PROPERTY

Changes to residential investment property deductions

From 1 July 2017, non-corporate taxpayers are no longer able to claim any deductions for the cost of travel they incur relating to a residential rental property. This includes all travel expenses related to inspecting, maintaining or collecting rent for residential investment properties.

From 1 July 2017, taxpayers cannot claim depreciation of newly acquired second-hand plant and equipment used in residential investment properties.

Are you selling your home or residential investment property?

Are you aware that you may require a ‘CLEARANCE CERTIFICATE’ from the ATO prior to settlement?

From 1 July 2017, where the vendor of residential property over $750,000 is a foreign resident, the purchaser has a legal obligation to withhold 12.5% of the purchase price and forward it to the ATO. To avoid any withholding occurring, each vendor must provide a current ATO issued clearance certificate on or before settlement. (Your real estate agent, solicitor, or our office can assist with clearance certificate applications.)

Property Purchases and Borrowing in Superannuation

Are you contemplating purchasing property in a self-managed superannuation fund?

This can be a complex area and can become very problematic if not done correctly. To assist our clients in this area, we have formed an alliance with several other professional practitioners which we hope will ensure a smooth process. Please contact us if this is of interest to you.

C & H Accounting Group and Cloud Based Accounting

We are happy to assist all of our clients in moving from their existing accounting system to a cloud-based system particularly for MYOB and XERO products. We can provide analysis of which product best suits your business and assistance to set up bank-feeds, payroll, invoicing and any other detail you may need. If you have recently commenced business or are looking to change accounting software please contact us and we will guide you through the process.

C & H ACCOUNTING GROUP

Advice that leaves more money in your hands

www.chcpas.com.au
/candhaccounting

Level 1 / 100 Hazel Glen Drive, Doreen Vic. 3754
(03) 8724 0107 | doreen@chcpas.com.au

Suite 14, 39 Grand Boulevard, Montmorency Vic. 3094
(03) 9431 1420 | enquiries@chcpas.com.au

WELCOME TO THE 2018 C & H NEWSLETTER

This newsletter provides information regarding tax planning for the end of financial year, new budget measures and other information you may find useful. If you have any queries regarding the information contained in our newsletter, please call us.

BUSINESS

Checklist of things to consider before 30 June 2018

- ☐ Pay your employee Super Guarantee before 30 June to obtain a tax deduction in the 2017-18 year.
- ☐ Consider making additional superannuation contributions up to the $25,000 limit before 30 June.
- ☐ Be sure to complete a stocktake at 30 June 2018 to write off any damaged or obsolete stock.
- ☐ Review your aged debtors, are they recoverable, if not write them off to obtain the tax deduction.
- ☐ Consider deferring invoicing and the receipt of income.
- ☐ Declare bonuses or director’s fees. Remember these are not required to be **PAID** immediately, but need to be declared by 30 June 2018.
- ☐ Realise losses on assets/investments if you need to offset capital gains.
- ☐ Advise C & H if children turned 18 during the year and you want to distribute income to them for the 2018 year.
- ☐ If you are not in the SBE, scrapping any obsolete plant and writing it off your asset register.
- ☐ Check if your logbook is up to date for your business vehicle.

Small Business Entity (SBE)

- ☐ Prepay expenses for up to 12 months – insurance, interest, subscriptions.
- ☐ Purchase business assets and have them installed ready for use before 30 June 2018, if under $20,000 there’s an immediate tax deduction for small business (turnover less than $10 million).

OTHER

- The co-contribution is still available for 2018. Pay up to $1,000 into your super account in after tax dollars and receive up to 50c in the dollar directly into your super fund from the government. You will receive the maximum co-contribution if your income is under $36,813, and a reduced co-contribution if your income is under $51,813.
- From 1 July 2017, most individuals can now make tax deductible contributions into their super fund, however contributions cap limits apply. *(We recommend you contact our office for further advice before making additional super contributions.)*
- **Do you believe you may be entitled to Family Assistance?** Both you and your spouse, if applicable, must lodge your tax returns for the prior year by 30 June the following year and submit the relevant claims with Centrelink (for lump sum benefits only) to ensure any unpaid Family Assistance benefits are not lost.

2019 INDIVIDUAL TAX RATES

Applicable from 1 July 2018 (subject to legislation)

Taxable Income	Tax On This Income
$0 - $18,200	Nil
$18,201 - $37,000	19c for each $1 over $18,200
$37,001 - $90,000	$3,572 plus 32.5c for each $1 over $37,000
$90,001 - $180,000	$20,797 plus 37c for each $1 over $90,000
$180,001 and over	$54,097 plus 45c for each $1 over $180,000

Note: The Medicare levy remains at 2%. The temporary 2% budget levy ceased to apply from 1 July 2017.

Important, please refer to disclaimer on page 4

Concessional Contribution Changes

- Concessional contributions are limited to $25,000 per annum for everyone irrespective of age.
- The threshold for the extra 15% tax on contributions has lowered from $300,000 to $250,000.
- Excess contributions will be taxed as the taxpayer's marginal rate plus deemed income.

Concessional Contribution Cap

Financial year	Your age at this date	Concessional contribution cap
2018-19	All ages	$25,000
2017-18	All ages	$25,000

Non-concessional Contribution Changes

- Non-concessional contributions will remain at $100,000. This will remain available to individuals between 65 and 74 years old if they meet the work test.
- If your total superannuation balance is greater than $1.6 million you will not be eligible to make any non-concessional contributions. Additionally, your non-concessional cap will be nil for a financial year if you have a total superannuation balance greater than or equal to the general transfer balance cap ($1.6 million in 2017-18) at the end of 30 June of the previous financial year.

