



ATO Update

New Fuel Tax Credit rates

On 5th August 2019, the fuel tax credit rates increased as part of the ATO's six monthly indexation.

Below are the fuel tax credit rates for fuel purchases up until 4th August 2019, and then the new rates that apply from 5th August 2019. The rates are shown in cents per litre (cpl):

	Heavy vehicles (GVM > 4.5T) travelling on a public road	Off public roads/ Agriculture
4/2/19 to 4/8/19	15.8cpl	41.6cpl
NEW 5/8/19 to 31/1/20	16.0cpl	41.8cpl

Tax Cuts Become Law

The Government has announced that more than 10 million Australians will receive immediate tax relief following the passage of legislation through the Parliament, which increases the top threshold for the 19% tax rate from \$41,000 to \$45,000 and increases the low income tax offset from \$645 to \$700 in 2022/23.

Low and middle income tax offset now law

In addition, from the 2018/19 income year (i.e., last income year):

- ◆ The low and middle income tax offset ('LAMITO') has been increased from a maximum amount of \$530 to \$1,080 per annum and the base amount increased from \$200 to \$255 per annum; and
- ◆ Taxpayers with a taxable income:
 - of **\$37,000 or below** can now receive a LAMITO of up to \$255;
 - above \$37,000 and below \$48,001 can now receive \$255, plus an amount equal to 7.5% to the maximum offset of \$1,080;
 - above \$48,000 and below \$90,001 are now eligible for the maximum LAMITO of \$1,080; and
 - above \$90,000 but no more than \$126,000 are now eligible for a LAMITO of \$1,080, less an amount equal to 3% of the excess.

Staff Update

Madelyn Hofmaier

Congratulations to Madi and Todd on the safe arrival of their beautiful daughter Bonnie on 9th July.

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

Cherese Mackley

Cherese will be away on leave from Friday 13th September 2019 until Friday 20th September 2019. She will return to work on Monday 23rd September 2019. Cherese will also be away on leave from Thursday 31st October 2019 until Friday 8th November 2019. She will return to work on Monday 11th November 2019.

Dallas Landwehr

Dallas will be away on leave from Friday 20th September 2019 until Monday 30th September 2019. He will return to work on Tuesday 1st October 2019.

Rhonda Tursi

Rhonda will be away on leave from Monday 7th October 2019 until Friday 11th October 2019. She will return to work on Tuesday 15th October 2019.

Rhonda will also be away on leave from Monday 4th November 2019 until Friday 15th November 2019. She will return to work on Tuesday 19th November 2019.

Private Health Insurance Statements

Taxpayers with private health insurance should be aware that insurance providers are no longer required to provide annual tax statements to their members.

Taxpayers lodging their tax returns using a registered tax agent should have their health insurance details 'pre-filled' into their return (but they will need to contact their health insurer if they cannot get this information for some reason).

Motor Vehicle Registries Data Matching Program Protocol

The ATO will match the data provided by the State and Territory motor vehicle registering authorities against the ATO's taxpayer records with the objective of identifying those who may not be meeting their registration, reporting, lodgement and payment obligations.

Details will be requested where records indicate a vehicle has been transferred or newly registered during the 2016/17, 2017/18 and 2018/19 financial years where the purchase price or market value is equal to or exceeds \$10,000 (approximately 2 million transactional records a year).

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ATO "puts the brakes" on dodgy car claims

The ATO is making work-related car expenses a key focus again during Tax Time 2019.

Assistant Commissioner Karen Foat said over 3.6 million people made a work-related car expense claim in 2017/18, totalling more than \$7.2 billion.

"We are still concerned that some taxpayers aren't getting the message that over-claiming will be detected and if it is deliberate, penalties will apply," she said.

"While some people do make legitimate mistakes, we are concerned that many people are deliberately making dodgy claims in order to get a bigger refund. We see taxpayers claiming for things like private trips, trips they didn't make, and car expenses their employer paid for or reimbursed them for."

One in five car claims are exactly at the maximum limit that doesn't require receipts.

Under the cents per kilometre method, taxpayers don't need to keep receipts, but they do need to be able to demonstrate how they worked out the number of kilometres they travelled for work purposes.

The ATO's sophisticated analytics compares taxpayer claims with others earning similar amounts in similar jobs.

Where the ATO identifies questionable claims, they will contact taxpayers and ask them to show how they have calculated their claim, and in some cases the ATO may even contact employers to confirm whether a taxpayer was required to use their own car for work-related travel.

To assist you with your records, attached is a copy of our motor vehicle 'trips diary' for completion prior to your appointment. Simply fill out either the 'Regular' and/or 'Irregular' trips section depending on what type of work travel you undertake during the year to help us calculate your claim. Work related or business trips to be recorded could include:

- Travel between two separate workplaces;
- Travel from your normal workplace to an alternative workplace (e.g. to a client) and back to normal workplace or directly home;
- Travel to seminars or training.

You are unable to claim travel from home to your normal workplace unless you are required by your employer to carry bulky tools which cannot be left at your workplace.

Outrageous Deductions Rejected

The ATO has published some of the most unusual claims that they disallowed last financial year.

