



Thompson & Co

Annual Newsletter 2024

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WHAT'S NEW?

Lower tax rates

The Australian Government has made changes to [individual income tax rates](#) and thresholds. This change will apply to all taxable income you earn from 1 July 2024. This means from 1 July, for most taxpayers, you will pay less tax each payday and keep more of what you earn. The changes will not impact on your 2023-24 tax return.

Cents per klm increase

If you're claiming [work-related car expenses](#) using the cents per kilometre method, this rate has increased to 85c per kilometre for the 2023-24 income year.

The cents per kilometre rate is an all-inclusive rate and covers all of your eligible car expenses including registration, insurance, repairs, maintenance, fuel, and decline in value. You can't claim a deduction for these costs separately, elsewhere in your return.

\$20,000 immediate asset write-off

Wow! This write-off has had many changes. Currently, [instant asset write-off](#) is for assets less than \$20,000 until 30 June 2025.

Motor vehicle limits

The Motor vehicle limit for depreciation claims for 2024 is \$68,108 and for 2025 \$69,674. If you are thinking of purchasing an [electric car](#), these vehicles may be FBT exempt if less than \$89,332. However, plug-in, hybrid electric vehicles will lose their exemption for FBT from 1 April 2025.

RAM & MyGov ID for Business



Businesses need to set up [RAM and myGov ID to access online services](#). **Completely different to myGov** for individuals, the [myGovID app](#) is used to prove your identification to the ATO and [RAM](#) is used to manage who can access ATO services for your business. Together, RAM and myGovID provide simple, secure, and flexible access to the ATO online services. In the future, if you wish to engage a tax agent for a new business you will need to activate the ATO online services.

Employer super guarantee changing to 11.5%

Employers are now required to pay [11.5% into super](#) from 1 July 2024 and 12% from 1 July 2025.



GENERAL INFORMATION – Individual Clients

ATO Audit Hit List...

Watch Out! Cryptocurrency, rental properties and gig economy income like Airbnb and Uber are on the ATO's hit list. Data Matching technology is used to catch undeclared income and nets a hefty \$1 billion in extra revenue for the tax office coffers each year.

Online Services for Individuals

The ATO Online Services provide you with an interactive and secure way to access information, services and functions.

Using ATO online services you can:

- view and update your personal contact details.
- view the progress of your original and amended income tax returns for the latest and prior financial years.
- view your income tax account balance.
- make or view a payment arrangement for income tax.
- keep track of all your super including current, lost and ATO held accounts; and
- transfer your super into the super account you want.

You can now access your secure ATO online account through myGov, a convenient way to access a range of government services online, all in one place. Remember to beware of scams! Don't ever click a link for myGov. Go to <https://my.gov.au>

Government websites always have a dot before gov. If it isn't .gov it's not legit!

BE AWARE all tax office correspondence will be sent to your myGov account. So, if you have a tax bill, please check this account for your payment options.

Eight Common Errors in Income Tax Returns

- Omitting Interest Income.
- Incorrect or Omitted Dividend Imputation Credits.
- Capital Gains/Losses are Incorrect or Omitted.
- Understating Income.
- Home Office Expenses.
- Depreciation on Rental Property Fixtures and Fittings.
- Depreciation on Income Producing Buildings.
- Borrowing Costs associated with Negative Gearing.



Are you still working, less than 65 years old and receiving a super income stream?

Unfortunately, from 1 July 2017, TRIS (Transition to Retirement Income Stream) Account Earnings will be taxed at 15%. However, the tax treatment of the Income Stream itself remains unchanged. **If you are receiving this income stream and stop working, contact your financial advisor or super fund IMMEDIATELY to avoid paying unnecessary tax.**

Client Portal

Our easy-to-use, secure, cloud-based client portal allows you to download, sign-off, and upload documents anytime. So, if you are travelling, out of town, or just not able to come in, you can use the client portal to digitally sign documents.

Don't have time for an appointment?

That is okay, you can drop your information into our office anytime to be prepared. Your return is usually completed and ready to sign within 2 days. We also have a secure mailbox located at the front of our office for drop-offs.



GENERAL INFORMATION - Business Clients

Personal Business Folders for 2025

Your free Personal Business Folders for 2025 are ready for collection at our office.

Be sure to come in soon to collect your folder before the start of the new financial year!

A reminder for Business Clients:

It is our policy to complete Income Tax Returns in the order they are received by our office.

It is unlikely that your return will be started prior to October each year.

However, after this period, Business Income Tax Returns may have approximately an 8—12-week turnaround from the date ALL information is provided to our office.

Just a reminder for Xero clients that is really important to notify our office when your information for your tax preparation is in order and ready as we do not look at your file unless engaged/asked to do so.

We have strict standards which we expect businesses to meet in order for us to continue providing our services. These include, making sure all Australian Tax Office debts are paid as they fall due; maintaining proper bookkeeping standards; meeting Australian Taxation Office deadlines for lodgment of returns; and promptly paying our fee for service.

