GOODMAN
CHARTERED ACCOUNTANTS

NEWSLETTER 2021

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WHAT'S INSIDE THIS ISSUE:

OUR BUSINESS

WEBSITE

We encourage you to browse through our brand new website at www.dgca.com.au and use the tools available.

SOCIAL MEDIA

Please follow our Facebook and Instagram pages to receive regular updates to reminders, advice and important information regarding tax updates and government announcements.

See links below:
www.facebook.com/goodmancharteredaccountants
www.instagram.com/goodmancharteredaccountants

FEES

Please note that we require our fees to be paid on time. We ask that our fees be paid within our terms of trade of 14 days. We have an EFTPOS facility and therefore fees can be paid in person, by phone or by completing the bottom section of your invoice and mailing/emailing it to our office. Monies can also be paid via internet transfer, as our bank details are also listed on the bottom of your invoice.

REMINDER

THINGS TO DO BEFORE JUNE 30

There are a number of key issues that Businesses and Individuals should consider in preparing their income tax returns for the year ended 30 June 2021. Refer to **"Things to do Before June 30"** which was emailed or mailed to you, but alternatively can be found on our website under Client Tools - Current.

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CHECKLISTS

Please download the relevant 2021 checklists from our website under Client Tools - Current for:

- Individual Tax Checklist
- Business Tax Checklist
- SMSF Tax Checklists
- Incorporated Associations Checklist
- Rental Property Investment Fact Sheet

Please read, complete and provide the relevant information in order to identify what you need to do to assist us in preparing your taxation returns and financial statements in a prompt, and cost efficient manner.

2021 TAX HIGHLIGHTS

Due to the Coronavirus pandemic, the Federal Government have released two budgets since the last Newsletter, in October 2020 and again in May 2021. Some of the key features of these budgets are:

- JobKeeper - this was extended from the original end date of 30 September 2020, and ended on 31 March 2021.
- Introduction of JobMaker Hiring Credit to eligible employees aged 16-35 years.
- Introduction of Boosting Apprentices Wage Subsidy to replace the previous Supporting Apprentices and Trainees subsidy.
- Expanding access to the Small Business Tax Concessions
- Instant Asset Write off and Temporary full expensing of eligible business assets extended until 30 June 2023
- Research & Development Tax Incentive changes
- Loss Carry Back rules for eligible companies
- Self-assessed effective lives of intangible assets such as patents, trademarks, copyrights and in house software will apply from 1 July 2023.
- Self assessment for income tax exemptions for not for profit organisations from 1 July 2023.
- Reduced FBT compliance on employers
- Temporary reducing minimum pension withdrawals extended
- the First Home Saver Super Scheme was proposed to be increased to a maximum release of $50,000 from 1 July 2022
- The $450/month wages threshold for superannuation guarantee eligibility was removed (proposed date TBA)
- Increase in the superannuation guarantee rate of 9.5% to 10% from 1 July 2021
- Increase in superannuation concessional and non-concessional caps
- Easing of restrictions around superannuation such as the work test, residency, legacy pensions and downsizer contributions.
- Individual Tax Rates cuts brought forward to 1 July 2020
- The low and middle income tax offset was retained until the 2021-22 year
- Modernisation of the individual tax residency rules
- Removal of the $250 reduction in Self Education expenses

Some of these items are explained more below and highlighted in the summarised 2021 Federal Budget Report on our website.

BUSINESS

JOBMAKER HIRING CREDIT

The JobMaker Hiring Credit scheme is an ATO incentive for businesses to employ additional young job seekers aged 16-35 years. The scheme allows eligible employers to receive payments of up to $200 a week for eligible employees between 16-29 and $100 a week for eligible employees between 30-35 years old, for up to 12 months from their employment start date.

BOOSTING APPRENTICES WAGE SUBSIDY

In March 2021, the Australian Government announced that the BAC wage subsidy would be expanded for new apprentices and trainees signed up before 30 September 2021. The incentive is available through the Department of Education, Skills and Employment. It is available to employers of any size, industry or location, unless they are already receiving any other Australian Government wage subsidy in relation to an apprentice or trainee.

The subsidy covers 50% of the new apprentice or trainee's gross wages paid in the 2 month period from the date of commencement or recommencement, up to a maximum of $7,000 per quarter. Payments are made quarterly in arrears. Eligible employers can make their first claim from 1 January 2021. Final claims need to be lodged by 31 December 2022.

More information on this subsidy can be found here: Fair Work Australia.