Non-concessional Contribution Cap

Financial year	Concessional contribution cap	Tax on amounts over cap
2017-18	$100,000	47%

Changes to Work Test

The requirement that you derive less than 10% of your income from employment sources has been abolished and regardless of your employment arrangement you may be able to claim a tax deduction for superannuation contributions. Those aged 65 to 74 will still need to meet the work test in order to be eligible to make a contribution and claim a tax deduction. You are eligible to claim a deduction for personal super contributions if;

- contributions made were made to a complying super fund.
- for contributions made your earnings as an employee were less than the maximum allowed.
- you meet the age restrictions.
- you have notified your fund of the amount you intend to claim as a deduction.
- your fund has acknowledged your notice of intent to claim a deduction.

Pension

- A lifetime limit of $1.6 million will apply to the amount of superannuation that can be transferred into 'retirement phase' account, subject to indexation. This limit applies to all existing pensions and those commenced after 1 July 2017. The earnings on this will remain tax free.
- Any additional balance will be placed into accumulation phase and the earnings will be taxed.

Minimum Pension %

Age	Minimum pension % withdrawal	Age	Minimum pension % withdrawal
Under 65	4%	85-89	9%
65-74	5%	90-94	11%
75-79	6%	95+	14%
80-84	7%		

Carry Forward Concessional Contributions

People with super balances below $500,000 will be able to rollover their unused concessional caps for up to 5 years. Unused cap amounts can be carried forward from the 2018-19 financial year; which means the first opportunity to use these new rules will be 2019-20.

1st Home Saver Scheme LCR 2018/D5

The First Home Super Saver (FHSS) scheme was introduced by the Australian Government in the Federal Budget 2017-18. The FHSS scheme allows you to save money for your first home inside your superannuation fund. This will help first home buyers save faster with the concessional tax treatment within super. You can make voluntary concessional (before-tax) and non-concessional (after-tax) contributions into your super fund to save for your first home. From 1 July 2018 you can then apply to release your voluntary contributions, along with associated earnings, to help you purchase your first home. You must meet the eligibility requirements to apply for the release of these amounts.

Please contact our office to discuss before making a decision.

Downsizer LCR 2018/D4

Contributing the proceeds of downsizing your family home into superannuation was one of several measures announced in the 2017-18 Budget. **Downsizer contributions** - if you are over 65, have held your home for 10 years or more and are looking to sell, you might be able to contribute some of the proceeds of the sale of your home to superannuation. Individuals may be eligible to contribute up to $300,000 into their Fund.

Please contact our office to discuss before making a decision.

C & H Taxation & Business Consulting Services Pty Ltd (ASIC No. 1247432) ABN 86 104 424 720 is a Corporate Authorised Representative of Merit Wealth Pty Ltd ABN 89 125 557 002, Australian Financial Services Licence Number 409361

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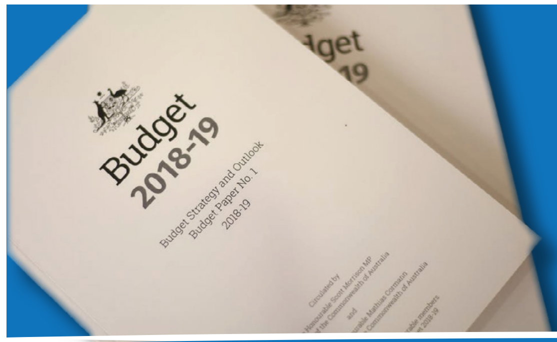
SUPER GUARANTEE AMNESTY

Is your employees' Super Guarantee up to date?

The Federal Government has announced a 12 month amnesty from 24 May 2018, encouraging employers who are behind with their superannuation guarantee (SG) obligations to 'self-correct' the underpayment. To qualify for the amnesty, employers must voluntarily disclose the outstanding SG and make payment or enter a payment arrangement with the ATO, by the deadline. If unpaid SG is corrected via the amnesty, employers will not receive ATO penalties, and receive the added benefit of the catch up super payments being deductible.

TAX OFFSETS

Spouse contribution tax offset - From 1 July 2018, the spouse's income threshold will be increased from $13,800 to $40,000. The current 18% tax offset of up to $540 will remain as is and will be available for any member, whether married or de facto, the offset is gradually reduced for income above this level for contributing to a recipient and completely phases out at income above $40,000.



2018-19 FEDERAL BUDGET ANNOUNCEMENTS

Individuals

- A planned Medicare levy increase has been abandoned by the government. The Medicare levy will stay at 2% for the 2019 and 2020 tax years.
- A new 'Low and Middle Income Tax Offset' (LMITO) of up to $530 will be applied to tax payers on an annual basis from 1 July 2018 to 30 June 2022. This is in addition to the Low Income Tax Offset (LITO).

The offset will apply as follows:

Income	Offset
Up to $37,000	$200
$37,001 to $48,000	$200 plus 3c for each $1 over $37,000
$48,001 to $90,000	$530
$90,001 to $125,333	$530 less 1.5c for each $1 over $90,000

- The Medicare levy low-income thresholds for singles, families, seniors and pensioners will increase for the 2018-19 income year, to take account of movements in the CPI.
  - Singles - $21,980
  - Families - $37,089 plus $3,406 for each dependent child or student
  - Single seniors and pensioners - $34,758
  - Family threshold for seniors and pensioners - $48,385 plus $3,356 for each dependent child or student

SBE (Small Business Entity)

- The $20,000 immediate write-off for depreciable assets purchased by small business has been extended to 30 June 2019.
- Until 30 June 2019, other existing assets in the small business pool can also be immediately deducted if the pool balance is less than $20,000.
- From 1 July 2019, the immediate deductibility threshold and the balance at which the pool can be immediately deducted will revert back to $1,000.