RLA Insight

From your trusted accountant

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From the Director, Roz Lahey

The September quarter (known to us at RLA as 'tax time'), has flown by in the blink of an eye once again. I'd like to thank all our clients who may have had to wait one or two weeks before securing an appointment. As always, it was a busy time, but I believe the timely production of quality work was exceptional - most salary and wage returns were completed and emailed within a 24 hour period. Thanks to my great team for their efforts during this last three months - there were many early mornings, and late nights by all.

For the first time, we have given our clients the option to have their tax returns sent via email. Surprisingly, 99% of clients were in favour of this. We will continue this effort with assessments and correspondence for those who have provided their email address. If there are any clients who have not been in to see us yet, and would like to have their correspondence emailed in the future, please give Lisa a call and leave your email address.

Next time you drop by the office, make a point of dropping into 'Mick's Nuts' next door. They were famous in West End for 30 odd years, and have now taken a shop in our complex. All of us at RLA can all recommend 'Mick's famous' muesli, the macadamias, cashews, olives and much more.

Until next time

Roz

ATO focus on work related expenses

As always, the Australian Tax Office (ATO) continues to pay close attention to work-related expenses and is using extensive data analysis to identify areas requiring attention across all work-related expense claims, regardless of occupation.

The ATO has indicated specific attention will be paid to the following areas.

Overnight travel

- There is no deduction for an amount received as a reasonable travel allowance (if it is not required to be included as assessable income). This simply means, if it is not declared as income, then there is no deduction allowable.
- Any amount claimed in excess of a reasonable travel allowance can be claimed only if the taxpayer spent the money and has records to prove it.

Transporting bulky goods and equipment and claiming a motor vehicle expense

- You need to use bulky tools to do your job.
- Your employer expects you to transport this equipment.
- There is no secure area to store the equipment at work.

Work-related use of computers, phones or other electronic devices

- You need to demonstrate how you use the device for work.
- Only claim the work related portion.
- Keep records and maintain a diary.

Roz Lahey ACCOUNTING PTY LTD

Get to know our clients... WeTrak4U

WeTrak4U is a national, premium Gold Navman Wireless Dealer based in Brisbane. Dennis Hayes is the Managing Director who pursued business interests five years ago with Navman Wireless after having many years experience in legislation and enforcement. He saw this as the 'perfect fit' as changes to OH&S (Chain of Responsibility) were imminent and going to cause concern for businesses with fleets of vehicles.

His business has grown rapidly with customers ranging from 1 – 700+ vehicles. Although sales is a challenging business, Dennis believes 'customer service' will define you. As the recipient of the Best Customer Service Award (Aust) 2013, it has cemented this belief.

Navman Wireless provides market leading GPS Tracking and Telematics solutions for business. The business has a class ruling from the ATO approving the solution as an electronic log book for FBT purposes. They integrate with many software solutions in the market which allows businesses to customise their tracking and Telematics solutions with their own software to achieve significant business results. If you believe this technology may assist your business, don't hesitate to contact Dennis by telephone or email and he will be happy to meet and discuss this market leading solution.

"Roz and team have managed my personal taxation affairs for over 15 years and therefore when I pursued business interests, it was Roz who I met with to discuss how to commence this journey," Dennis said.

"Throughout the past five years Roz and her team have been of enormous assistance to me in achieving my goals. Her knowledge of taxation and business is second to none. Her mentoring and guidance has meant that I have been able to get on with my goals for the business and achieve great results".

NAVMAN WIRELESS GOLD DEALER

Medical expenses

Net medical expenses are your total medical expenses minus refunds from Medicare and private health insurers which you, or someone else, received or are entitled to receive.

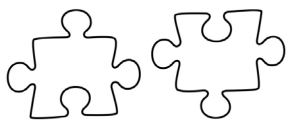
To be eligible to claim this offset, you must have either:

- received this offset in your 2012-13 income tax assessment, or
- paid for medical expenses relating to disability aids, attendant care or aged care.

If you received this offset in your 2012-13 income tax assessment, there is no change to the types of net medical expenses you can claim. If you did not receive this offset in your 2012-13 income tax assessment, you can only claim net medical expenses relating to disability aids, attendant care or aged care.

To be eligible to claim the offset in 2014-15, you need to have received the offset in your 2013-14 income tax assessment. 2014-15 is the final year you can claim unless you have medical expenses relating to disability aids, attendant care or aged care – in this case, you can claim the tax offset for these expenses up to the 2018-19 income tax year. This offset is income tested.

