

**DFK ANZ BUSINESS & TAXATION BULLETIN**  
keeping you informed **winter 2013**



**A DYNAMIC  
ASSOCIATION OF  
EXPERIENCED  
PROFESSIONALS**  
*meeting the  
compliance &  
development needs  
of fast growing  
businesses*

- CAIRNS
- BRISBANE
- SYDNEY
- PARRAMATTA
- PENRITH
- CANBERRA
- GRIFFITH
- MELBOURNE
- ADELAIDE
- PERTH
- FREMANTLE
- AUCKLAND
- PORT MORESBY

**REFORMS TO SELF-EDUCATION EXPENSES**

The government has announced a proposal to cap self-education expense deductions to \$2,000 per person on all work related self-education expenses. This proposed reform is due to commence on 1 July 2014.

**REDUCTION IN HECS-HELP DISCOUNTS**

The government has announced changes to the discounts provided for up front HECS payments and voluntary HELP repayments. From 1 January 2014 the 10% discount for up front HECS payments will be abolished along with the 5% discount for voluntary HELP repayments over \$500.

**TAX REFUNDS AFTER 1 JULY 2013**

From 1 July 2013 all individual income tax returns which are electronically lodged will be required to provide EFT bank details for a refund to be processed.

**INCREASE IN ATO PENALTIES**

For the first time since 1997 the ATO increased its penalty unit from \$110 to \$170. Generally one penalty unit is charged for each month a lodgement is late up to a maximum of 5 months.

**FUEL TAX CREDITS**

The fuel tax credits rates are changing from 1 July 2013 however the actual new rates have yet to be released by the ATO.

The new rates for all fuel acquired from 1 July 2013 will be published closer to the date. The reasons for the new rates include the increased carbon charge amounts and changes to the road user charge for heavy vehicles greater than 4.5 GVM tonne.

IN THIS ISSUE	
■ Reforms to Self-Education Expenses	■ GIC & SIC Rates
■ Reduction in HECS-HELP discounts	■ DFKANZ Member Firm News
■ Tax Refunds after 1 July 2013	■ <b>FEATURE ARTICLE:</b> ATO Contractor Reporting Regime – Are You Ready?
■ Increase in ATO Penalties	■ Upcoming Key Dates & Deadlines
■ Fuel Tax Credits	■ Contact Information
■ Superannuation Changes 1 July 2013	

# DFK ANZ BUSINESS & TAXATION BULLETIN

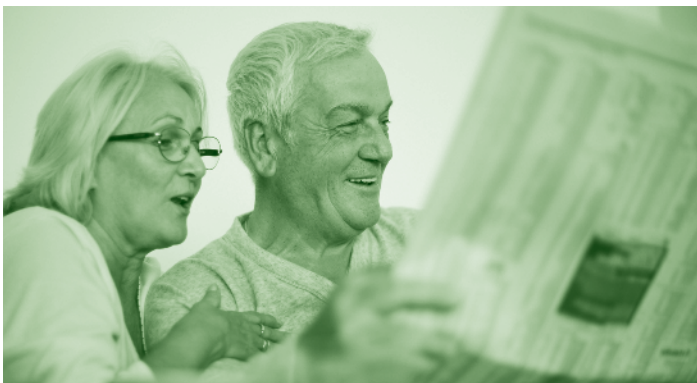
keeping you informed **winter 2013**



## SUPERANNUATION CHANGES 1 JULY 2013

There are a number of changes to the superannuation system which take effect from 1 July 2013 as follows:

- Compulsory superannuation guarantee payments increase from 9% to 9.25% of ordinary times earnings
- The maximum age of 70 years for super guarantee eligibility has been removed so all eligible employees over 70 years can continue to build retirement savings
- New MySuper accounts are to be established with a business default fund for any employees who do not choose their own super fund. MySuper accounts are a basic, low fee superannuation product
- The low income super contribution scheme commences where the government will contribute up to \$500 extra into your super each year if you earn less than \$37,000
- The concessional contributions cap for 2013-14 is \$25,000 per person
- Self-Managed Super Funds (SMSF) are required to review their investment strategy regularly and to consider whether the fund should hold insurance for its members
- New penalties for SMSF's for non-compliance and tighter regulations in respect of related party transactions



## GIC & SIC RATES

The ATO has published general interest charge (GIC) and shortfall interest charge (SIC) rates for the fourth quarter of the 2012-13 income year.

