



TAX TIME 2021

CONTENTS:

Mission, Vision and Values

Staffing

2021 -2022 Tax Update

Australian Taxation Office Watchouts

Cloud Accounting

9 Beach Road KINGSTON BEACH TAS 7050

Telephone 03 6229 3697 Email – info@ktas.net.au

<https://cornerstonetas.com/>

Our office hours are Monday to Friday 9am – 5pm

We would like to thank you for your continued custom and support over the past year. Our mission, vision and values haven't changed.



Mission, Vision and Values

Mission Statement

Every day we help clients understand, build, and move towards achieving their financial and lifestyle goals.

Vision Statement

We will become the most trusted local professional business helping our clients achieve their goals through our holistic approach.

Values

Integrity, Accountability, Passion and Fun

We continue to progress our move to a paperless system within our office. We will continue to email tax returns and business correspondence, where possible. Please note, for privacy reasons, identifying data such as Tax File Numbers, Dates of Birth and Bank Account Details **are not transmitted** on the emailed tax returns. Please ensure that your email address and other contact details with us are kept up to date.

We do recognise that clients have different needs and concerns, depending on their circumstances. Please contact us by email info@ktas.net.au or phone us on (03) 6229 3697 for any feedback or concerns.

For those **without email** we will continue to post your information, you are also welcomed to pick up any information direct from the office. Let us know when you drop your work in and tell us how you would prefer to collect the work again.



Staffing

We have experienced some changes to our staff since June 2020 and the team is now made up of these very competent individuals:

Adam McMaster: Joining Cornerstone in July 2020. Marian Kemp handed the reins over to Adam from January 1, 2020. Adam is a Chartered Accountant and Registered Tax Agent and has extensive experience in accounting, taxation, audit, and business services. He has worked in various public practice accounting firms with clients at all levels and from diverse industries. Adam is passionate about business and tax, enjoys helping clients to move towards their financial and lifestyle goals and is keen to progress his career further.

Mandy White: Has been with us for over 13 years and is our primary bookkeeper, individual income tax return preparer and Office Manager. Mandy has over 25 years' experience working in small businesses and has a vast amount of experience using the MYOB accounting system.

Dennis Ravindraraj: Dennis joined us at Cornerstone in January 2021. He has recently graduated from the UTAS Chartered Accountants' Program.

All our staff are involved with training throughout the year including software and tax updates. We will be continuing to learn and develop, to provide a great service experience to you.

Payment Summaries

Just a reminder that you may not receive a Payment Summary (previously known as a Group Certificate) from your employer if they are reporting through Single Touch Payroll.

Your payment summary information will be available in ATO online services through myGov. It is called an 'income statement'.

When you use a registered tax agent such as Cornerstone, we will receive the information we need to complete your tax return by late in July 2021.

We are working towards standardising the accounting software being used by our clients. There is a vast range of software programmes from MYOB, Quicken and Xero which means that we need to hold a large range of software on our business computers. We would encourage all clients to update to the latest version of their preferred software to ensure that they comply with the latest tax requirements. If you require assistance to update your software or would like to chat to us about updating to a new software program, please contact us.



Updated checklists for the 2021 year will be available from our website early in July 2020. We encourage you to use the checklists to ensure that you have all the required information we need. Checklists will be available for download from the Newsletters and Resources menu on the website <https://cornerstonetas.com/>. Please note hard copies of the checklists are available at our office or, alternatively, we can email a checklist for your reference.

As authorised tax agents, we lodge income tax returns continuously throughout the year. This helps us and you to organise and schedule work for that year. For us to complete all clients' income tax returns before the relevant lodgement due date, we need to receive your 2021 tax information as soon as possible.

2020 - 2021 Tax Year

Instant Asset Write-Off

The Australian Government has recently changed the instant asset write off rules as of the 6 October 2020 to allow full expensing of assets in the following circumstances:

- the business portion of the cost of new eligible depreciating assets for businesses with an aggregated turnover under \$5 billion or for corporate tax entities that satisfy the alternative test
- the business portion of the cost of eligible second-hand assets for businesses with an aggregated turnover under \$50 million
- the balance of a small business pool at the end of each income year in this period for businesses with an aggregated turnover under \$10 million

Individuals

Low income tax offset

- The low income tax offset has been increased to \$700 from \$450 commencing 1 July 2020.
- Increase in the upper threshold of the 19% personal tax bracket from the 2020 income year.
- From 1 July 2020, the upper threshold of the 19% personal income tax bracket has been increased from \$37,000 to \$45,000 which is applicable to residents only.
- Increase in the upper threshold of the 32.5% personal tax bracket from the 2020 income year.
- From 1 July 2020, the upper threshold of the 32.5% personal income tax bracket has been increased from \$90,000 to \$120,000 which is applicable to resident and working holiday makers.
- In this regard, the following table outlines the marginal tax rates and thresholds that apply to each category of relevant taxpayer in the 2021 income year.

