

May 2023

Cornerstone Accounting Services Newsletter May 2023

The Federal Budget was delivered on 9 May. What does this mean for you? We cover the main points in our May newsletter.

Want to share documents?

We now offer our clients the convenience of using a shared secure folder for storage of their documents. Rather than dropping documents into the office or emailing, you just drop them into a shared folder. We can see your documents and you can see ours.

This method can help you save on document scanning charges as well. Contact us if you'd like to take advantage of document sharing.

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The logo for Cornerstone Accounting Services, featuring the word "CORNERSTONE" in a bold, blue, sans-serif font. To the left of the text are three horizontal lines of varying lengths, and to the right are three diagonal lines of varying lengths, all in a light blue color.

CORNERSTONE

Budget News

A summary of the main points

Businesses

- The instant asset write-off threshold for small businesses applying the simplified depreciation rules will be \$20,000 for the 2023–24 income year.
- An additional 20% deduction will be available for small and medium business expenditure supporting electrification and energy efficiency.
- FBT exemption for eligible plug-in hybrid electric cars will end from 1 April 2025.
- An increased capital works deduction rate and reduced withholding on managed investment trust (MIT) payments will apply to new build-to-rent projects.

The main impact here will be on businesses who are purchasing assets. From 1 July 2023, eligible businesses will only be able to claim an immediate deduction for eligible assets costing less than \$20,000 instead of the current threshold of \$150,000.

If your business is planning to purchase any assets in the near future, it may be beneficial to bring forward those purchases to take advantage of the higher threshold while it still applies. Alternatively, it may be worth considering financing options or leasing arrangements to acquire the assets you need without having to make a significant upfront payment.

Small Business Lodgement Penalty Amnesty

A lodgement penalty amnesty program for small businesses to encourage them to re-engage with the tax system and get their obligations up-to-date was announced.

The amnesty applies to tax obligations, including income tax and business activity statements, that were originally due from 1 December 2019 and 28 February 2022.

If those returns are lodged between 1 June 2023 and 31 December 2023, any failure to lodge penalty applying to the late lodgement will be automatically remitted. No action is required to request a remission.

Budget News

Individuals

- Income support payment base rates will be increased by \$40 per fortnight.
- The minimum age for which older people qualify for the higher JobSeeker Payment rate will be reduced from 60 to 55 years.
- The workforce participation incentive measures to support pensioners who want to work without impacting their pension payments will be extended for another 6 months to 31 December 2023.
- Eligibility for Parenting Payment (Single) will be extended to support single principal carers with a youngest child under 14 years of age.
- Superannuation earnings tax concessions will be reduced for individuals with total superannuation balances in excess of \$3 million from 1 July 2025.
- CPI indexed Medicare levy low-income threshold amounts for singles, families, and seniors and pensioners for the 2022–23 year announced.
- Eligible lump sum payments in arrears will be exempt from the Medicare levy from 1 July 2024.

ATO News

Payment Plans

If you are having difficulties in paying your tax liability, BAS, or quarterly PAYGI payment, please do not ignore the debt.

You can apply, in most instances, for a payment plan. After discussions with you regarding how you can service your payment plan, Cornerstone will contact the ATO and institute a payment plan on your behalf.

There are important points to note:

- If you default on your payment plan, the payment plan will need to be set up again.
- You can make additional voluntary payments at any time towards your debt.
- Any refunds you receive will be offset against your remaining debt.
- General interest charges (GIC) will accrue on the debt until paid. We can assist with seeking to have these remitted once your debt is paid in full.
- Your payment plan only covers one debt. Any future debt that arises from lodgement of further returns or BAS, will not automatically be included in the payment plan and the payment deadline will apply for those debts.

ATO Watch

Each year, the ATO focuses on particular areas to ensure compliance. The following are on the watchlist:

Rental Properties:

- Rental income is underestimated.
- Expenses are being overstated and private expenses are being included.
- Correct apportionment of loan interest expenses where part of the loan was used for private purposes (or the loan was re-financed with some private purpose).

