guarantee Contributions

If you did not pay the correct amount of Super Guarantee Contributions (SGC) for your employees on time, i.e. received by the fund 28 days after the end of each quarter, you will need to pay the SGC surcharge by lodging an SGC statement to the ATO. Penalties for failure to lodge and pay SGC can be up to 200% of the SGC. You may also lose the tax deduction.

To count as a tax deduction in the 2023/24 year, the super guarantee must have been paid on time and have been processed by the super fund **before** 30 June 2024.

Proposed - \$20,000 small business instant asset write-off

As part of the 2024/25 budget, the government has announced it will be extending the \$20,000 instant asset write-off by a further 12 months until 30 June 2025.

Under the current proposal, small businesses with an aggregated turnover of less than \$10 million, will be able to immediately deduct the full cost of eligible depreciating assets costing less than \$20,000 that are first used or installed ready for use between 1 July 2023 and 30 June 2025 i.e. the asset value needs to be \$19,999.99 or less. The rules only apply to assets that fall within the scope of the depreciation provisions. Expenditure on capital improvements to buildings that fall within the scope of the capital works rules is not expected to qualify.

Assets valued at \$20,000 or more (which cannot be immediately deducted) can continue to be placed into the small business simplified depreciation pool and depreciated at 15% in the first income year and 30% each income year after that.

This measure was previously announced in the 2023/24 budget and had not passed Parliament at the time of publication. For 2023/24 the instant asset write-off amount may be under \$30,000, \$20,000 or only \$1,000.



Company tax rates

The tax rate for Base Rate Entities (BREs) is now set at 25%.

BREs are companies that have an aggregated turnover of less than \$50m and derive **less than 80%** of their income from defined passive sources, such as rental income and interest.

The tax rate for all other companies is 30%.

Payment of ATO debts

The ATO is actively chasing unpaid debts. Ensure you keep enough cash aside to meet your ongoing tax and business obligations.

Income tax rates for 2023/24 and 2024/25 financial years

Detailed below are the tax rates that apply to individuals who are Australian residents for tax purposes.

2023/24 Income Tax Rates

Taxable income	Marginal tax rate	Tax payable
0 – \$18,200	0%	Nil
\$18,201 – \$45,000	19%	19c for each \$1 over \$18,200
\$45,001 – \$120,000	32.5%	\$5,092 plus 32.5c for each \$1 over \$45,000
\$120,001 – \$180,000	37%	\$29,467 plus 37c for each \$1 over \$120,000
\$180,001 and over	45%	\$51,667 plus 45c for each \$1 over \$180,000

The revised Stage 3 tax cuts have passed Parliament and will come into effect on 1 July 2024.

2024/25 Income Tax Rates

Taxable income	Marginal tax rate	Tax payable
0 – \$18,200	0%	Nil
\$18,201 – \$45,000	16%	16c for each \$1 over \$18,200
\$45,001 – \$135,000	30%	\$4,288 plus 30c for each \$1 over \$45,000
\$135,001 – \$190,000	37%	\$31,288 plus 37c for each \$1 over \$135,000
\$190,001 and over	45%	\$51,638 plus 45c for each \$1 over \$190,000

The Medicare levy of 2% is in addition to the above rates.

Comply with ATO year-end reporting obligations

Single Touch Payroll (STP)

Ensure year end payroll procedures have been completed and make a finalisation declaration for your employees by **14 July 2024**. Please check your wages reconcile to payments made before finalising the STP.

Taxable Payment Annual Reports (TPAR)

If you are operating in an industry which requires a TPAR lodgement, you need to lodge this by **28 August 2024** containing information in relation to payments made to contractors.



Have you purchased equipment or livestock on account or by finance this financial year?

Let us know - and send us your statements

Purchases of livestock on account need to be declared **in the quarter the purchase occurred**, not when payment was made.

GST on purchases of equipment on finance can usually be claimed **in the quarter the purchase / finance was signed**, not when making the first repayment.

Superannuation co-contribution

The government will generally contribute **up to a maximum of \$500** to your super if you make an after tax contribution of \$1,000 subject to income thresholds and other rules. The personal income thresholds are \$43,445 to \$58,445 in the 2023/24 financial year. These will increase to \$45,400 to \$60,400 in the 2024/25 financial year.

