



## 2014-2015 Tax Season Newsletter

### Contact Us

**Phone**  
08 8261 9714

**Fax**  
08 8266 2332

**Address**  
42 The Parkway, Klemzig SA 5087

**Postal Address**  
PO Box 75, Greenacres SA 5086

**Web**  
[www.wjmacdonald.com.au](http://www.wjmacdonald.com.au)

**Email enquiries**  
[enquiries@wjmacdonald.com.au](mailto:enquiries@wjmacdonald.com.au)

**Wendy J. Macdonald**  
Accountant  
[wendy@wjmacdonald.com.au](mailto:wendy@wjmacdonald.com.au)

**Ray Groves**  
Accountant  
[ray@wjmacdonald.com.au](mailto:ray@wjmacdonald.com.au)

**Robert Christiansen**  
Practice Manager  
[rob@wjmacdonald.com.au](mailto:rob@wjmacdonald.com.au)

**Caroline Davidson**  
Office Administrator  
[caroline@wjmacdonald.com.au](mailto:caroline@wjmacdonald.com.au)

**Josi Novakov**  
Front Office Administrator  
[josi@wjmacdonald.com.au](mailto:josi@wjmacdonald.com.au)

**Chloe Holmes**  
Reception Assistant  
[chloe@wjmacdonald.com.au](mailto:chloe@wjmacdonald.com.au)



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Welcome everyone to the 2014 tax year. A few changes in the office this year. Firstly we have another accountant who has joined our team this year, Ray Groves. A Chartered Accountant with over 30 years experience, Ray is now taking tax appointments which means that we have Monday appointments available for 2014/2015. Friday will be unavailable for appointments this year, however allowances can be made for extenuating circumstances, such as interstate clients.

Robert has taken over the role of Practice Manager over the last twelve months and is now responsible for much of the day to day running of the practice. This has freed me up to spend more of my time working for you.

Caroline is still running her bookkeeping business out of our offices, Bert Bookkeeping. If your business is in need of bookkeeping we recommend getting in touch with her. She is also a certified advisor for Xero cloud accounting software and can help set you up with this easy to use web based program for your business.

Please read the through the newsletter carefully as there are many new changes this year. Good luck and I look forward to seeing you all throughout the year.

### Tax Lodgement

#### The ATO lodgement requirements

Over the last couple of years the ATO has enforced a program of holding all accountants responsible for the lodgement of their client's returns and require a minimum of 85% lodgement at deadline. Failure to meet this lodgement quota can result in a practice losing their deadline extension which would be bad for all of us.

On the May 15<sup>th</sup> deadline this year we still had close to 300 clients who had not brought their work in for processing. This places us under tremendous pressure to meet our required targets and we urge you all to please get your work in to us within a reasonable timeframe.

To this end we have additional channels available to you without having to make an appointment for your convenience.

#### Mail Return Service

You can send your paperwork to us via the post, we will process it and return it for signing. The Mail Return Service is operated on a first come, first serve basis. You can make use of this service by mailing your work to: **PO Box 75, Greenacres SA 5086.**

#### Electronic Return Service

The electronic return service is the quickest and easiest way to have your work processed. This is a priority service and can result in you receiving your returns in as little as 24 hours. To make use of this service simply email digital copies of your paperwork to: **[mail.returns@wjmacdonald.com.au](mailto:mail.returns@wjmacdonald.com.au)**.



# Budget Changes

## Medicare

The Medicare levy is now 2% and the tax rate for taxpayers earning over \$180,000 has been raised by 2%. This is a temporary measure and should cease in June 2017.

## Capital equipment write off

The 100% write off for capital equipment under \$6500 was to finish on December 31<sup>st</sup> 2013, however at the time of publication of this Newsletter this has not yet been legislated. However when this legislation does go through it is expected to be made retrospective to 31<sup>st</sup> December 2013.

## HECS/HELP

HECS/HELP repayment threshold is currently \$51,308 for 2014. It is estimated to reduce to \$50,638 in 2016.

## Mature age workers offset

The Mature Age Workers Tax Offset will be abolished from July 1<sup>st</sup> 2014.