Resident Tax Rates 2020-21	
Taxable Income	Tax on this income
0 - \$18,200	Nil
\$18,201 - \$45,000	19 cents for each \$1 over \$18,200
\$45,001 - \$120,000	\$5,092 plus 32.5 cents for each \$1 over \$45,000
\$120,001 - \$180,000	\$29,467 plus 37 cents for each \$1 over \$120,000
\$180,001 and over	\$51,667 plus 45 cents for each \$1 over \$180,000

Foreign Resident Tax Rates 2020-21	
Taxable Income	Tax on this income
0 - \$120,000	32.5 cents for each \$1
\$120,001 - \$180,000	\$39,000 plus 37 cents for each \$1 over \$120,000
\$180,001 and over	\$61,200 plus 45 cents for each \$1 over \$180,000

Working Holiday Maker Tax Rates 2020-21	
Taxable Income	Tax on this income
0 - \$45,000	15%
\$45,001 - \$120,000	\$6,750 plus 32.5 cents for each \$1 over \$45,000
\$120,001 - \$180,000	\$31,125 plus 37 cents for each \$1 over \$120,000
\$180,001 and over	\$53,325 plus 45 cents for each \$1 over \$180,000

Tax incentives for investment in affordable housing

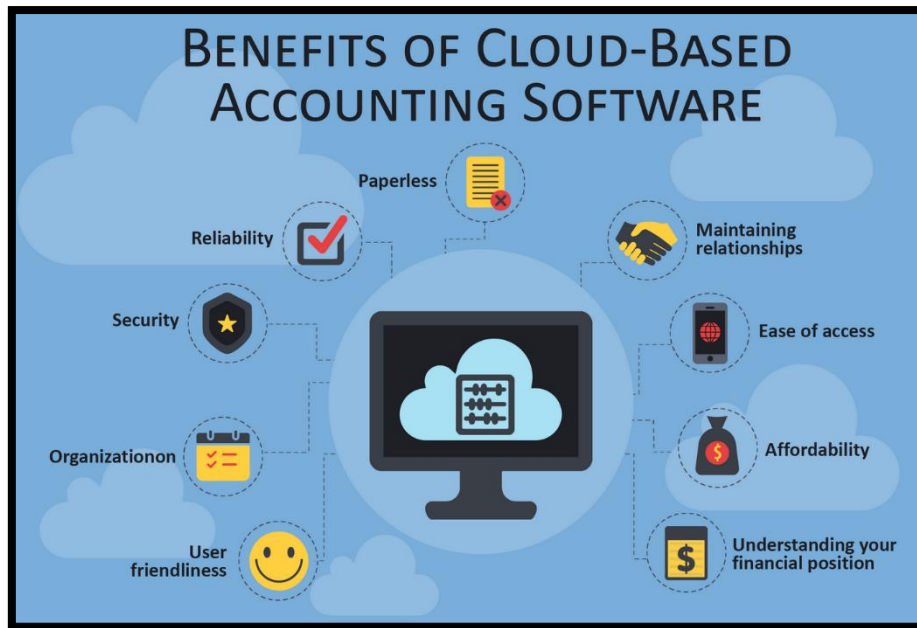
Australian resident individuals who provide affordable rental housing to people earning low to moderate income can claim an additional affordable housing capital gains discount of up to 10%. To qualify for this additional discount, you must have provided qualifying affordable rental housing through a registered community housing provider:

- on or after 1 January 2018 for a period, or periods, totalling at least three years (1,095 days), which may be aggregate usage over different periods, and
- either directly, or from a trust including where there is an interposed entity between you and the trust. The trust that provides the affordable housing and any interposed entities may be a trust, a managed investment trust or partnership, but cannot be a public unit trust or superannuation fund.

ATO's 2021 Audit Targets

For the **2021 income year** the ATO are likely to give greater audit attention to the following:

- (a) Tax residency status** – The ATO will be paying greater attention to the residency status of individuals via arrival and departure records received from the Department of Home Affairs. This information will be made available from the 2016-17 year to the 2022-23 year. It is estimated that this program will cover 670,000 people each of those financial years.
- (b) Claims for Home Office Expenses** – Due to large number of taxpayers working from home, the ATO has recently advised that it will be paying close attention to mobile phone and internet claims. In addition, the ATO has advised that anyone using the shortcut method (80 cents per hour) to keep proper records of the number of hours (such as a timesheet).
- (c) Motor Vehicles** – The ATO has recently announced that it will be acquiring Motor Vehicle Registry data from each state and territory registry authorities for the 2019-20 year through to the 2021-22 year. This new data matching program will enable the ATO to ensure all taxation and superannuation obligations are being complied with.
- (d) JobKeeper** – Due to a high number of enrolments in JobKeeper 2.0, it is expected that the ATO will ramp up audit activity of these claims.
- (e) Cashflow Boost** – The ATO will be checking these claims to ensure that the entitlements have reached those who are eligible.
- (f) Single Touch Payroll** – The ATO will be checking STP data to ensure all eligible businesses are complying. We have seen lately that STP data has enabled the ATO to issue notices to businesses who have not met their Superannuation Guarantee obligations in a timely manner.



Cloud Accounting

There is an increasing opportunity from software providers to upgrade or migrate over to cloud-based accounting services. Cloud accounting is basically a web-based system, which is hosted on a remote server that allows you to log into your accounting system (MYOB, Quicken, Xero, etc) from any internet enabled device. Providers offer many features and you need to look closely at these features to ensure you are not paying for features you do not need. Pricing is normally based on the number of features in the software and providers normally have several options available to suit your business needs. We can assist you with advice on cloud-based software if you are interested in migrating to a cloud-based system.

Items to review:

- Look at the prices of services available (normally a monthly charge)
- Are there any additional charges for extra features (e.g. automatic bank feeds)?
- Does the cloud software offer you the feature you need?
- Find out what happens to your data if you stop subscribing?
- How good is your internet connection? (a cloud-based system requires the internet for use and, if you have a slow connection, you might find this very frustrating)
- If others will be accessing the cloud-based system at the same time, will this affect the usability of the system?

A final reminder about back-ups.....

It is good practice to get into the habit of backing up all your computer files to an external hard drive or cloud-based service such as Dropbox or One-Drive. This is especially important with business documents and personal documents.