Proposed - Payday super

The Australian Government announced a proposal for payday super on 2 May 2023, which is not yet law. If this proposal is legislated, then employers will be required to make super contributions for their employees on the same day they pay their salary and wages, commencing on **1 July 2026**. Payday super will assist employees to keep accurate records of their super and it will also help to provide them with better investment and retirement outcomes. Employers will need to have a payroll system to facilitate these changes.

Rental properties - Landlords beware

If you own an investment property that you earn income from, you can only claim a deduction for the expenses you incur in the course of earning that income. This means that the property needs to be rented or genuinely available for rent in order to claim the expenses.

The ATO is actively reviewing expenses claims and looking at taxpayers incorrectly claiming investment property expenses if the property was being used by family or friends, taken off the market for some reason or listed for an unreasonable rental rate.

The ATO is also looking at interest expense apportionment for any private component, plus depreciation expenses for initial repairs and other capital deductions, and borrowing expenses. It is important to keep adequate records, such as statements from platforms that show your income and receipts for repairs you may want to claim as deductions.

Below are some tips to remember.

- ◇ **Rental income and deductions:** If a rental property is jointly owned, the income and deductions associated with that property are apportioned according to the owners' respective shares.
- ◇ **Private use:** Expenses related to a property that has been used for private purposes are not deductible.
- ◇ **Interest deductions:** Interest on a loan drawdown which is used for private purposes, e.g. buying a car, cannot be claimed. The interest must be apportioned between the rental and private use.
- ◇ **Repair vs improvement:** The cost of genuine repairs is immediately deductible whereas building capital improvements are deductible at 2.5%, subject to our comments below.
- ◇ **Initial repairs:** Any initial repairs done before your property is available for rent cannot be claimed, but the costs can be added to the cost base of your property.
- ◇ **Depreciating assets costing \$300 or less:** You can claim an immediate deduction for assets costing \$300 or less that are used for your rental property. If the total cost exceeds \$300 it will be depreciated over its effective life as per ATO guidelines.
- ◇ **Travel costs:** The cost of travelling to visit your rental property is not deductible.
- ◇ **Cash jobs:** If you are paying cash for any repairs/maintenance, make sure to ask for an invoice, otherwise it cannot be claimed.
- ◇ **Borrowing expenses:** Expenses directly incurred when a loan is taken out, e.g. loan establishment fees, can be fully deductible if the total amount of borrowing expenses is \$100 or less, otherwise it needs to be spread over 5 years or the term of the loan, whichever is less.
- ◇ **Prepaid expenses:** Prepaid expenses for your rental property, e.g. insurance or interest on a loan, which cover a period of 12 months or less and the period ends on or before the next financial year can be deducted immediately. If prepayment does not satisfy these criteria and is \$1,000 or more then it needs to be deducted over 2 or more years under the prepayment rules.
- ◇ **Holiday homes:** Deductions for your holiday home can only be claimed on a pro-rata basis to reflect the time that the property was genuinely available for rent.



Renting out part or all of your home

You must include all your income from renting in your tax return. This includes if the rent is for part (one or more rooms) or all of your home (your main residence), whether or not you were living in the home at the time or at other times during the year. The ATO has also advised that you can only claim deductions for the proportion of associated expenses that reflect both the proportion of time the room/property is rented (or occupied for payment) **and** the proportion of the property that is rented.

Granny flats and Capital Gains Tax

From 1 July 2021, Capital Gains Tax (CGT) does not apply when you create, change, or terminate a granny flat arrangement. To be eligible for the CGT exemption, a granny flat arrangement must be a legally binding written contract that provides an eligible person the right to occupy a property for life and it must not be commercial in nature. The owner/owners of the property should be individuals. The person/s with a granny flat interest need to be of pension age or disabled and require assistance for day-to-day activities.

Charitable donations

To be eligible to claim a donation you make, the charity must be registered as a deductible gift recipient (DGR). You can claim a tax deduction for amounts over \$2.