Working from Home:

- Detailed timesheets must be kept. No more copy and paste!
- You are actually undertaking work from home, not just checking occasional emails or taking phone calls.
- You cannot claim items which have been reimbursed by your employer.

Capital Gains:

- CGT is payable on the disposal of shares, managed investments, and cryptocurrencies.
- The sale of your home may be subject to CGT if you rented part or all of it through sharing platforms such as Airbnb.

Business News

Superannuation

The latest from the Federal Budget and upcoming changes

- Employers will be required to pay their employees' superannuation guarantee entitlements at the same time as they pay their salary and wages from 1 July 2026.
- The superannuation guarantee increases from 10.5% to 11% on 1 July 2023 for the 23/24 financial year. This percentage is payable on every dollar an employee earns.

Super is a complex area. What are some of the intricacies that can trap employers?

- Superannuation is only payable for workers under 18 years of age if they work more than 30 hrs/week.
- Super is payable for contractors if they are paid mainly for their labour. It is payable on every dollar they earn for labour.
- If you're self-employed as a sole trader or in a partnership, you do not need to pay super to yourself.
- Super is payable on leave loading.
- If your employee does not provide you with super fund details, you may need to request their stapled fund details from the ATO.
- If you use automatic superannuation, ensure that you leave sufficient time for processing. You may be required to lodge a superannuation guarantee charge (SGC) statement if the super does not reach the employees' super fund by the cut-off date.
- If you pay to the wrong fund or payments are late, you must lodge an SGC and then all wages, including overtime are subject to super guarantee.

Cornerstone Update

Need an Appointment?

The easiest way to book an appointment is through our website. You can choose from a quick free, 10 minute Q&A session or 30, 60, or 90 minute appointment.

Just go to our website and click on the appointment that suits you best.

<https://cornerstonetas.com/virtual-accountant-consultant-meetings/>

Important Dates

25 June 2023 - FBT Annual Return

30 June 2023 - End of 22/23 Financial Year.

Super guarantee payments must be made by this date to qualify for a tax deduction for 22/23

1 July 2023 - Super guarantee rates rise to 11%

Choose what suits you!

If there is one thing that we have learned from COVID, is that there are many ways to do business. The traditional face to face meetings which can mean you need to spend hours in your day travelling to and attending a meeting with your Accountant, are not necessarily the most efficient ways to spend your time. Shoeboxes full of receipts are also on the way out.

At Cornerstone, we realise not everyone fits into the same mould so we offer a choice to our clients.

If you would like to attend the office for meetings, you certainly can. If you have all your tax information electronically, you can send it to us via email and this will ensure you annual bill with us is cheaper.

And, if your tax requirements aren't that of a sole trader or small business, but you still want to keep track of tax deductible expenses, we can help you with easy calculators which will do away with the shoebox forever!

Cornerstone Update

2022/23 Minimum Pricing Policy - Inc GST

Minimum Tax Return Preparation (no interview)	Individual Per Individual of a couple Pensioner/Student	\$148.50 \$132.00 \$132.00
The following are charged at a variable rate based on our current charge out rates:	<ul style="list-style-type: none"> • Client Meetings • Capital Gains Tax Schedules • Rental Property Schedules • Document Scanning 	
Bookkeeping/SMSF/ASIC	<ul style="list-style-type: none"> • Bookkeeping • ASIC Annual Reviews • Attendance to Lodgement/Other ASIC matters • SMSF Audit Co-ordination Fees 	\$75.35/hr \$66.00 \$60.50 \$82.50
Other Services	<ul style="list-style-type: none"> • ATO Payment Plans* • Tax research/tax advice/business advice* • Meetings • Bank dealings • Return Not Necessary • Variation/\$NIL BAS/IAS Lodgements 	\$57.75 \$57.75 \$57.75 \$57.75 \$55.00 \$55.00

*Pricing is based on our current charge out rates and will vary depending on complexity and time taken