EXPANDING ACCESS TO THE SMALL BUSINESS TAX CONCESSIONS

Eligibility for some Small Business tax concessions has been increased to medium sized businesses with a turnover over $10 million, but less than $50 million. The following concessions apply to medium sized businesses from 1 July 2020:

- ability to immediately deduct certain start-up expenses, normally considered capital in nature.
- ability to deduct certain prepaid expenses

From 1 April 2021 the turnover threshold for FBT concessions will increase to $50 million, including FBT on car parking if the car parking is not provided in a commercial car park.

From 1 July 2021, medium sized businesses may also be able to access these small business concessions:

- simplified trading stock rules
- PAYG instalment concessions
- a two-year amendment period
- excise concession

INSTANT ASSET WRITE OFF AND TEMPORARY FULL EXPENSING OF ELIGIBLE BUSINESS ASSETS

The Government released three new measures in the Covid-19 Stimulus and then in the 2020/2021 Budget regarding the immediate write off of eligible business assets.

Instant Asset Write Off

The instant asset write off eligibility and thresholds have changed over time depending on when you purchased the asset and first used or installed it.

The rates for the 2020/2021 year are:

INSTANT ASSET WRITE OFF 2020/2021		
Date purchased	Asset cost	Qualifier
12 March 2020 – 7:30pm 6 October 2020	Up to $150,000	New and second-hand assets. First used or installed by 30 June 2021

Temporary Full Expensing

The instant asset write off was amended in the October 2020 Budget which allowed eligible businesses to deduct the full amount of the eligible asset depending on when it was acquired from 6 October 2020 and first used or installed by 30 June 2023.

TEMPORARY FULL EXPENSING		
Date purchased	Asset cost	Qualifier
7:30pm 6 October 2020 – 30 June 2023	No threshold – temporary full expensing	New and second-hand assets. First used or installed by 30 June 2023

Backing Business Investment

Businesses may be able to deduct the cost of new depreciating assets at an accelerated rate using the backing business investment accelerated depreciation rules. The asset must be new and not previously held by another entity (other than as trading stock), be first held on or after 12 March 2020, be first used or installed before 30 June 2021 and not be an asset that has applied either temporary full expensing or the instant asset write off.

BACKING BUSINESS INVESTMENT			
Date purchased	Asset cost	Rate	Qualifier
12 March 2020 - 7:30pm 6 October 2020	$150,000 and over	57.5% in first year using simplified depreciation	New assets only under Division 40

Excluded assets:

- second-hand depreciating assets (for Backing Business Investment only)
- assets allocated to a low value pool or software development pool
- certain primary production assets, unless you use the simplified depreciation rules on these assets
- buildings and other capital works which would be claimed under Division 43
- assets that were never located in Australia or not used in Australia for the purpose of carrying out a business.
- A passenger vehicle deduction is limited to the car limit of $59,136 including GST no matter how much it cost.

RESEARCH & DEVELOPMENT TAX INCENTIVE

The R&D tax incentive encourages companies to engage in R&D benefiting Australia, by providing a tax offset for eligible R&D activities. It has two core components:

- a refundable offset for certain eligible entities whose aggregate turnover is less than $20 million of up to 43.5% of the R&D expenditure
- a non-refundable tax offset for all other eligible entities of up to 38.5% of the R&D expenditure

Your eligibility to claim the R&D tax offset will also depend on where you are conducting your R&D activities and, importantly, what those activities are.

For more information regarding this offset, please refer to the ATO website at: R&D Tax Incentive.

LOSS CARRY BACK TAX OFFSET

Loss carry back offset provides a refundable tax offset that eligible corporate entities can claim:

- after the end of their 2020/21 & 2021/22 income years
- in their 2020/21 and 2021/22 company tax returns.

Eligible entities get the offset by choosing to carry back tax losses to earlier years in which there was an income tax liability. The offset effectively represents the tax the eligible entity would save if it was able to deduct the loss in the earlier year using the loss year tax rate. As it is a refundable tax offset, it may result in a cash refund, a reduced tax liability or a reduction of a debt owing to the ATO.

The amount of the tax offset available is limited to your franking account surplus on the last day of the income year for which you claim it.

