



# Thompson & Co

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## WHATS NEW?

### Check out our website...

[www.thompsonandcoaccountants.com.au](http://www.thompsonandcoaccountants.com.au)

### 2021 Changes...

Good news for Low- and Middle-income earners. The Low-Income Tax Offset (LITO) has increased from \$455 to \$700, and the \$1080 Low-Middle income tax offset (LMITO) has been extended until 30 June 2022. Check out the changes for 2021 [here](#).

### ATO Audit Hit List...

Watch Out! [Cryptocurrency](#) and rental properties are on the ATO hit list. The tax office is also gathering lots of information about assets sold including digital assets and the gig economy income like Airbnb and Uber. 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.



### 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 for us.

### 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.

## 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.

**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.



## Individual Clients

### EVERYTHING DIGITAL

You might have noticed everyone is going digital. This means you might not receive documents the way you are used to. Private Health, your employer, Centrelink and the banks are all now sending information straight to the ATO. We can access this information and so can you. Just jump onto your myGov account and download a copy for yourself if you want to. The ATO gives us a copy. No myGov account? Set one up [here](#).

### COMMON CLAIMS

- ✓ If you work in a home office, keep a 4-week diary of your hours, so you can claim home office costs and apportion stationery and computer supplies
- ✓ From 1 March 2019 to 30 June 2022, a quick claim for working from home during Covid-19 of 80c per work hour can apply and you don't need a designated workspace, but you can't double dip. So, no claims for stationery or computer expenses if you choose this claim.
- ✓ If your car is used for work, keep at least the kms travelled. Do you have a one tonne ute? You will need a logbook or no claim.
- ✓ \$50 for phone usage is all you get for work related usage of your mobile phone unless you have detailed records of calls and costs.

### SUPER, SUPER, SUPER!

You can claim your voluntary super contributions. Just fill in your [notice of intent to claim form](#) before you lodge your tax return. If you earn less than \$39,837 it may be beneficial to not claim your super as a tax deduction if you qualify for the [co-contribution](#) from the government.

If you have questions about [Super Contribution Caps](#), [Personal Super Contribution Deductions](#), [Carry Forward Caps](#), [excess superannuation contributions charge \(SCC\)](#) [Division 293 Tax Assessment](#) or any other queries about super just follow the links.

If you are over 65 and want to downsize your home, you may be able to put an extra \$300,000 into your super fund regardless of your super fund balance. To see if you are eligible [click here](#).

### HANDY LINKS

- [Working from home during Covid-19](#)
- [Common Deductions](#) including record keeping.
- Track your work-related expenses with myDeductions in the ATO app. Download now: [ato.gov.au/app](https://ato.gov.au/app)
- To get an estimate of the amount of tax you will need to pay, use the Income [tax estimator](#).
- Find deductions for your occupation with these [handy guides](#)

## 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.

## 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](#)

## 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.**

## What's New

### \$150,000 IMMEDIATE ASSETS WRITEOFF/TEMPORARY FULL EXPENSING RULES

Wow! This write-off has had many changes. From 2 April 2019 the Government increased the [instant asset write-off](#) threshold to \$30,000. This threshold was increased to \$150,000 on 12 March 2020. From 6 October 2020 to 30 June 2022, temporary full expensing rules apply which means the whole lot is claimable in one go.

**Beware! Motor vehicles have their own rules. The Motor vehicle limit for 2021 is \$59,136.** There is also some [exclusions](#) to these rule.

### SINGLE TOUCH PAYROLL

[Single Touch Payroll](#) is now compulsory for all businesses from 1 July 2021. Now that STP is here you can see your pay via your myGov account. It also means you probably will not receive a traditional paper PAYG Payment Summary.

### 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.



## 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](#).



## 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.



## More Calculators and Tools

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 [Employee or Contractor Decision Tool](#) to determine whether your workers are employees or contractors, as your tax, super and other government obligations are different depending on whether the working arrangement is employment or contracting.

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](#).

## 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 \$39,837.
- 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.
- [Employee Share Schemes](#) are great but be prepared to pay tax on the discount (3 years later). Ouch!

### In Business?

- Take advantage of the \$150,000 [Immediate Asset Write-off](#);
- [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](#).



## Personal Business Folders for 2022

Your free Personal Business Folders for 2022 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.

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.

## Some Important Things to Remember:

<u>Tax Season Office Hours</u> 12 <sup>h</sup> July to 29 <sup>th</sup> October 2021		<u>Normal Office Hours</u> From 1st November 2021	
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	9am – 3.00pm
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 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; 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

### EXPENSES

- Home office hours
- 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 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.*

We'd tell you some  
tax jokes...

but we doubt you'd  
**depreciate** it.

