dfk australia new zealand
LEADING ACCOUNTANTS AND BUSINESS ADVISERS

DFK ANZ BUSINESS & TAXATION BULLETIN

keeping you informed spring 2014

dfk australia new zealand
LEADING ACCOUNTANTS AND BUSINESS ADVISERS

A DYNAMIC ASSOCIATION OF EXPERIENCED PROFESSIONALS

meeting the compliance & development needs of fast growing businesses

ADELAIDE
AUCKLAND
BRISBANE
CAIRNS
CANBERRA
FREMANTLE
GOLD COAST
GRIFFITH
MELBOURNE
NEWCASTLE
PARRAMATTA
PENRITH
PERTH
SYDNEY

TAX RECEIPTS FOR INDIVIDUALS

A new government initiative commenced on 1 July 2014 where eligible individual taxpayers will receive a tax receipt as part of their annual income tax process.

The receipt will provide details of how an individual taxpayer's income tax contributes towards government expenditure and additional information on government debt. The tax receipt statement will be issued with the Notice of Assessment.

SUPERANNUATION GUARANTEE CONTRIBUTIONS

On 1 July 2014, the compulsory superannuation guarantee contribution for all employees increased from 9.25% to 9.5%. Additionally, any employers with 20 or more employees are required to commence payment and reporting of superannuation contributions through SuperStream electronic reporting.

NET MEDICAL EXPENSES OFFSET

The net medical expenses tax offset is currently being phased out. In order to be eligible to claim the offset for the 2013-2014 tax year, an individual must have received the offset in their 2012-2013 income tax assessment. Furthermore, an individual will only be eligible to claim the offset in the 2014-2015 year if an offset has been claimed in the 2013-2014 income tax year.

There are some exemptions to this phase out for medical expenses relating to disability aids, attendant care and aged care which will be phased out by 30 June 2019.

IN THIS ISSUE

- Tax Receipts for Individuals
- Superannuation Guarantee Contributions
- Net Medical Expenses Offset
- GIC & SIC Rates
- Fuel Tax Receipts
- Home Loans – To Fix or Not To Fix?
- **FEATURE ARTICLE**
  Save Headaches & Tax – By Good Record Keeping
- Upcoming Key Dates
- Contact Details

We make it happen!

A DYNAMIC ASSOCIATION OF EXPERIENCED PROFESSIONALS

DFK INTERNATIONAL

W www.dfkanz.com E exec@dfkanz.com

DFK ANZ BUSINESS & TAXATION BULLETIN

keeping you informed spring 2014

GIC & SIC RATES

The ATO has published general interest charge (GIC) and shortfall interest charge (SIC) rates for the first quarter of the 2014-15 income year.

The GIC annual rate for July – September 2014 is 9.69%, and the SIC rate is 5.69%.

FUEL TAX CREDITS

The carbon charge has been removed from the fuel tax credit rates for all fuel acquired after 1 July 2014.

For fuel you acquire for your business, you can now claim more for many off-road activities. You can no longer claim fuel tax credits for non-transport gaseous fuels used in agriculture, fishing and forestry activities.

We make it happen!

A DYNAMIC ASSOCIATION OF EXPERIENCED PROFESSIONALS

DFK INTERNATIONAL

USE OF FUEL	TYPE OF FUEL	RATE TO 30 JUNE 2014	FROM 1 JULY 2014
Vehicle greater than 4.5 tonnes GVM travelling on a public road	Petrol or diesel	12.003 cents	12.003 cents
Specified off-road activities	Petrol or diesel	38.143 cents	38.143 cents
To power auxiliary equipment of a heavy vehicle travelling on public roads	Petrol or diesel	32.347 cents	38.143 cents
Fuel for domestic heating	Kerosene and heating oil	31.622 cents	38.143 cents

HOME LOANS – TO FIX OR NOT TO FIX?

With interest rates at their lowest level for some time and with most lenders 1 to 5 years fixed interest rates now being lower than the banks variable interest rate, many clients are asking the question: Do we fix our loan or is it better to have a variable rate?