Year	Tax loss made in 2018-19 or prior income years	Tax loss made in 2019/20 year	Tax loss made in 2020/21 year	Tax loss made in 2021/22 year
2018-2019	n/a	Can carry the 2019/20 loss back to the 2018/19 year	Can carry the 2020/21 loss back to the 2018/19 year	Can carry the 2021/22 loss back to the 2018/19 year
2019-2020	Not eligible	n/a	Can carry the 2020/21 loss back to the 2019/20 year	Can carry the 2021/22 loss back to the 2019/20 year
2020-2021	Not eligible	Not eligible	n/a	Can carry the 2021/22 loss back to the 2020/21 year

SELF ASSESSED EFFECTIVE LIVES FOR INTANGIBLE ASSETS

Currently, the effective lives for intangible depreciating assets such as patents, registered designs, copyrights and in-house software are prescribed in the tax legislation. The 2021 Federal Budget adopted a measure to allow taxpayers to self-assess the effective lives of eligible intangibles giving a greater ability to align the tax treatment with the actual economic benefits provided from the asset. This measure will apply from 1 July 2023.

NOT FOR PROFIT - SELF ASSESSMENT FOR INCOME TAX EXEMPTION

Currently, non-charitable Not for Profits can self-assess their eligibility for income tax exemptions, without an obligation to report to the ATO. 'Self Assess' means an organisation can work out for itself whether it is income tax exempt or taxable. It is proposed the ability to 'self assess' will change, such that the ATO will require income tax exempt NFP's with an active ABN to submit online self-review forms annually. These forms will utilise the information they ordinarily use to self-assess their eligibility for the exemption. It is proposed this measure will commence from 1 July 2023.

REDUCED FBT COMPLIANCE ON EMPLOYERS

The Government is proposing to reduce the current FBT record keeping obligations by allowing employers to use existing corporate records that are determined adequate alternative records, rather than prescribed records, to comply with their FBT obligations. The measure will have effect from the start of the first FBT year after the date of royal assent.

COMPANY TAX RATES

Different company tax rates apply, depending on whether your company qualifies as a 'Base Rate Entity' or not. For your company to qualify as a Base Rate Entity in 2020/2021 it must satisfy two requirements:

1. The company's aggregated turnover is below the $50m threshold
2. The company satisfies the passive income threshold

Aggregated turnover threshold

A company's aggregated turnover is the sum of:

- the company's own annual turnover; and
- the annual turnover of entities "*connected with*" the company; and
- the annual turnover of any "*affiliate*" of the company.

Passive Income Threshold

If a company satisfies the aggregate turnover threshold, it must **also** satisfy the passive income threshold to qualify as a "base rate entity". This test is satsified if **no more than 80%** of the company's assessable income is made up of "base rate passive income", which includes the following:

- Corporate distributions and franking credits
- Royalties and rents;
- Interest income (exceptions apply)
- Gains on qualifying securities
- Net capital gains; and
- Income from partnership and trust distributions derived from the above sources.

Franking Credits

The maximum franking credit that can be attached to a distribution is relative to the corporate tax rate for that entity. Therefore, if you qualify as a base rate entity, you cannot use the 30% franking rate. This may result in your company having trapped franking credits where prior year's income was taxed at the higher rate of 30%.

The tax rates that apply to companies are as follows:

Year	Aggregated Turnover	Base Rate Entity Tax Rate	All other companies Tax Rate
2017/2018	$25,000,000	27.5%	30%
2018/2019 & 2019/2020	$50,000,000	27.5%	30%
2020/2021	$50,000,000	26%	30%
2021/2022	$50,000,000	25%	30%

SUPERANNUATION

TEMPORARILY REDUCING SUPERANNUATION MINIMUM WITHDRAWAL LIMITS - EXTENDED

The Government has extended the temporary reduction in superannuation minimum limits for Pensions by 50% for the 2019-20, 2020-21 and 2020-22 financial years. This measure will benefit individuals with pensions by reducing the need to sell superannuation fund assets to fund minimum drawdown requirements. There is no requirement to adopt the lower rate, it is up to the superannuation fund member if they choose to. The minimum pension rates are as follows:

Age Range	Default Minimum Pension Factor	Reduced Minimum Pension Factor for 2019/20 – 2021/22
Under 65	4%	2%
65-74	5%	2.5%
75-79	6%	3%
80-84	7$	3.5%
85-89	9%	4.5%
90-94	11%	5.5%
95 +	14%	7%

FIRST HOME BUYER SAVER SCHEME

The first home buyers scheme was introduced in 2017-18 which allows you to save money for your first home inside your super fund. You can use this scheme if you are a first home buyer and both of the following apply:

- you either live in the premises you are buying, or intend to as soon as practicable; and
- you intend to live in the property for at least six months within the first 12 months you own it, after it is practicable to move in.