Tips for Xero Clients

Xero is a great cloud-based bookkeeping program with lots of inbuilt apps. Whether you use Xero or any other cloud-based software you should remember to:



Make sure the subscription is in your name – organisations that set up your Xero software subscription own the records. If the company stops paying or you try to change to a different company, you can't take the subscription with you if it isn't in your name.



Make sure you backup your records – each year we export your data and keep it safe. In case of data breaches, subscription suspensions or changing software you need to have a backup plan. Get into the habit of exporting your data on a regular basis (and don't forget your attached documents).

Keep your subscription going – you need to maintain your records for 5 or more years. Without an active subscription you will not have access to your online records.

Most cloud-based software applications purge your data after 12 months.

Find minimum record keeping standards at:

<https://www.ato.gov.au/Business/Record-keeping-for-business/>

Find out if your BAS/Tax Agent or Financial Planner registered?

[Financial Advisors Register](#)

[Tax Agent Board Register](#)



HELPFUL TIPS

- Check your Binding Death Nomination in your super is up to date.
- Set up a regular contribution to super for \$80 a month to claim the [co-contribution](#). Great for anyone earning less than \$45,400 (2024/2025).
- Fill out a [Notice of Intent to Claim Super Contribution form](#) if you want to claim a deduction for any contributions made to super during the year.
- Ask your employer to deduct a little extra tax to boost your refund or offset any unexpected income, like Employee Share Schemes.....
- [Employee Share Schemes](#) are great but be prepared to pay tax on the discount (3 years later). Ouch!



In Business?

- The [Immediate Asset Write-off](#) is \$20,000 until 30 June 2025;
- [Prepay expenses](#) that will be paid in the next 12 months before 30 June.
- [Realise a Capital Loss](#) if you are expecting to realise a capital gain.
- Make a deductible contribution to super or [a Farm Management Deposit](#);
- Don't forget to do a [Stocktake](#).

All wages are required to be paid via Single Touch Payroll including closely held employees. Visit [STP product register](#) for a list of available STP solutions. Don't forget to [finalise your payment summaries](#) by 30 September for closely held employees and 14 July for all other employees.

CALCULATORS AND TOOLS

The ATO's [Income Test Calculator](#) can be used to work out your income for a number of tax offsets as well as the Medicare Levy Surcharge.

[Individual Income Tax Rates](#) apply to individuals who are Australian residents for tax purposes.

[MyDeductions](#) makes it easier and more convenient to keep your expense and income records in one place.

If you want to know how much your employer (or other payer) is required to withhold from payments to you, use the [Tax Withheld Calculator](#).

Have you missed a deadline? Download the [Small Business Tax Calendar Dates](#) which will alert you to upcoming deadlines for your business.

See if your voluntary super contributions qualify for the super co-contribution by using this [calculator](#).

Superannuation is payable for all employees and some contractors. Use the [employee vs contractor tool](#) to determine if super is required to be paid for a contractor.

If you earn over \$250,000 including all your super contributions, you will have additional [Division 293 tax to pay](#). This is an extra 15% tax on your super. If you want to release super funds to pay the bill you have 60 days to complete the form online via your myGov or by using the [ATO paper election form](#).

The ATO's [Fuel Tax Credit Calculator](#) will help to see if you are eligible for [Fuel Tax Credits](#). Fuel Tax Credits provide a business with a credit for fuel tax that is included in the price of fuel. To find out if you are eligible, use the ATO's [Fuel Tax Eligibility Tool](#). Fuel Tax Credit rates also change regularly, so it is important to check the rates each time you do your Business Activity Statement.

You can use the [Superannuation Guarantee Eligibility Decision Tool](#) to work out if you must make super contributions for your workers. If you are unsure whether you paid enough super, for any of your employees, to the correct fund or **on time**, you need to use the [Super Guarantee Charge Statement Tool](#).



OFFICE HOURS

Tax Season Office Hours 8 th July to 25 th October 2024		Normal Office Hours From 28 th October 2024	
Monday	8.30am – 5pm	Monday	9am – 4:30pm
Tuesday	8.30am – 5pm	Tuesday	9am – 4:30pm
Wednesday	8.30am – 5pm	Wednesday	9am – 4:30pm
Thursday	8.30am – 5pm	Thursday	9am – 4:30pm
Friday	8.30am – 5pm	Friday	CLOSED
Saturday	CLOSED	Saturday	CLOSED
Sunday	CLOSED	Sunday	CLOSED



WE ARE CLOSED OVER THE CHRISTMAS AND NEW YEAR PERIOD



Payment is required strictly BEFORE lodgement of all Tax Returns, Business Activity Statements and all other services provided. Providing all information required to complete your Tax Return is **YOUR** responsibility. Not having this information **WILL DELAY** the lodgement of your return, as will any delay in signing or paying for your return.

Once your Income Tax Return is lodged the Australian Taxation Office (ATO) is responsible for the processing of any refund. We have **NO CONTROL** over this processing nor any ability to act on your behalf with departments such as Child Support, Family Assistance or Medicare. These departments, in addition to the ATO, can adjust your estimate of refund.

