

Farming – accelerated depreciation for water facilities, fodder storage and fencing

From 7.30 pm 12 May 2015 primary producers will be able to immediately deduct capital expenditure on fencing and water facilities such as dams, tanks, bores, irrigation channels, pumps, water towers and windmills.

All capital expenditure on fodder storage assets such as silos and tanks used to store grain and other animal feed will be deductible over three years.

GST on digital goods and services

From 1 July 2017 supplies of digital products e.g. streaming and downloading movies, music, apps, games and eBooks will be subject to GST irrespective of whether they are local or foreign supplies.

No major reforms to superannuation or aged pension entitlements

There was much speculation prior to the budget in this area. At present there are to be no new taxes on superannuation. Pension income test areas and deeming thresholds to remain CPI indexed annually.

Modernising the methods used for calculating work related motor vehicle expenses

The “12% of original cost” and “one-third of actual expenses method” which are used by only 2% of those who claim motor vehicle expenses will be removed.

The cents per kilometre method will be modernised by replacing the three current rates with one rate set at 66 cents per kilometre.

The log book method for calculating expenses will continue.

Temporary Workers to lose access to tax free threshold

Tax residency rules are to be changed to treat holiday workers in Australia as non-residents for tax purposes

regardless of their duration of stay. Previously the tax free threshold became available after six months for non-residents.

Medicare levy low-income thresholds increased

These will increase from 2014/15. The threshold for singles will be increased to \$20,896. For couples with no children the threshold will increase to \$35,261 and the additional amount of threshold for each child or student will increase to \$3,238. For single seniors and pensioners the threshold will increase to \$33,044.

Reforms to the child care system

A new child care subsidy will be introduced from 1 July 2017 which will support families where both parents work. Families meeting the activity test will receive a subsidy of 85% where income is below \$60,000. This will taper to 50% where family income is \$165,000. There is no annual cap where family income is below \$180,000. For family income above \$180,000 the child care subsidy is capped at \$10,000 per child per year.

Immunisation requirements for eligibility for government payments

From 1 January 2016 children will need to be immunised for their family to receive subsidised child care or Family Tax Benefit.

Accessing parental leave pay from both employer and government

From 1 July 2016 the ability for individuals to access Parental Leave Pay in addition to employer funded parental leave entitlements will be removed, this will remove the ability of these people to “double-dip”.

End of Family Tax Benefit Part A Large Family Supplement

From 1 July 2016 the Family Tax Benefit Part A Large Family Supplement will cease. Families will still continue to receive a per child rate of Family Tax Benefit Part A for each child in their family.



2015 CLIENT NEWSLETTER

Welcome to the Patison Partners 2015 Client Newsletter. It has been another highly eventful year, with a new Victorian State Government being elected. In the modern world, change is the only constant.

Treasurer Joe Hockey has delivered his second budget, which has been a cause of much discussion. Whilst these measures are yet to be passed as law, we provide a summary of those which we see as being the most important to you.

We also provide information on a few topics and changes which may impact upon or be of interest to many of you.

If you have any queries which arise from any part of this newsletter, please don't hesitate to contact us.

Lastly from all of us at Patison Partners, we thank you, our valued clients for your ongoing support and look forward to working with you in the coming year.

Cloud Accounting

By now many of you will have heard of the term “Cloud Accounting”, and maybe even had discussions about it with other colleagues. Cloud Accounting is where your computerised accounting data is stored online or in “the cloud” rather than on your own personal hard drive.

Benefits on Online/Cloud Products

- We can view your data at all times removing the requirement for you to send us a backup
- Access to bank feeds (time saved on data entry from bank statements)
- Instantaneous access to all upgrades including changes to PAYG withholding and superannuation rates
- If your computer crashes you will still have access to all of your data
- Access to other apps/add-ons, giving you the ability to upload source documents such as receipts and invoices

Pitfalls of Online/Cloud Products

- Internet access/speed issues
- Ongoing subscription costs
- Obligation to continually take backups or printed reports on a regular basis to retain your data

Benefits of Desktop Software

- You are not reliant on internet access and or speed
- Possibly a once off cost every few years if there is no payroll involved

Pitfalls of Desktop Software

- You are required to send us a backup of your file for us to see your data or to make adjustments to it

Cloud products which are available in the marketplace include MYOB Essentials, MYOB AccountRight, Reckon One, Reckon Accounts Hosted, QuickBooks Online, Xero and Cashflow Manager Cloud.

Both Patison Partners and our bookkeeping division IT Figures, are well versed in supporting all of the above products and more importantly, a tailored solution that is right for you.

If you have any queries or interest in making the transition to the cloud, please contact either your Patison Partners advisor or Julie Miller from IT Figures on 03 5623 5355.

Questions for your Accountant

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Have you checked out our
website lately?

www.patison.com.au



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Super Stream

Super Stream is a government reform aimed at improving the efficiency of the superannuation system.

Under Super Stream, employers must make super contributions on behalf of their employees by submitting data and payments electronically in a consistent and simplified manner.

From 1 July 2015 Super Stream will apply to all employers. Small employers with 19 or fewer employees will have until 30 June 2016 to meet the Super Stream requirements. Employers with 20 or more employees should have already implemented steps to ensure they meet the Super Stream requirements by 30 June 2015.

As an employer your options are as follows to adopt Super Stream:

- Update your payroll software
- Use an outsourced payroll service provider
- Use the free small business superannuation clearing house

To make contributions on your employees behalf you will need the following information from their super funds:

- Unique Superannuation Identifier (USI) for APRA-regulated funds
- ABN for Self Managed Superannuation Funds
- Bank account details
- Electronic Service Address (ESA)

For further information on how Super Stream will work for you please contact your Patison Partners advisor.