In the latest change to the scheme, the maximum releasable amount of voluntary concessional and non-concessional contributions has been increased from $30,000 to $50,000.

Voluntary contributions made from 1 July 2017 up to the existing limit of $15,000 per annum will apply towards to the total amount to be released. This increase will apply from the start of the first financial year after Royal Assent, expected to occur by 1 July 2022.

For more information regarding the FHBSS please refer to the ATO website at: - First Home Buyer Saver Scheme.

SUPERANNUATION GUARANTEE ELIGIBILITY THRESHOLD REMOVED

The 2021 Federal Budget proposed the removal of the $450 per month minimum income threshold which determines whether employees have to be paid the superannuation guarantee by their employer. This will mean that from 1 July 2022, eligible employees who earn less than $450 per month will be paid super guarantee on their wages if they satisfy other eligibility requirements.

This measure is not yet law.

SUPERANNUATION GUARANTEE MINIMUM PERCENTAGE INCREASED

The superannuation guarantee refers to the minimum percentage of earnings an employer needs to pay into their employee's superannuation fund. The superannuation guarantee is currently 9.5%, but will increase to 10% on 1 July 2021. In line with previous legislation, this % is to increase by 0.5% each year until it reaches 12% on 1 July 2025.

Please ensure your Single Touch Payroll software is up to date to reflect this increase.

SUPERANNUATION CONCESSIONAL & NON CONCESSIONAL CAP INCREASE

From 1 July 2021, the superannuation concessional and non-concessional contributions caps will be increased. The new caps will be:

SUPERANNUATION CONCESSIONAL & NON CONCESSIONAL CAPS			
Year	Concessional Cap (per annum)	Non Concessional Cap	Maximum superannuation balance
1 July 2017 – 30 June 2021	$25,000	$100,000 per year or $300,000 over 3 years	$1.6 million
From 1 July 2021	$27,500	$110,000 per year or $330,000 over 3 years	$1.7 million

** Until 1 July 2022, only individuals under 65 can make non-concessional contributions.

Carry Forward Concessional Contributions

If you did not make concessional contributions of $25,000 in 2018/2019, 2019/2020 and 2020/2021, then whatever remained in those years will have carried forward, meaning you could contribute a lump sum before the end of 30 June 2021 without breaching the concessional contributions cap. Bear in mind that this cap includes contributions made by your employer during these years also. The annual cap will increase to $27,500 from 1 July 2021.

In order to be eligible to do this, your superannuation fund balance must be less than $500,000 at 30 June 2020. Unused cap amounts can be carried forward for up to five years, at which point the cap reduces back to the annual limit.

Personal contributions are deductible for all taxpayers under the age of 65. If you wish to claim a tax deduction, ensure that you complete a 'Notice of Intention to Claim a Tax Deduction' with your superannuation fund and retain their confirmation letter as without this we cannot include the deduction in your tax return. It is important to note that once you advise your superannuation fund of your intention to claim a tax deduction on the contribution, the total claimed will be taxed in the superannuation fund at 15%. Depending on your level of income and applicable tax rate, we recommend consulting with us to determine how much, if any, you are eligible to claim.

Penalties apply for breaching your concessional contributions cap, so we recommend contacting your superannuation fund or our Office to determine if you have a rollover cap, how much you could contribute before breaching the cap and what could be claimed as a tax deduction.

Non Concessional Contributions

The non concessional contribution cap (ie. non taxable contributions) for 2020/2021 is $100,000, and will increase to $110,000 per year from 1 July 2021. There is a bring forward rule which allows you to bring-forward the next 3 years of your annual non-concessional contributions cap into the current financial year, meaning you could contribute up to $300,000 (increasing to $330,000 from 1 July 2021) in one year without breaching the cap.

Non Concessional contributions are not taxed and include any personal contributions you make which you didn't claim a tax deduction for in your tax return. It also includes any spouse contributions that your spouse has paid into your account.

EASING OF RESTRICTIONS AROUND SUPERANNUATION

Work Test

From 1 July 2022, Australians will no longer need to meet the work test to be eligible to make non-concessional superannuation contributions and receive salary sacrifice contributions. Individuals aged 67-74 will still have to meet the work test to make personal deductible contributions, which currently is 40 hours in a 30 consecutive day period.

