



ATO Update

New Fuel Tax Credit rates

On 4th February 2019, the fuel tax credit rates increased as part of the ATO's six monthly indexation. Note that the rate change happened on 4th February and not 1st February this year.

Below are the fuel tax credit rates for fuel purchases up until 3rd February 2019, and then the new rates that apply from 4th February 2019. The rates are shown in cents per litre (cpl):

| | Heavy vehicles (GVM > 4.5T) travelling on a public road | Off public roads/ Agriculture |
|-------------------------------------|---|-------------------------------|
| 1/8/18 to 3/2/19 | 15.4cpl | 41.2cpl |
| **NEW** 4/2/19 to 31/7/19 | 15.8cpl | 41.6cpl |

Proposed Extension to Small Business Instant Asset Write Off

Currently the instant asset write off will end on 30 June 2019. However Parliament has introduced legislation to:

- ◆ Extend the end date to 30 June 2020; and
- ◆ Increase the write-off threshold to \$25,000 from 29 January 2019.

Note that the Legislation has not yet passed, so the current \$20,000 threshold still applies.

Home Office Costs

The Tax Office have increased the rate for claiming home office running expenses to **52 cents per hour** (up from 45 cents), effective from 1 July 2018. This hourly rate incorporates office running costs like lighting, heating, cooling, cleaning and depreciation on office furniture.

Please note that claims for computer consumables, stationery and depreciation on electronic equipment are still claimed separately.

Staff Update

To assist you with planning appointments we wish to advise you of the following staff members work changes:

Michelle Niewand

We are pleased to advise that Michelle will join the BCH team as a senior accountant on Tuesday 19th March 2019.

Rhonda Tursi

Rhonda will be away on annual leave from Wednesday 20th March 2019 until Monday 1st April 2019. She will return to work on Tuesday 2nd April.

Rod Taylor

Rod will be away on annual leave from Thursday 18th April 2019 until Tuesday 30th April 2019. He will return to work on Wednesday 1st May.

Justin Rethus

Justin will be away on annual leave from Tuesday 23rd April 2019 until Wednesday 8th May 2019. He will return to work on Thursday 9th May.

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First Home Owners

If you or a family member are considering buying or building your first home, please visit the State Revenue Office [website](#) or contact your lawyer for possible benefits.

Benefits include the First Home Owner Grant, and First home buyer duty exemption.

Single Touch Payroll (STP)

Legislation has now been passed to make it compulsory for **all businesses** to begin reporting their wages to the Tax Office from 1st July 2019 using the Single Touch Payroll system.

What is Single Touch Payroll (STP)?

Single Touch Payroll ('STP') is a Government initiative aimed at cutting red tape for employers and improving visibility of compliance with business obligations such as:

- ◆ salary and wages and similar payments;
- ◆ Pay As You Go ('PAYG') withholding; and
- ◆ certain superannuation related information;

by requiring 'real time' reporting of payroll information directly to the ATO.

Importantly, STP is designed to extract information that already exists in an employer's payroll system. As such, it is not intended to impose any additional burden on employers, other than requiring them to report the information to the ATO sooner.

How Do I Make My Business STP Compliant?

Businesses must use STP compliant software to comply with the new obligations. This will necessitate updating or changing their current payroll software.

Generally, most payroll software providers will have already adapted their software to ensure the required reporting capability has been incorporated.

Once a business has adopted the appropriate software, ongoing reporting obligations should be dealt with as part of an automated software function.

Effectively, employers will send their employees' relevant payroll information required under STP to the ATO each time they run their payroll and pay their employees.

Crucially, in complying with their STP obligations employers will **not** change their payroll cycle.

Benefits of Using STP

- ◆ Your employees will be able to view their year-to-date tax and super information through myGov;
- ◆ Your business will no longer have to issue annual PAYG Payment Summaries (formerly called Group Certificates) to employees, nor lodge them with the ATO;
- ◆ You will no longer need to lodge the related PAYG Payment Summary Statement with the ATO;
- ◆ From 1 January 2020 the wages section on your BASs (labels W1 Gross Wages, and W2 Amounts Withheld) will be pre-filled for you from the STP information that you have lodged with the ATO;
- ◆ STP is a reporting system only – it does not affect when you need to pay for PAYG withholdings or make superannuation contributions, eg. the PAYG withholding is still due as per the due date on your BAS, and is not brought forward to when a pay run is done;

Businesses with 1 to 4 employees

Many businesses in this category do not currently use payroll software. Due to this, several software providers have released a range of simple, low-cost solutions to be STP compliant. All of these solutions cost \$10 or less per month, and only take a few minutes to complete each pay period.

These solutions may include mobile apps, simple reporting solutions, and portals via your internet web browser.

The Tax Office have released a list of current [low-cost STP providers](#) that are now available or available soon.

Please contact our office if you require any assistance with your STP software, and/or you require BCH to assist with STP lodgements.

Non-compliant payments to workers

The rules for claiming deductions for payments to workers are changing.

From 1 July 2019, businesses can only claim deductions for certain payments made to workers where they've met the Pay As You Go ('PAYG') withholding obligation for that payment.

Specifically, a business can only claim a deduction for the following payments if it complies with the relevant PAYG withholding rules:

- ◆ Salary, wages, commissions, bonuses or allowances to an employee.
- ◆ Directors' fees.
- ◆ Payments made under a labour hire arrangement.
- ◆ Payments made for a supply of services (except for supplies of goods and real property) where the **contractor has not** provided their ABN.