Scam Watch

Scammers have been targeting Australians claiming to be from the Australian Taxation Office (ATO) or Commonwealth Director of Public Prosecutions (CDPP).

The scammers may email you, call you or leave a message for you to call them in relation to tax debts or tax fraud and either:

- Claim you have an arrest warrant or they will issue an arrest warrant if you don't comply
- Claim that you have already been sent letters and correspondence should you request further information
- Ask you to provide personal information - either your address, bank account details or Tax File Number
- Ask for payment or a fee to resolve the matter
- Provide you with the number (02) 6100 3027 which does not belong to either the ATO or CDPP

If you receive a phone call and you suspect it may be a scam, hang up.

DO NOT send any money or provide them with your personal information, particularly your bank details or your Tax File Number.

As your tax agents we can easily confirm any debt, refund or any other matters concerning the ATO. Please contact us if you have any queries or issues in relation to any tax related matters.

Aged Care

The Aged Care system is complex and diverse. If you or a loved one is needing some assistance, whether it is at home or in an Aged Care Facility, we have the expertise to assist you to understand the system and what options are available to you.

From 1 July 2014 the Aged Care System underwent several changes in relation to a number of areas particularly the following:

- How aged care is accessed. You will need an Aged Care Assessment Team (ACAT) assessment to access a Home Care Package or move into an aged care home.
- The cost of a Home Care Package has changed. People who have the financial capacity to pay will be asked to contribute to the costs of their aged care.
- Residential Aged Care fees and payments have changed. The new arrangements mean that your income and assets will be taken into account in establishing the fees and payments you may be asked to pay.

When you move into an aged care home, you will negotiate an agreement that will set out the fees and charges you will be asked to pay.

Our Financial Planning arm of OzPlan Financial Services with Glenn Setches and Lis Keilty are accredited to advise you in all aspects of Aged Care. It is vital to seek advice in this area before any decisions are made or forms completed. Glenn and Lis will be able to guide you through the process to ensure you get the best outcome for yourself or your loved one.

Superannuation Contribution Caps 2014/15

A reminder that concessional superannuation contribution caps for 2014/15 are as follows:

Born before 30 June 1965	\$ 35,000
Born after 30 June 1965	\$ 30,000

In addition, contributions must be received by your Superannuation Fund by 30 June for you to be able to claim a tax deduction, therefore it is prudent to transfer funds at least a few days prior to that date.

2015 Federal Budget Update

The 12 May 2015 Federal Budget contained many items. We provide details below of those we see as most critical or relevant to you.

Please note these changes are not legislated at this stage and are only proposed. This is a highly targeted budget that aims to keep change to a minimum.

Small Business Tax Cuts – Companies

The tax rate for companies with a turnover of less than \$2 million will be reduced by 1.5% from 30% to 28.5% from the 2015/16 income year.

The maximum franking rate for dividends will remain at 30%.

Small Business Tax Cuts – Other Entities

Taxpayers operating through a Trust, Partnership or as a Sole Trader, will receive a 5% discount on the income tax payable on business income received.

The discount will be capped at \$1,000 per individual and delivered as a tax offset.

It's important to remember you need to make a profit to benefit from these changes.

Accelerated depreciation on purchases up to \$20,000

The threshold below which a small business can claim an immediate deduction for the cost of an asset will be temporarily increased to \$20,000.

The \$20,000 threshold will apply for assets acquired and ready for use between 7.30pm 12 May 2015 and 30 June 2017 and applies to new and second hand assets.

Despite some of the mixed messages in the marketplace at the moment, this is NOT A CASH HANDOUT.

In broad terms this simply means that rather than write the asset off over a number of years, a tax deduction is claimed for the full amount in the first year.

To be eligible for this deduction a small business must utilise the pooling method for depreciation.

Assets greater than \$20,000 can continue to be placed in the small business depreciation pool and written off at 15% in the first year and 30% every year thereafter. The pool can also be immediately deducted if the balance is less than \$20,000 over this period.

While small businesses can access this for a majority of capital assets, certain assets are not eligible such as horticultural plants, in house software or building capital works. For these, specific depreciation rules apply.

FBT Exemption for portable electronic devices

Currently an FBT exemption can apply to one or more electronic devices but only where they perform substantially different functions. This new measure will simplify the rules by removing the requirement to be substantially different. This will address the uncertainty arising whereby tablets, laptops, phones and other devices are hard to distinguish.

Immediate deduction for business set up costs

An immediate deduction will be available for professional expenses that are incurred with starting a new business, such as professional, legal and accounting advice and legal expenses involved in establishing a company, trust or partnership.

The deduction will be available for start-up businesses from the 2015/16 income year.

Currently these expenses are deductible over five years.

Measures encouraging business start-ups

In order to encourage business start-ups and entrepreneurship:

- Business registration processes will be streamlined with a single online portal (business.gov.au) developed for business and company registrations, making it quicker and simpler to set up business. The new portal (expected to be up and running by mid-2016) will provide all relevant information and have integrated customer support.
- A regulatory framework to facilitate the use of crowd-source equity funding will be implemented, including simplified reporting and disclosure requirements, to help small businesses access innovative funding sources.

CGT relief for changes to small business structures

Small businesses with an aggregated turnover under \$2 million will be able to change their legal structure without triggering Capital Gains Tax (CGT).

Bear in mind other tax issues may still need to be addressed on restructuring a business e.g. Stamp Duty.