Downsizer Contributions

From 1 July 2022, Australians over 60 will be eligible to make downsizer contributions. Previously, this was limited to Australians aged over 65. A downsizer contribution allows a person to sell their own home if they had owned it for at least 10 years and then make a one off contribution of up to $300,000 into superannuation.

SMSF & Residency

The Government proposed in the 2021 Federal Budget to relax the rules of residency for members such that the member now only meet two rules to be eligible for concessional tax treatment, being

- the fund must be established in Australia or hold an asset in Australia
- the members cannot be temporarily absent from Australia for more than 5 years

This will allow members to be absent from Australia, whether for work, education or due to Covid 19. It will also enable overseas members to continue to contribute to their Australian SMSF without penalty within the period. This is expected to apply from 1 July 2022.

Legacy Pensions

Individuals will be allowed to exit certain Legacy Retirement Products including Market Linked Pensions within a 2 year window from the first financial year after the date of Royal Assent.

INDIVIDUALS

NEW TAX RATES

The tax cuts, originally proposed to take effect from 1 July 2022, were brought forward from 1 July 2020. The tax rates effective from 1 July 2020 onwards are:

RESIDENTS – 2020/21 ONWARDS	
Taxable Income	Tax on this Income
$0 - $18,200	Nil
$18,201 - $45,000	19c for each $1 over $18,200
$45,001 - $120,000	$5,092 plus 32.5c for each $ over $45,000
$120,001 - $180,000	$29,467 plus 37c for each $1 over $120,000
$180,001 and over	$51,667 plus 45c for each $1 over $180,000

The above rates do not include the Medicare Levy of 2%.

NON RESIDENTS – 2020/21 ONWARDS	
Taxable Income	Tax on this Income
$0 - $120,000	32.5c for each $1
$120,001 - $180,000	$39,000 plus 37c for each $1 over $120,000
$180,001 and over	$61,200 plus 45c for each $1 over $180,000

LOW AND MIDDLE INCOME TAX OFFSETS

The low income tax offset has been increased and the low and middle income tax offset will still be available for the 2020/21 and 2021/22 years.

This offset is calculated when you lodge your return and how much you will receive depends on your level of income. It is an offset, so it reduces the amount of tax you pay, any unused amount of the offset is not refundable.

LOW AND MIDDLE INCOME TAX OFFSET	
Income	Offset
Up to $37,000	$255
$37,001 - $48,000	$255 + 7.5c for every $ above $37,000, up to a maximum of $1,080
$48,001 - $90,000	$1,080
$90,001 - $126,000	$1,080 – 3c for every $ above $90,000
LOW INCOME TAX OFFSET	
Income	Offset
Up to $37,500	$700
$37,501 - $45,000	$700 – (Taxable income - $37,500) x 5%)
$45,001 - $66,667	$325 – (Taxable income - $45,000) x 1.5%)
$66,667 +	Nil

MODERNISATION OF TAX RESIDENCY RULES FOR INDIVIDUALS

The Federal government announced it will be replacing the individual tax residency rules with a new modernised framework.

The primary test will be where, a person who is physically present in Australia for 183 days or more will be a tax resident. Those who do not meet this test will be subject to secondary tests that depend on a combination of physical presence and measurable objective criteria. the ATO recommend a day count test together with a new four factor test. The factor test includes:

1. The right to reside in Australia
2. Australian accommodation
3. Australian family
4. Australian economic connections

SELF-EDUCATION EXPENSES - $250 REDUCTION REMOVED

Currently, individuals claiming a tax deduction for self-education expenses need to reduce their claim by the first $250. This reduction has been removed in the current Federal Budget and is expected to apply from 1 July 2022.

PAYROLL TAX

If you are are an employer or part of a group of employers, who pay taxable wages in Queensland and your wages are over the thresholds below, you must register for payroll tax with the Office of State Revenue. The tresholds are as follows:

PAYROLL TAXABLE WAGES THRESHOLDS			
Financial Year	Threshold		
	Weekly	Monthly	Yearly
2012/2013 – 2018/2019	$21,153	$91,666	$1,100,000
2019/2020 – 2020/2021	$25,000	$108,333	$1,300,000

The payroll tax rate is 4.75% - 4.95% depending on whether the taxable wages paid are over or under $6,500,000. (If you are located in a regional area, such as Cairns, this rate of tax is reduced by 1%).

Taxable wages include cash and non-cash wages, third party payments, superannuation contributions and salary sacrifice amounts. In general, wage payments are liable for payroll tax if they are a reward for services rendered by an employee or payments to which the recipient has an enforceable right.