ACCOUNTANT'S JOKE



Why was the accountant so excited that he completed a jigsaw puzzle in only 59 weeks?

Because on the box it said 8 – 12 years!

CPI – June 2014 quarter

The CPI indexation factor for the June 2014 quarter is 105.9 (that's an increase of 0.5 from the December 2013 quarter of 105.4). This indexation factor is now basically only used (in a taxation context) for Fringe Benefit Tax (FBT) purposes relating to remote area housing.

Get in touch with us today...

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Big enough to make a difference, small enough to know your name

ATO NEWS

New ATO initiatives for small businesses

In a recent speech, the Commissioner of Taxation, Chris Jordan, announced some new initiatives for small business. The following are interesting excerpts from his speech that may relate to you.

Red Tape – The Commissioner stated the ATO was trying to reduce the amount of red tape because it understands "that meeting your obligations takes you away from your real business, and what you are good at."

He said that the ATO has to:

- provide more personalised, accessible and reliable services
- think about the effects their activities have on cash flow, and the everyday running of small business
- work harder to ensure its information and advice is timely, streamlined, personalised, accurate and consistent.

New Initiatives – To that end the ATO has introduced:

- Small Business Fix-it Squads which are rapid-design groups made up of small business operators and intermediaries, and representatives from federal, state and local government, all working together to examine problems and solutions from the perspective of small business.
- A new business-friendly approach to managing small business debt.

The commissioner said his message remains, "if you run a small business and you get into trouble, pick up the phone or go online and let us know, so we can work with you to find a solution that suits your circumstances."

I'm confident you'll agree, it's a refreshing change that the ATO is acknowledging the struggle of some small business operators and looking to find a better relationship. Hopefully it's not just words.

ATO focus on rental property expenses

The ATO is increasing its focus on rental property deductions and has advised tax agents to ensure their client's get their claims right.

It can be tough when one of the RLA accountant's tells you certain things are not a claim for taxation, but this is exactly why. It's our job to get it right with the ATO and keep you out of trouble!

The ATO has identified some common errors made by rental property owners, including:

- claiming rental deductions for properties not genuinely available for rent
- incorrectly claiming deductions for properties only available for rent part of the year such as a holiday home
- incorrectly claiming structural improvement costs, such as repairs, when they are capital works deductions, such as re-modelling a bathroom or building a pergola
- overstating deduction claims for the interest on loans taken out to purchase, renovate or maintain a rental property.

If you think any of the above relates to your claims, contact the RLA office for an amendment to your return.

ATO announces target areas it will focus on for annual tax returns

The ATO has released a hit list of areas it will pay special attention to this tax time. In a break from tradition, the ATO is not focusing on individual occupations but instead on specific types of work-related claims.

This year, the focus is on people who, due to their occupation type, claim a tax deduction for using their computer, mobile phone or other electronic 'device'.

That pretty much casts a net over every occupation and taxpayer in Australia.

The onus will always remain on the taxpayer to prove everything, so you need to have the right documents and be able to prove all expenses. The biggest issue in an audit is documentation and substantiation of everything.

My advice is, log the amount of hours used for business versus personal. We can then apportion the business use for your tax return. If you're concerned, please discuss this matter with an RLA team member.

PAYG instalments threshold increased from 1 July 2014

From 1 July 2014, PAYG instalment thresholds increased, which means some taxpayers no longer need to pay instalments.

The entry and exit thresholds for:

- business or investment income will increase from $2,000 to $4,000
- adjusted balance of assessment will increase from $500 to $1,000
- notional tax will increase from $250 to $500.

Many of you will already have received letters from the ATO stating you have been removed from PAYG instalments. If you want to continue to pay instalments towards your end of year tax liability, you can voluntarily re-enter the PAYG instalment system.

Superannuation contribution caps

The general concessional contribution cap rises from $25,000 to $30,000 For individuals aged 49 or over, from 30 June 2014, the concessional contributions cap is $35,000.

2% deficit levy

1 July 2014 saw the introduction of the new 'Deficit Levy' (tax on high income earners), applicable to taxable income in excess of $180,000.

Tax rates for the 2014/15 income year are:

Taxable income	Tax payable
$0 - $18,200	Nil
$18,201 - $37,000	Nil + 19% of excess over $18,200
$37,001 - $80,000	$3,572 + 32.5% of excess over $37,000
$80,001 - $180,000	$17,547 + 37% of excess over $80,000
$180,001+	$54,547 + 47% of excess over $180,000

Note: the above rates do not include the Medicare Levy of 2%.