WHICH LOAN IS RIGHT FOR ME?

This all depends on your circumstances. Variable and fixed loans have advantages and disadvantages, so it's imperative to consider these before making a decision. Split loans combine features of both variable and fixed, allowing you to broaden your options.

VARIABLE LOANS

Advantages

- When the Reserve Bank or the market lowers interest rates, these savings will usually be passed on to you.
- You can make additional repayments without incurring a penalty and have the option to redraw the additional funds at a later date.
- The option to split your loan so that it is both fixed and variable.
- Provides more flexibility than other types of loans.

Disadvantages

- When the reserve Bank or market increases rates, the interest rate on your loan will also increase – meaning you will pay more interest.

FIXED LOANS

Advantages

- During the fixed term, your repayment won't change making budgeting easier.
- During the fixed period, if interest rates go up, your loan interest rate and repayments won't change.

Disadvantages

- Most fixed loans limit the flexibility of being able to make extra repayments, with most lenders allowing up to a maximum extra repayment amount each calendar year (without being charged a fee by the lender). You are not able to redraw the extra repayments during the fixed rate period.
- When market rates go down, the rate on your loan will remain the same so you won't have the benefit of potential savings.
- If you choose to exist or switch your loan during the fixed rate period, there may be early repayment or Break Costs.

How easy is it to switch all or split part of your loan to a fixed rate?

- It's as easy as ringing the bank or completing a loan switch form. Though there are many factors to be considered before making a change to your loan, we are able to help you by researching what is available and assess whether making the change is the right solution for your situation. We can assist in making this process as smooth as possible.

FEATURE ARTICLE SAVE HEADACHES & TAX – BY GOOD RECORD KEEPING

Maintaining records is something most taxpayers dread. Record keeping can be time consuming but is an essential part of ensuring a taxpayer is able to support their income and deductions.

Record keeping is important for superannuation funds in complying with regulations and for companies under the Corporations Act.

Not only do good records help taxpayers claim the maximum tax deductions possible, the absence of records may result in taxpayers having to pay additional tax and penalties in the event of an Australian Taxation Office audit. We have been involved in ATO audits for clients who have not maintained sufficient records on particular matters and the ATO essentially takes the view that if you do not keep a record for something then it doesn't exist. Here is an overview of records different taxpayers need to keep and how long they need to be kept.

Individuals

Generally, as an individual you must keep your records for five years from the date you lodge your tax return or, if you:

- Have claimed a deduction for depreciation – five years from the date of your last claim for depreciation.
- Are in dispute with the ATO – the later of five years from the date you lodge your tax return or when the dispute is finalised.

Documents generated by external parties should be retained to support income and expenses. Examples of these are receipts, invoices, statements, PAYG summaries, dividend slips and rental property statements.

Companies

The Corporations Act states that a company must keep written financial records that correctly record and explain its transactions, financial position and performance such as:

- Invoices and cheques.
- Payment Receipts.
- Working papers and other documents needed to explain the methods by which financial statements are made up.

The Corporations Act requires records to be kept for seven years.

Super Funds

The main responsibilities as a trustee of a SMSF is to keep accurate tax and super records to manage your fund efficiently. Minutes should be taken in relation to all investment decisions, including:

- Reasons for choosing a particular investment.
- To record whether all trustees agreed with the decision.

As one of the fund's trustees, if you invest the SMSF in an investment that fails, the other trustees could take action against you for failing to be diligent. However, if your decision was recorded in minutes that were signed by all the trustees, you have a record to show the trustees agreed with your actions.

You may also need to make certain records available to your fund's SMSF auditor when they audit your fund each year.

The following records need to be kept in relation to an SMSF:

For a minimum of 5 years:

- Accounting records that explain the transactions and financial position and performance of your SMSF.
- Copies of SMSF annual returns lodged.
- Copies of other statements you are required to lodge with the ATO.