The following payments are exempt from payroll tax:

- Jobkeeper Payments
- Apprentices & Trainees (if under a genuine apprenticeship or traineeship)
- Parental pay
- Military Leave
- Local authorities or councils
- Genuine Redundancy payments
- Qld Hospital and Health Services employees
- Qld Government departments
- Public Hospitals
- Exempt Charitable institutions

For a full list and more information regarding these exemptions visit the Office of Fair Trading website at Payroll Tax Exemptions.

Payroll Tax Payment Dates

The Queensland Government introduced payroll tax relief due to the impacts of Covid-19. These included:

- Payroll Tax Refunds for 2 months (applications closed on 31 May 2020)
- Payroll Tax Holiday for January, February & March 2020 (applications closed 31 May 2020)
- Payroll Tax Payment Deferrals - you had to apply by 31 December 2020 to defer paying your payroll tax for the 2020 calendar year. The deferral dates are listed below. If you did not apply for deferral, then the due date for payment is the same as the lodgement date.

PAYROLL TAX 2020 YEAR – COVID 19 RELIEF		
Return Period	Lodgement Due Date (and payment date if not deferring)	Deferred payment due date (if application approved)
March 2020	7 April 2020	7 April 2021
April 2020	7 May 2020	7 April 2021
January – March Quarter 2020	7 April 2020	7 April 2021
May 2020	8 June 2020	7 October 2021
2019-20 annual	21 July 2020	7 October 2021
July 2020	7 August 2020	14 January 2021
August 2020	7 September 2020	14 January 2021
September 2020	7 October 2020	7 October 2021
July-September Quarter 2020	7 October 2020	7 October 2021
October 2020	9 November 2020	14 January 2022
November 2020	7 December 2020	14 January 202
December 2020	14 January 2021	14 January 2022
July-December 2020	14 January 2021	14 January 2022

From January 2021, you need to lodge and pay returns by the standard due dates which can be found here: Payroll Tax Due Dates

LAND TAX

Land tax is payable when the total taxable value of an owner's investment or commerical property landholdings exceeds the relevant tax-free threshold. The Qld Government current land tax arrangements that are in place for many Queenslanders with investment or commercial properties remain unchanged following the 2020/2021 State Budget.

The rate of tax depends on what type of owner you are, the total taxable value of your land and if any exemptions apply. You are liable when the the total taxable value of your land is:

- $350,000 or more - for companies, trustees or absentees
- $600,000 or more - individuals

You may be eligible for an exemption on land or part of the land if:

- it is your home and is in your name. You can only have one property as your home whether it be in Queensland or elsewhere.
- If all or part of the land is used solely for the purpose of primary production

Other exemptions apply for moveable dwellings (caravan parks), charitable institutions, aged care facilities, retirement villages, supported accommodation, society, club or association.

In either case, you will need to complete and lodge the necessary form to be granted the exemption.

WORKCOVER

It's important to remember that once a business starts hiring staff, they must be registered with Workcover. Worker's compensation is a type of insurance that can pay the wages and medical costs of employees who have been injured due to their employment. Each state has their own Workcover Insurance, but in Queensland it is with Workcover Queensland.

If you have a business in Queensland and employ workers, it is compulsory to insure them against work-related injuries. This is in the form of an Accident Insurance Policy to insure their workers with WorkCover Queensland.

To apply for an accident insurance policy, you will need to give WorkCover Queensland information on your business, including:

- the date you expect to begin employing people
- the estimated wages for your business
- your predominant business activity
- your ABN

Each year you must renew your policy by estimating the wages for the future year and declaring your actual wages for the prior year. For the 2020/2021 year, the due date of your wages declaration is 31 August 2021. The following shows what payments are included and not included in this amount:

PAYMENTS YOU MUST INCLUDE

- Total of all PAYG gross salary and wage payments
- all superannuation payments including salary sacrifice super
- any fringe benefits or other entitlements that have a monetary value
- total of all individual contractors who are deemed workers**
- Jobkeeper where the employee normally earned more than the minimum JobKeeper payment they were entitled to.

PAYMENTS YOU SHOULD EXCLUDE

- any allowances or expenses reimbursed for work related expenses
- lump sum termination payments
- excess period payments
- compensation payments reimbursed by WorkCover
- all payments to, or in respect of, Directors/Trustees/Partners
- Jobkeeper where the employee normally earns less than the minimum JobKeeper payment they were entitled to.