Nearly 700,000 taxpayers claimed almost \$2 billion of 'other' expenses, but the ATO's systematic review of claims had found, and disallowed, some very unusual expenses, including:

- ◆ claims for Lego sets bought as gifts for children, and sporting equipment or membership fees for their child athletes;
- ◆ claims for dental expenses ("believing a nice smile was essential to finding a job");
- ◆ some taxpayers tried to claim the purchase of a brand new car (in excess of \$20,000 each!), with one "particularly charitable" taxpayer trying to claim for a car purchased as a gift for their mother;
- ◆ one taxpayer made a claim for "the cost of raising twins", while another claimed for the "cost of raising three children" (and another taxpayer was obviously shocked at the cost of having children, simply stating "New born baby expensive" when making their claim);
- ◆ other taxpayers claimed child support payments, private school fees, school uniforms, before school care and other school expenses, as well as health insurance costs and medical expenses; and
- ◆ one taxpayer decided to claim the cost of their wedding reception.

The 'other' deductions section of the tax return is for expenses incurred in earning income that don't appear elsewhere on the return — such as income protection and sickness insurance premiums.

The ATO is reminding taxpayers that, in order to claim an 'other' deduction, the expenses must be directly related to earning income and they need to have a receipt or record of the expense.

ATO Watching For Foreign Income This Tax Time

The ATO is urging taxpayers who receive any foreign income from investments, family members or working overseas to make sure they report it this tax time.

New international data sharing agreements allow the ATO to track money across borders and identify individuals not meeting their obligations.

The ATO Hits The Road

The ATO plans to visit almost 10,000 businesses this financial year in all States and Territories, across a variety of industries, as part of their strategy to deal with the black economy (they visited nearly 9,000 businesses in the 2018/19 financial year).

According to Assistant Commissioner Peter Holt, there are a number of businesses in some areas not registered for GST or PAYG withholding, which can be a sign of the black economy, as well as a number of businesses with overdue tax returns.

Other black economy signs that the ATO looks out for are things like lifestyle and assets far exceeding reported business income, sham contracting, a failure to provide pay slips, reports that employers are paying their workers cash in hand and keeping them off the books, or a lack of merchant payment facilities like EFTPOS.

Some businesses are more likely than others to get a visit from the ATO, including:

- ◆ Residential building construction;
- ◆ Building completion and installation services, and other construction services;
- ◆ Building cleaning, pest control, and gardening services;
- ◆ Accommodation;
- ◆ Pharmaceutical and other store-based retailing;
- ◆ Automotive repair and maintenance;
- ◆ Cafes, restaurants, and takeaway food services;
- ◆ Personal care services;
- ◆ Legal and accounting services;
- ◆ Computer system design and related services; and
- ◆ Adult, community and other education services

On Farm Energy Grants

The on-farm energy grants are available to eligible farmers until March 2020 or until available funding is exhausted (whichever comes first).

Grants will be provided on a 'dollar-for-dollar' cash co-contribution basis, and recipients are required to contribute at least 50 per cent of the total cash costs of the project.

Grants are available to eligible farm businesses for projects that achieve energy efficiency or provide the business with energy productivity improvements to support longer-term sustainability.

You will need an on-farm energy assessment, or an equivalent certified on-farm energy assessment conducted in the past two years, to access one of the grants under the Agriculture Investment Energy Plan (AEIP).

Apply for an on-farm energy assessment or an on-farm energy grant online at: agriculture.vic.gov.au/agenergy



On-Farm Emergency Water Infrastructure Rebate Scheme

Producers are encouraged to access the On-Farm Emergency Water Infrastructure Rebate Scheme for the purchase and installation of emergency water infrastructure for livestock.

The Scheme provides a one-off 25% rebate up to \$25,000 (GST exclusive) to eligible primary producers for the costs associated with the purchase and installation of on-farm water infrastructure that addresses animal welfare needs and improves resilience to drought.

The On-Farm Emergency Water Infrastructure Rebate Scheme (the Scheme) is available for the purchase and installation of emergency water infrastructure for **livestock**.

The scheme is available to eligible farm businesses in the following local government areas: Benalla; Campaspe; East Gippsland; Gannawarra; Greater Bendigo; Greater Shepparton; Loddon; Moira; Strathbogie; Swan Hill; Wellington; Northern Grampians; Mildura; Wodonga; Alpine; Hindmarsh; Yarriambiack; Towong; Buloke; Horsham; and Indigo.

Farm businesses outside of the above local government areas can make an application if they can demonstrate a critical water need for livestock resulting from current seasonal conditions. These applications will be assessed on a case-by-case basis.

The scheme is available for water infrastructure purchased since 1 July 2018.

Guidelines and application details can be obtained from Rural Finance at: ruralfinance.com.au

Withholding Extra Tax For Study Or Training Loans?

If your employee indicates they have a study or training loan (eg. HELP or SFSS) on their Tax File Number Declaration or Withholding Declaration form, you may need to withhold an extra amount from their pay to cover compulsory repayments at the end of the financial year.

From 1 July 2019, the new minimum repayment threshold is \$45,881. Please note that Reportable Fringe Benefits and Reportable Super Contributions are included in this figure.

This means that employees who have previously earned below the threshold may now need to make compulsory payments for the first time.

Be sure to let your employees know they need to declare their study or training loan to avoid bill shock at the end of the financial year. This could mean that your existing employees may need to complete a new Tax File Number Declaration or Withholding Declaration form to ensure they have answered the study or training loan question correctly.