The GIC annual rate for April – June 2013 is 9.95%, and the SIC rate is 5.95%.

## DFK MEMBER NEWS

### AUSTRALIA'S FASTEST GROWING BUSINESS

DFK Australia New Zealand is a proud sponsor of StartUpSmart's Fastest Growing Business. This year saw a record 371 businesses entered into the award which has nine different categories; Fastest growing start-up, Best start-up product, Best serviced start-up, Best online strategy, Best green start-up, Best start-up idea, Best young entrepreneur and Best start-up hero.

The winner was 1800Approved, a finance and insurance broker, who had grown to \$20 million in four years. That achievement, rewarded the business owners with a strategy review and planning workshop from DFK and advertising package from Private Media.

"We are proud to support fast-growing businesses in Australia; it aligns well with DFK's core. We hope we can help them grow further." Chris Coulton, chairman of DFK Australia New Zealand said.

StartUpSmart has written numerous articles about the award, finalists and winners where DFK has been quoted.

The award was held in the Victorian State Government Building in Melbourne and saw over 200 guests. Apart from entrants, finalists and winners, DFK also had ten partners represented plus representatives from the Victorian Government.

### AUSTRALIAN FEDERATION OF TRAVEL AGENCIES (AFTA)

Travel Daily writes: "AFTA has announced a new relationship with accounting firm DFK, which operates across the country and has significant travel industry experience."

DFK will support AFTA's members with an online Question & Answer service. DFK is also offering tax, audit and business advisers for AFTA's members Australia wide.

### MEDIA

During the last few months DFK has been featured in media such as Wealth Professional, Insurance Business, Corporate Insurance & Risk, StartUpSmart and National Indigenous Times.

### RONALD MCDONALD HOUSE

DFK is a proud sponsor of Ronald McDonald House and recently Gooding Partners in Perth provided a Mexican Meal night for residents.

The staff worked together in the kitchen and served the 35 residents at the house a Mexican meal with burritos, salad and banana split, which everyone loved.

## FOR MORE INFORMATION & FUTURE NEWSLETTERS

For more information on anything contained in this bulletin please telephone or email us.



## FEATURE ARTICLE: ATO CONTRACTOR REPORTING REGIME – ARE YOU READY?

The first ATO lodgement date for the reporting of payments made to contractors in the building and construction industry is fast approaching. The aim of the new regime is to improve the compliance of contractors in this industry.

If your business operates in the building and construction industry and you make payments to contractors for building and construction services, then you are required to lodge.

The Taxable Payments Annual Report is due 21st July 2013 for payments made in the 2012-13 financial year. If you lodge business activity statements quarterly, the lodgement date is 28th July 2013.

The information to be reported includes the name, ABN, address, gross payments, and GST for each contractor engaged. Depending on the number of contractors involved, this could be a very time consuming process. If you require assistance in finding the best way to compile this information, do not hesitate to contact our office.

## FOCUS ON CONTRACTORS VERSUS EMPLOYEES

### Background

There is currently an increasing focus on the nature of the contractor relationship, with government agencies taking a hard line. The ATO, Office of State Revenue (OSR) and WorkCover are all reviewing these relationships and taking the view that the reality of the relationship is the key issue, despite the paper trail that may be on hand.

### ATO Targets

The ATO is currently targeting the building and construction industry, due to high levels of non-compliance prevalent there, estimated at 51%. The introduction of the contractor reporting regime will increase their capacity for data mining, which will likely flow on to increased audit activity in this area. In 2012-13 the ATO conducted approximately 1,100 audits on businesses suspected of incorrectly treating employees as contractors.