Please refer to the Wages definition manual from WorkCover Queensland for a comprehensive explanation on the above payments.

** Deemed workers are contractors who are engaged to perform work even if they may have their own ABN or are responsible for paying their own tax. Please refer to the following link to determine if your contractors are 'deemed workers' for WorkCover purposes - https://www.worksafe.qld.gov.au/premium/declaring-wages/who-do-i-cover/contractors

REGULATORY INFORMATION - ASIC

For businesses that operate under a company structure it is very important and a requirement of ASIC that any changes are advised within 28 days. If we manage your company's corporate compliance, please contact Angela of our Office in regard to changes of company officers, change to members, directors, secretaries, or change in any addresses so that we can lodge the appropriate documents with ASIC.

Each year, your company is required to pay the Annual Company Statement filing fee. From 1 July 2021, the fee for a company is $276 (GST free) and for company's which are a corporate trustee of a SMSF, the fee is $56 (GST Free). ASIC fees can be paid via BPay direct to ASIC.

DIVISION 7A - PRIVATE COMPANY BENEFITS

A payment or other benefit provided by a private company to a shareholder or their associate can be treated as a dividend for income tax purposes under Division 7A even if the participants treat it as some other form of transaction such as a loan, advance, gift, private use of a company asset or writing off a debt. It can also apply when a private company provides a payment or benefit to a shareholder or associate through another entity, or if a trust has provided a payment or benefit to the corporate trustee's shareholder or their associate.

The purpose of Division 7A is intended to prevent profits or assets being provided to shareholders or their associations tax free.

Shareholders of private companies and associates may be assessed on a deemed dividend (which is unfranked) if the company provides them with these benefits, unless the requirements of Division 7A are satisfied.

To best manage the issues arising from Division 7A, the following should be followed:

Avoid issues in the first place

Division 7A dividends may inadvertently arise as a consequence of a failure to keep private expenses separate from company expenses. To avoid this:

- Don't pay private expenses from a company account
- Keep proper records for your company that record and explain all transactions, including payments to and receipts from associated trusts and shareholders and their associates
- If you lend money to shareholders and their associates, make sure it's on the basis of a written agreement with terms that ensure it's treated as a complying loan - so the loan amount isn't treated as a Division 7A dividend. Our office can assist you in ensuring your loan is complying.

Repay or convert dividend amount by lodgement day

A payment or other benefit that's potentially subject to Division 7A isn't treated as a Division 7A dividend if it's repaid or converted to a complying loan by the company's lodgement day for the income year in which the payment occurs. A company's lodgement day is the actual day on which the company lodges its income tax return or the due date for lodgement, whichever is earlier.

This means that you can take corrective action after the income year is ended but before you need to finalise your tax affairs and lodge your return. Note, however, that the underlying transaction must occur by the lodgement day.

ATO relief

The law allows the Commissioner to disregard a deemed dividend outcome or allow the dividend to be franked in certain circumstances. This means that if you've made a mistake or circumstances have changed beyond your control, you can apply to the ATO for relief from the consequences of having Division 7A apply to a payment or loan.

LODGEMENT DATES

Various lodgement dates apply for the end of the financial year and for businesses, ensure you bring your work to us to complete it prior to the due lodgement dates, as penalties apply for late lodgement.

SUPERANNUATION CONTRIBUTIONS

Ensure that superannuation contributions for the year ended 30 June 2021 that you want to claim as a tax deduction are paid into your employee's superannuation fund before 30 June 2021. Our previous advice was to ensure payment is made no later than 23 June 2021 to allow time for processing and receipt into the fund. Although the due date for payment of the June 2021 quarter is not until 28 July 2021, paying it before year end will help maximise your tax deduction.

SINGLE TOUCH PAYROLL - PAYG WITHHOLDING REPORTING

For those employers who are now using Single Touch Payroll, ensure that all pay runs have been processed through your Single Touch Payroll software before 30 June 2021. We recommend printing a payroll report for the period 1/7/2020 - 30/6/2021 to determine your gross wages and PAYGW amounts for the year before doing your End of Year STP Finalisation Declaration. Note that the JobKeeper payments may not show in the gross total but as allowances.

We recommend referring to your software website for instructions on how to do the STP EOY Finalisation as each software package will be different. The key dates for the finalisation are:

- Fewer than 19 employees - due by 31 July 2021
- More than 20 employees - due by 14 July 2021

If you have not registered for Single Touch Payroll (e.g. you are a micro employer or a closely held employer) , then you are still required to issue your employees with a PAYG Payment Summary and also complete the PAYG Payment Summary Statement and lodge with the ATO by 14 August 2021.