Change in reporting requirements for not-for-profits

The ATO now requires not-for-profit (NFP) entities that have an active ABN to lodge an NFP self-review return to access an income tax exemption. Be aware as lodgments are required for the 2023/24 financial year anytime between **1 July and 31 October 2024**.

A government entity or a charity registered with the Australian Charities and Not-For-Profits Commission (ACNC) is not required to lodge an NFP self-review return.

Similarly, taxable NFPs are not required to lodge, as they already lodge an income tax return or notify us of a return not necessary each year.

REMINDER: Trust resolutions

Trustees (or directors of a trustee company) need to decide on the distributions they plan to make by 30 June 2024 at the latest. Decisions made by the trustees should be **documented in writing by 30 June 2024**. If valid resolutions are not in place by 30 June 2024, the risk is that the trustee is taxed at the highest marginal rate.

Primary Producer Declaration (PPD)

From **1 November 2024**, to be entitled to use a Primary Producer Declaration for registration of your farm vehicles, you must earn **more than 50%** of your income from Primary Production.

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Be Alert - Don't let scammers piece together your identity!

Scammers are continually gaining sophistication in their efforts to access your information. They will collect your information piece by piece to complete an identity puzzle and will contact you or your clients/suppliers pretending to be from ASIC, ATO, your bank, debt collectors or with fake investment schemes in an attempt to elicit your personal information.

Reminders/tips to avoid scams

- ◇ Never disclose your passwords, PIN numbers or bank account numbers. Legitimate companies and banks will never ask you for these details by email or over the phone.
- ◇ Please confirm with us if you receive any requests to make payment to the ATO or ASIC that you are unsure of their legitimacy.
- ◇ Ensure you have up-to-date anti-virus software on your computer and adequate back-up of your records.
- ◇ Before making any online payments, check the bank account details on the invoice and confirm any account changes by calling your suppliers. We have seen bank accounts changed on invoices by scammers, sent via email.
- ◇ Two/Multi Factor Authentication (2/MFA) provides an additional layer of online security by requiring two or more verification methods to verify your identity before giving access to any of your sensitive data or information. Many service providers give the option of 2/MFA, we recommend using it to help prevent unauthorized access to your information.

Be alert and keep your personal details out of the hands of scammers.

Have you done your Financial Health Check?

Are you happy with your profitability? Below are a few simple measures you could look at to improve your cashflow and profitability.

- ◇ **Regular invoicing:** How long after the job has been completed do you send an invoice? Regular and timely invoicing helps keep your cashflow on track. If you are not invoicing on completion of the job perhaps you could look at sending invoices online. When invoicing, ensure you capture your full costs.
- ◇ **Debtors and cashflow:** Regularly monitor your debtors and chase your slow payers.
- ◇ **Wages:** Are you paying the award rate and are your wages and costs sustainable?
- ◇ **Superannuation:** Did you know that to be entitled to a tax deduction the payment of your employee's super must be processed into your employee's super fund by 28 days after the end of each quarter?

Check your myGov account regularly

Please check your myGov account regularly for ATO and other correspondence including any income tax instalments you may need to pay. **Visit the App Store**



End of Year (EOY) 30 June 2024 - reminders and checklist

(list not exhaustive)

Please refer below for a checklist of some requirements for your EOY accounting and tax work. As part of completing your end of year accounting and tax obligations we usually require the following:

Business & Wages

- ◇ EOY closing stock values/livestock numbers, including deaths and natural increase.
- ◇ Copies of bank, loan statements, new equipment finance agreements and schedules for the period 1 July 2023 to 30 June 2024.
- ◇ Full details of property sale/purchase contract notes, together with settlement and solicitors invoices for each CGT event.
- ◇ Invoices for purchase or sale of depreciating assets.

Personal

- ◇ Annual agent rental statements for the year ending 30 June 2024, together with supporting invoices and notices for expenses, with full year loan statements if financed.
- ◇ Don't forget to get an acknowledgement of advice from your super fund if you are claiming any personal super contributions.
- ◇ Details of your personal deductions, including donations.
- ◇ Share portfolio reports, with sale & purchase contract notes and dividend details for the year.
- ◇ End of Year interest summary.