Where the PAYG withholding rules require an amount to be withheld, the business must:

- ◆ withhold the amount from the payment before they pay their worker; and
- ◆ report that amount to the ATO.

Importantly, a deduction will not be lost if an incorrect amount is withheld (or reported) by mistake.

Small Business Benchmarks

The Tax Office have released new small business benchmarks for various business types. You can check these benchmarks to see how you compare to other businesses in your industry.

You can either download the app onto your mobile phone, or check the [list](#).

If you scroll down to the bottom of that web page, you can check the benchmarks via business type, or by industry.

What Attracts the ATO's Attention

The ATO looks at various risk factors to determine if taxpayers are meeting their tax requirements. Factors that they consider are:

- ◆ tax or economic performance is not comparable to similar businesses (benchmarks);
- ◆ low transparency of your tax affairs;
- ◆ large, one-off or unusual transactions, including the transfer or shifting of wealth;
- ◆ aggressive tax planning;
- ◆ tax outcomes inconsistent with the intent of the tax law;
- ◆ choosing not to comply or regularly taking controversial interpretations of the law, without engaging with the Tax Office;
- ◆ lifestyle not supported by after-tax income;
- ◆ accessing business assets for tax-free private use
- ◆ poor governance and risk-management systems.

Long Service Leave Changes

In Victoria, significant changes to Long Service Leave (LSL) commenced on 1 November 2018. Most Victorian employees are covered under the Victorian LSL Act, but in some cases they may be covered by an alternative federal award or a workplace agreement with LSL provisions.

While the nominal accrual rate has not changed from 1 week of LSL per 60 weeks of service/employment (equates to 13 weeks LSL over 15 years), the eligibility and what is included in the employment definition have changed.

A summary of the changes is shown below:

| Issue | New Law |
|---------------------------|---|
| When can LSL be taken | After 7 years continuous service with "one employer" (also refer to Sale of business). |
| Length of LSL periods | For a minimum of 1 day, and employer must grant the LSL request as soon as practical, unless there are reasonable business grounds to refuse the request. |
| Unpaid parental leave | Up 52 weeks unpaid parental leave is included in the service period. Over 52 weeks is not included, but it does not break the employment. |
| Sale of business | Now includes tangible and intangible assets, strengthening the connection to treat the business as being "one employer" for the employee's eligibility for LSL. |
| Resignation/termination | If the employee re-starts employment within 12 weeks of ending employment with the same employer, they are treated as being continuously employed, ie. LSL eligibility is not reset. |
| Change of working hours | If the employee's working hours have changed in the past 2 years, the LSL owed is calculated based on the higher of average hours: <ol style="list-style-type: none"> a) in past year, or; b) in past 5 years, or; c) in the last period of continuous employment. |
| Applying for an exemption | Employers can no longer apply for. |
| Penalties | Have been increased significantly. |

We recommend that you revisit the LSL entitlements of your employees due to the changes, and as part of your transition to the Single Touch Payroll system.

Workplace Resources

The Fair Work Ombudsman (FWO) is responsible for workplace laws and provides free advice and assistance to employees and employers.

The FWO has created the [Small Business Showcase](#), an online resource with tools and information to help small businesses understand their workplace obligations.

It covers 9 different topics including:

- ◆ Hiring employees;
- ◆ Paying employees;
- ◆ Keeping the right records;
- ◆ Leave and other requests;
- ◆ Managing employees;
- ◆ Ending employment;
- ◆ Small business checklist;
- ◆ Keeping up to date;
- ◆ Help for small business.

You can also call the FWO's Small Business Helpline on 13 13 94 for assistance with workplace relations obligations, such as:

- ◆ wages
- ◆ employee entitlements
- ◆ ending employment.

Solar Power Systems

Solar installations have soared in popularity across Australia, as skyrocketing energy prices and increasing awareness of our environmental impacts cause businesses and households to look for more sustainable and cost-effective alternatives.

Yet they don't come cheap, costing thousands of dollars for a small, basic system.

So it is not surprising that small businesses want to know whether such systems count as an asset under the small business \$20,000 instant asset write-off, and as such, whether they can receive an immediate tax break on the installation cost.

The Tax Office have confirmed that solar power systems are eligible for the tax break where:

- ◆ it is legitimately used for business;
- ◆ purchased by a small business; and
- ◆ the total system costs less than \$20,000 (excluding GST if GST is claimable).

However, where the solar system is also used for private purposes, then the cost of the system must be apportioned, i.e. only part of the cost is claimable.

The Tax Office have advised that for a home-based business, a reasonable method of apportionment could be the ratio of electricity consumed by the household compared to the electricity consumed by the business.

Source: [mybusiness.com.au](#)



Do You Have a myGov Account?

If you have a myGov account, your myGov account gives you:

- ◆ Secure access to a range of Government services using one username and password; and
- ◆ A single inbox for your messages from Centrelink, Medicare, Child Support and the Australian Taxation Office (ATO).

If you have linked your Tax Office services to myGov, all notifications and correspondence from the Tax Office including tax assessments, PAYG details, and overdue notices will be sent directly to your myGov account.

You will receive an email of these notifications from myGov.

Please ensure that you check all inboxes (including junk) on a regular basis for any ATO correspondence and payment requests issued by the ATO, so that you can attend to them by the relevant due dates.

Please note that as your Tax Agent, we no longer receive any ATO correspondence via our office if you have a myGov account.

If you have any queries please contact our office.

Disclaimer: Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances. If you no longer wish to receive any client@lerts from BCH Accountants contact info@bchaccountants.com.au and insert **UNSUBSCRIBE** in the subject.