It is now mandatory to be registered for STP, even if you are the only employee of your family business, for example. From 1 July 2021, you will need to declare your wages through single touch payroll on at least a quarterly basis. If you need help registering for STP, please contact our office.

TAXABLE PAYMENTS REPORTING

The ATO have expanded on the industries that are now required to lodge a Taxable Payments Report (TPAR). The TPAR tells the ATO about payments that are made to contractors for providing services to your business. Contractors can include subcontractors, consultants and independent subcontractors. They can be operating as sole traders (individuals), companies, partnerships or trusts.

The details you need to report about each contractor are generally found on the invoice you should have received from them. This includes:

- their ABN
- their name and address
- gross amount you paid them for the financial year (including any GST)

The report is now compulsory for the following industries:

- Building & Construction Services
- Cleaning Services
- Courier Services
- Road Freight Services
- IT Services
- Security, investigation or surveillance services
- Mixed Services (a business that provides one or more of the services listed above)
- Government entities

The TPAR is due for lodgement by **28 August 2021.** If your business has not used any contractors, you will need to lodge a TPAR non-lodgement advice. Penalties apply for non lodgement and late lodgement.

To lodge your TPAR you can:

- Log on to the ATO Business Portal, Select online forms, then Taxable Payments annual report.
- Through your MyGov account if you are an individual or sole trader - select Tax, then Lodgements, then Taxable Payments annual report
- Some accounting softwares, such as MYOB and Xero allow you to lodge your TPAR through the software, provided you have allocated the payments correctly during the year.
- We can lodge the form for you as your Tax Agent
- You can also lodge by paper using the Taxable Payments Annual Report (NAT74109) form. The original form must be sent to the ATO, photocopies will not be accepted.

WORKCOVER DECLARATIONS

WorkCover Declarations are due by 31 August 2021. If payment is made for your 2021/2022 policy before 16 September 2021, you will receive a 5% discount on your premium. If not paid early, payment is due by 30 September 2021, unless a payment plan has been put in place.

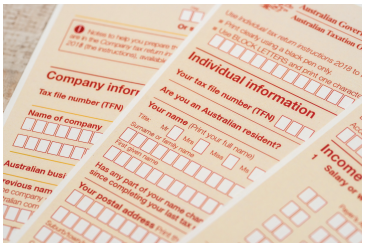
JUNE BUSINESS/INSTALMENT ACTIVITY STATEMENT

The June Quarter Business Activity Statement is due by 28 July 2021. Ensure that this has been lodged prior to preparing your tax return as it needs to be lodged before your tax return can be processed. If we lodge your BAS/IAS for you, the due date is extended.

If you lodge a monthly BAS/IAS then the due date if self lodging is 21 July 2021.

INCOME TAX RETURNS 2021

The ATO will start accepting tax returns from 7 July 2021. Ensure that you have received all of your income information before preparing your return. As some employers are not required to issue their PAYG Payment summaries until 14 August 2021, you may not be able to process your return until then. Your employer will have needed to finalise their annual reporting with the ATO through Single Touch Payroll before you can complete your return. Other information that comes from third parties such as bank interest, dividends, managed funds, superannuation contribution deductions and Private Health Cover information will need to be reported to the ATO before lodgement can be made.



OTHER INFORMATION

SPECIALIST ADVICE
We understand that there are many specialised areas and where we feel external specialist knowledge is required, with your prior consent, we will engage an appropriate person.

REVIEWS AND SEMINARS
We are happy to arrange visits to your business premises if you would like us to review your Office and Accounting procedures.

We are also able to conduct seminars and training sessions for you either at your business premises or our Office, in areas such as record keeping, GST, BAS, FBT, Superannuation or Financial Planning. We would welcome any suggestions in this area.

YOUR VALUED FEEDBACK
If there is other information you would like us to include in future newsletters please let us know. We always welcome constructive feedback as it is your requirements we aim to satisfy.

OUR APPRECIATION
We appreciate your continued use of our firm as your Accountant and Adviser and we look forward to providing professional services to you in the future. If you are happy with the services we have provided we would appreciate your referrals to potential new clients. We would be honoured if you could leave us a review on Facebook, Instagram or Google and share our posts with your family and friends.

Your business is our business!

We look forward to providing you with a high level of professional service in the future.

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