Other factors considered in generating audit requests included tax history, comparison to benchmarks, percentage of contractor payments compared to wages, workers compensation payments, and complaints from workers.

Future industries to be targeted include:

- Cleaning
- Security
- Retail
- Health & Aged Care
- Tourism, hospitality, restaurants and cafes
- Entertainment and telecommunications
- Call centres
- Logistics
- Education
- Transport

We are finding increased audit activity by WorkCover and the OSR in these industries also.

### ATO Focus

The main focus is on ensuring obligations are met in the following:

- GST
- PAYG withholding
- FBT
- Superannuation Guarantee

### Indicators

The determination of whether a contractor is in fact an employee is not always clear. The defining factors include:

- Ability to subcontract or delegate work;
- Basis of payment, i.e. hourly rate or task-based;
- Provision of equipment, tools and other assets;
- Commercial risks;
- Control over work;
- Independence, i.e. hours of work, etc.

The approach being taken by the ATO is that an employee cannot be treated as a contractor by simply dressing up the arrangement with documentation. The following evidence is not sufficient to prove a contractor relationship:

- Having a business name
- Registered for GST
- Part-time or casual work arrangements
- Specific qualifications
- Having a written contract for a 'contract arrangement'.
- Able to quote an ABN
- Provision of Tax Invoices

These factors will not have any bearing on determining the actual nature of the relationship.

Contractors are being targeted, and it is essential that they are correctly treated to avoid unfavourable outcomes in the event of an audit. If you have any concerns about your contractor relationships it may be worthwhile having them reviewed by one of our experienced team members.

*We make it happen!*



## UPCOMING KEY DATES & DEADLINES

5 JUNE 2013	2012 Income Tax Returns due for entities in a refund position per last year's return and current year
21 JUNE 2013	May Monthly Activity Statement due for lodgement and payment
25 JUNE 2013	2013 Fringe Benefits Tax Return for lodgement
28 JUNE 2013	Last day for payment of superannuation contributions to claim a deduction in the 2013 year
28 JUNE 2013	Minimum amount for superannuation pensions to be paid by this date
30 JUNE 2013	Trustees to have a signed distribution minute for all trusts for 2013 income
30 JUNE 2013	End of the Financial Year
14 JULY 2013	PAYG Payment Summaries to be issued to employees
28 JULY 2013	April – June Business Activity Statement due for paper lodgement and payment
28 JULY 2013	Annual Taxable Payments report for Building and Construction Industry businesses due to lodge
28 JULY 2013	Superannuation Guarantee Contributions due for payment for April – June 2013 quarter
31 JULY 2013	Trusts required to lodge a TFN Report for any new trust beneficiaries in the 2013 year
21 AUGUST 2013	July Monthly Activity Statement due for lodgement and payment
25 AUGUST 2013	April - June 2013 Business Activity Statement due for electronic lodgement and payment

### FOR MORE INFORMATION & FUTURE NEWSLETTERS

For more information on anything contained in this bulletin please telephone or email to our details below.

### DFK AUSTRALIA NEW ZEALAND

For further information or enquiries about any of the latest business and taxation topics discussed in this newsletter, please contact the Directors and team at DFK ANZ.

General Enquiries [exec@dfkanz.com](mailto:exec@dfkanz.com)

#### DFK ANZ PTY LTD

**A** Level 7/131 York Street, Sydney NSW, 2000

**P** PO Box Q819, Queen Victoria Building, Sydney NSW, 1230

**T** +61 2 9263 6314 **F** +61 2 9264 9294 **ABN** 52 071 231 13

[www.dfkanz.com](http://www.dfkanz.com) [exec@dfkanz.com](mailto:exec@dfkanz.com)



**IMPORTANT:** Information contained in this newsletter is not advice. Clients should not act solely on the basis of material contained in this bulletin. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. The bulletin is issued as a helpful guide to our clients and for their information.