The ATO has taken pro-active steps to adjust claims they feel are excessive. This will delay the processing of returns affected and may result in an objection being required. Our engagement does not extend to the provision of this service and will only be offered in limited circumstances for an additional fee.

The ATO usually processes refunds within 14 days. However, they do not accept enquiries prior to 28 days from lodgement. Delays can occur because of other government departments, prior year debts or unusual claims.

When you lodge your return, you will need to provide Australian bank account details (including BSB and account number) so you can receive your refund electronically. The ATO will no longer issue cheques and will not accept returns without these details.



What Information Do We Have?

Income

- Payment Summary (Group Certificates) from employers
- Centrelink Payment Summary (Group Certificate)
- Details of Allowances paid but not shown on your Payment Summary
- Superannuation Payment Summary or Termination payments
- Interest Received on Bank Accounts
- Private Health Insurance Statement



Please note: The Australian Tax Office carries Automatic Data Matching on clients of all Income Received (including Cryptocurrency); therefore, it is important that you declare all necessary Income as the ATO will impose Penalties and General Interest Charges for not providing this information. The ATO provides details of income via your myGov account and our ATO Portal, however, it is important to check all income reported by the ATO is accurate prior to lodging.

What Information Do You Need?

Income

- Foreign Income (Wages and Other Income)
- Eligible Termination Payments from Employers, ACIRT, BERT or other Redundancy Trusts
- Other Investment Income E.g., Dividends, Managed Fund / Investment Tax Summary
- Rental Property Income
- Crypto CSV file

Expenses

- Home office hours (Note: Timesheets are required from 1 March 2023)
- Union dues
- Replacement of Tools & Equipment
- Car expenses *including* a logbook showing odometer readings and work kilometres travelled **and** a letter from your employer confirming you need your car for work. *Note: A logbook needs to be kept every 5 years for a continual 12wk period*
- Travel expenses
- Protective Clothing / Uniforms and Protective Footwear
- Technical / Professional Journals and Subscriptions
- Expenses incurred in relation to allowances received e.g., Overtime Meals, Travel to Seminars & Conferences
- Purchases of Professional Library
- Home Computer Expenses
- Donations
- Tax Return Preparation Fee
- Sickness & Accident Insurance or Income Protection Insurance
- Other Work-Related Expenses
- Diaries supporting any of the above claims

Tax Offsets

- Superannuation – Spouse Superannuation contributions made during financial year
- Other rebates – Zone rebate: Dates you lived in remote area during year.



What Information Do You Need? (Cont.)

Other Important Information

- **Spouse Adjusted Taxable Income (Note: your income tax return cannot be lodged without this information)**
- HECS / HELP / Student Supplement Loan Notice
- PAYG Tax paid
- Reportable Fringe Benefit or Reportable Employer Superannuation Contributions
- FAO / CCB or Tax-Free Pension Income from Centrelink or Veterans Affairs

Capital Gains Tax

- Assets you purchased during the year including date of purchase
- Assets sold during the year including all details regarding purchase and sale

Please note: This includes, but is not limited to, property and shares

Rental Property

- Settlement Statement of Purchase
- Finance documents for the purchase of the rental property detailing:
 - Date/Name(s) / Amount of Loan
 - Interest Rate
 - Loan statements for the year to calculate interest paid on your loan
- Rental Property Statement (if dealing with Real Estate Agent) or documents detailing:
 - Total rent received / Commissions Paid / Letting fees / Repairs & Maintenance
- Document / Receipts detailing other expenses incurred in relation to the rental property e.g., Insurance, Rates, Body Corporate, Advertising & Stationery / Postage
- Details of any New Assets Purchased (Date & Purchase Price)



If you are a small business, please contact our office for more details on the information we will require you to provide.

Can the ATO review your return?

Under the self-assessment system, your Income Tax Return is generally accepted at face value without adjustment. However, your return may be subject to further review or verification even after you receive your notice of assessment.

If a review shows any inaccuracies in income, deductions, or entitlements, the ATO may amend your assessment within a prescribed period. This period is called the period of review and commences when the Commissioner gives you notice of your assessment. For individuals this period of review can be 2 or 4 years.

How long do I keep records?

You must keep all the records, receipts, and other documentation you have used to prepare your tax return. If you are claiming deductions, you must keep written evidence to verify your claims for those deductions. You need to keep these records for a period of 5 years from the date you lodge your Income Tax Return.



Important Disclaimer

This newsletter does not constitute advice. You should not act solely on the basis of the material contained in this newsletter. Items herein are general comments only and do not constitute or convey advice per se. This newsletter is issued as a helpful guide to clients and our formal advice should be sought before acting in any of these areas.

Payment of Account **MUST** be FINALISED prior to Lodgement

We have EFTPOS credit facilities available.

*If you would like to Direct Deposit the funds into our account,
please contact our friendly staff for more details.*

WHAT DO YOU **MEAN**, I CAN'T CLAIM
CHOCOLATE AS A BUSINESS EXPENSE?!?



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