

June 2018

Business News



Optio Advisor

Record Keeping Review

There are several additional reporting requirements commencing within the next twelve months which affect businesses. As a result of these changes, we are encouraging all business clients regardless to their size and structure to review their current software and record keeping over the next twelve months.

From 1 July 2019 the following reporting requirements will commence or change:

- **Single Touch Payroll:** As mentioned in a previous newsletter, Single Touch Payroll (STP) is planned to become mandatory for all employers on 1 July 2019. STP requires details of wages and superannuation to be submitted to the tax office for each payroll period. This will need to be done electronically from accounting or payroll software. Every software provider is required to upgrade their software to provide STP reporting and therefore all current software users will need to upgrade their subscription.
- **Taxable Payments Annual Reports:** As discussed later in this newsletter, the Taxable Payments Annual Reports (TPAR) will be expanding beyond the building and construction industry. Whilst paper reports can be completed and submitted to the tax office, use of accounting software simplifies this process and allows electronic lodgement.
- **Non deductibility of payments to contractors without an ABN:** As discussed later in this newsletter, businesses will need to keep accurate records for all payments to contractors to ensure details of ABNs are correctly recorded. Failure to quote an ABN required the payer to withhold tax from the payment and remit it to the tax office each quarter. To ensure the tax withheld is correctly calculated and reported, we recommend using appropriate accounting software.

There are several different options for accounting software and we will be happy to review your requirements and provide suggested solutions.

Superannuation Guarantee Amnesty

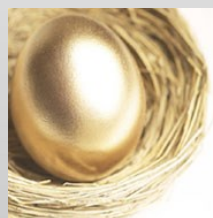
The Government has introduced legislation to introduce a **one-off, twelve month amnesty** for historical underpayments of Superannuation Guarantee (SG).

The legislation allows employers to come forward and "do the right thing by their employees" by paying any unpaid superannuation in full, as well as the high rate of nominal interest (but without the penalties for late payment that are normally paid to the Government by such employers).

Employers that do not take advantage of the amnesty will face higher penalties when they are subsequently caught – in general, a minimum 50% on top of the SG Charge they owe.

The introduction of Single Touch Payroll combined with new regulations which will require superannuation funds to report to the tax office all payments received, will provide the tax office the tools to closely monitor SG payments and identify employers who pay superannuation after the due date. Therefore the amnesty for the next twelve months should be used to bring your SC payments up to date.

Late payments for employees' superannuation also includes superannuation for the business owners who receive wage payments. Therefore all business owners should ensure their own super payments are brought up to date. We will be reviewing outstanding superannuation payments as part of our compliance checks this year.



Immediate write off

This 2018 Federal Budget included an extension to the \$20,000 immediate write-off for small businesses for a further 12 months.

Small business entities are able to claim a full deduction for business assets costing less than \$20,000 which is first used or installed ready to use before 30 June 2019. Assets costing more than \$20,000 will still be available for write off over a number of years. For the purposes of this write off, business assets does not include horticultural plants or software.



Businesses are not limited to one (up to) \$20,000 write off deduction each year. The limit applies to each asset purchased, so multiple deductions are allowed each year.

Expansion of TPAR

For the past couple of years, the Taxable Payments Annual Report (TPAR) has been required from businesses in the building and construction industry. From 01/07/2018, the report will also be required to be lodged by businesses in the Cleaning and Courier industries. From 01/07/2019, the required industries will be expanded to also include Security Providers, Road Freight Transport and Computer system design and related Services.

The report is required to provide details of payments made to contractors during the year and needs to include the contractor's name, address, telephone number and the total payments and GST amounts for the year. In order to provide the details before the lodgement deadline of 28 August, we strongly recommend that you use an accounting software system and that you use the software to record all details about your contractors.

You are required to include the payments made during the financial year and not include any outstanding payments at the end of the financial year. Payments that were for materials only, should not be included, however payments that are part materials and part labour need to be included in full. If you are in one of the industries required to report, then you will need to lodge a nil report for those years when there are no payments to contractors.

During the past year, the tax office has undertaken an aggressive program to have all known outstanding reports lodged. As part of this program they charged penalties on late lodgers. Therefore you should ensure that if you are in one of the required industries, you should compile and lodge your return prior to the due date. If you need assistance, please do not hesitate to contact us.

2018 Budget Changes

The Government handed down the 2018/19 Federal Budget on Tuesday 8th May 2018. Some of the important proposals include:

- The introduction of a limit of \$10,000 for cash payments made to businesses for goods and services from 1 July 2019. Payments to businesses over this amount will need to be made by electronic payments or cheques.
- More importantly, the government is removing the tax deductibility of payments where withholding obligations have been disregarded. From 1 July 2019 businesses will no longer be able to claim a deduction for:
 - Payments to employees such as wages, where PAYG withholding tax was required to be withheld but was not actually withheld. Therefore you must process wages correctly.
 - Payments to contractors where the contractor does not provide an ABN and the PAYG withholding tax (non ABN) is not withheld. Therefore you **must** hold an invoice for **every** payment to a contractor and the invoice must be correctly completed with the contractors name, address, contact details and ABN. We can provide you with a fact sheet covering invoice requirements if you have any questions.



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