## Superannuation

Superannuation contributions for 2015 will now be \$35,000 for taxpayers over 49 years of age.

Superannuation Guarantee has been lifted to 9.5% from July 1<sup>st</sup> 2014.

Non concessional super contributions will be lifted to \$180,000 – up from \$150,000.

# Additional Information

## Paperless Activity Statements

There are big changes this year for those clients required to lodge Activity Statements. As of the 1<sup>st</sup> July 2014 the ATO will be moving towards a 'paperless' system for activity statements. This means that the first time we lodge an activity statement electronically on your behalf you will no longer receive a paper form.

Instead the Tax Office will automatically generate your activity statement within our lodgement software. The table below outlines a rough guideline as to when we can expect the forms to be generated, however we are informed that these generation dates may be subject to change at short notice.

	Period Covered	Planned Generation Date*	Legislative due Date**
Quarter 1	1 July – 30 September	15 September	28 October
Quarter 2	1 October – 31 December	1 December	28 February
Quarter 3	1 January – 31 March	16 March	28 April
Quarter 4	1 April – 30 June	15 June	28 July

\* these dates are a guideline only as the actual 'generate' dates have yet to be decided

\*\* this is actual due date of the Activity Statement and does not include our 28 day lodgement extension

This year we will be unable to lodge your income tax return without at least one of the following pieces of information recorded on the front cover:

**Your Mobile Number**

**Your daytime phone number**

**Your email address**

We had a new database installed late last year and it is fairly up to date but not entirely. In order to ensure that we are able to lodge your income tax return without delay we will be checking your details when you make your appointment to ensure we have at least one of the required contact options recorded.

Please Note: If you are a director of an Australian Private Company it is required by law that you notify ASIC of any address changes within 28 days. Failure to do so can incur penalties.

## EFT Tax Refunds

As you are aware, last year the Tax Office began a policy of electronically transferring tax refunds directly into your bank account.

The policy will continue this year and has been expanded to include companies and self-managed superannuation funds.

If you are due to receive a refund we will be unable to lodge your return without a nominated bank account recorded on your form.

If for some reason you were issued with a refund cheque for your 2013 income tax it will likely be because the nominated financial institution information on your return was incorrect. If you did receive a refund cheque last year could you be sure to check that we have the right details recorded for your bank account.

## BAS Reminder Service

For those of you who rely on receiving your BAS form as a reminder that you need to bring your work in, we will be offering an SMS reminder service. If you are interested in this service please send an email with your name and mobile phone number to: [bas@wjmacdonald.com.au](mailto:bas@wjmacdonald.com.au).

If you lodge your own activity statements manually you will continue to receive a BAS form until such time as you use an electronic channel for lodgement.

## Contact details requirements

As with every year we remind you that it is important to keep your contact information up to date. This year it is more important than ever as the ATO has made some changes to the tax return for 2014. In previous years we were able to use our contact information on the front cover of your return but as of the 2014 income year this will no longer be an option.

## 2014 – 2015 Appointment Times

Monday	9:00am – 5:00pm
Tuesday	9:00am – 7:00pm
Wednesday	9:00am – 1:00pm
Thursday	11:00am – 7:00pm
Friday	No appointments
Saturday*	7:30am – 5:00pm

\*Saturday Appointments: should you have an appointment on a Saturday you will be reminded by SMS 24 hours prior. Please ensure we have a current mobile telephone number when making your appointment. If you are unable to attend your Saturday appointment we ask that you give us plenty of notice as there is always a waiting list for these appointments.

# 2014 -2015 Individual Tax Return Checklist

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

## Tax Rates for 2014 – 2015

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-\$180,00	\$17,547 + 37% on excess over \$80,000
\$180,001 and over	\$54,547 + 47% 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 2014/2015 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 2014:

- 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.

## 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

## 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)

## Notes

## 2014 -2015 Individual Tax Return Checklist (continued)

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

### Audit Targets

The ATO will be focusing on the following areas of concern during the coming tax year.

- Computers and iPads
- Phones for personal use
- Rental property expenses
- All Building Industry workers
- Vehicle log books
- Work related travel expenses

### 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 2013-2014 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 hours 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 your claim – more information at [www.ato.gov.au](http://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.