For a minimum of 10 years:

- Records of changes in trustees and trustee declarations.
- Members' written consent to be appointed as trustees.
- Copies of all reports given to members.
- Documented decisions about storage and personal-use assets.

DO I NEED TO KEEP ANY OTHER RECORDS FOR LONGER THAN FIVE YEARS?

Generally you need to keep records for a longer time period if you:

- Hold an asset such as property or shares; or
- Have tax losses carried forward.

In these situations, records need to be kept for a period of 5 years after the losses were utilised or 5 years after the asset is sold.

Example; Mary buys a rental property in May 1999. She sells the property in January 2014 and includes a capital gain in her 30 June 2014 tax return which is lodged in July 2014. Mary would then need to keep records for that property until July 2019, being 5 years after her tax return is lodged. This includes property purchase documents back from 1999. As such, Mary would need to keep some records for a period of approximately 20 years.

What records should I keep for assets such as shares or property?

If you acquire or dispose of an asset such as real estate, shares, units in a trust; you should keep:

- Documents showing the dates an asset was acquired and sold.
- Dividend reinvestment statements from your unit trust.
- Documents showing the amount and date of any expenditure for that asset. For example, brokerage, stamp duty, council rate notices for a vacant block of land or invoices in relation to legal fees, agent commission, renovations undertaken etc.

RECORD KEEPING FOR THE FAMILY HOME

Even if your family home is exempt from tax, we have recently come across instances where the ATO reviewed the sale of a home and asked for evidence to support that an individual actually lived in the property between certain dates. Failing to provide sufficient evidence may result in the ATO assessing the sale of your home as taxable.

Records should be maintained in regards to the family home such as purchase and sale contracts and dates when you have moved in or out if the property was rented for a period of time.

Furthermore, it is important to have evidence to show that you lived in your home by doing things such as updating the electoral roll, updating the address on a driver's license and having other mail such as telephone bills coming to your home address.

TIP

Setting up a system and allowing time each week to keep records up-to-date can be the easiest way to keep track of all your records.

If you would like further assistance with setting up a record keeping system or would like a review of your current records, please contact one of our experienced team members.

dfk australia new zealand
LEADING ACCOUNTANTS AND BUSINESS ADVISERS

BUSINESS & TAXATION BULLETIN

keeping you informed spring 2014

UPCOMING KEY DATES & DEADLINES

21 SEPTEMBER 2014	August Monthly Activity Statement due for lodgement and payment
30 SEPTEMBER 2014	Annual TFN Withholding report due for lodgement for a trustee of a closely held trust which is required to withhold from beneficiaries in the 2014 tax year
21 OCTOBER 2014	Annual PAYG Instalment Notice due for payment. Lodgement is only required if varying the amount
21 OCTOBER 2014	September Monthly Activity Statement due for lodgement and payment
28 OCTOBER 2014	July – September Business Activity Statement due for paper lodgement and payment
28 OCTOBER 2014	Superannuation Guarantee Contributions due for payment for July – Sept quarter
31 OCTOBER 2014	Final date to appoint a tax agent for any new entity established in 2014
31 OCTOBER 2014	Tax returns due for all entities with one or more prior year returns outstanding at 30 June 2014
21 NOVEMBER 2014	October Monthly Activity Statement due for lodgement and payment
25 NOVEMBER 2014	July – September Business Activity Statement due for electronic lodgement and payment
1 DECEMBER 2014	2014 Income Tax payment due for large/medium companies and super funds (lodgement of the return is due 15 Jan 2015)

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.

dfk australia new zealand
LEADING ACCOUNTANTS AND BUSINESS ADVISERS

General Enquiries exec@dfkanz.com

DFK AUSTRALIA NEW ZEALAND LTD
A Level 12, 222 Pitt Street, Sydney NSW, 2000
P PO Box Q819, Queen Victoria Building, Sydney NSW, 1230
T +61 1300 DFK ANZ F +61 2 9264 9294 ABN 52 071 231 13

www.dfkanz.com exec@dfkanz.com