

Car expense rates per km – 2013/14

The car expense rates per kilometre have been set for the 2013/14 year (and they have been increased for the first time since 2008/09).

Year	Small car	Medium car	Large car
2012/13	63c	74c	75c
2013/14	65c	76c	77c

Small Business Super Clearing House Reform

The Government has announced that the ATO will take over the running of the Small Business Superannuation Clearing House.

Note: The Small Business Superannuation Clearing House is a free online service that helps small businesses with 19 or fewer employees meet their superannuation guarantee obligations by allowing employers to pay superannuation contributions in one transaction to a single location (currently administered by Medicare) to reduce red tape and compliance costs.

According to the Government, the ATO is best placed to increase the take up rate of the Clearing House, as they have access to data on who is eligible for this free service, and employers will be able to remit their compulsory superannuation payments directly to the ATO (which will then distribute contributions to individual accounts).

This move will be followed by an extensive consultation process so the Government can better understand superannuation compliance cost concerns and develop further options to reduce these costs.

The Small Business Super Clearing House has been utilised by many of our clients in recent years so this change will have an instant impact. Please contact us if you are unsure how this change will affect you.

Please read this update and contact this office if you have any queries

In this month...

Welcome to the first edition for 2014. Hopefully the Christmas break was not only relaxing but reminded everybody that one of the best ways for the Christmas tree credit card to get paid is to let a tax refund help out...it seems to have helped in the past.

Appointments are already being made, so please simply contact our office to get yourself in the diary to start getting the 2014 tax return off your to-do list.

As always, a really nice New Year's resolution for an accountant is to remind all our clients that we are simply a phone call away to help with any advice, paperwork or simply to have a chat about any new ideas that sprung to mind over the Christmas lunch.

Please do not hesitate to contact us at any time for a catch up.

At a Glance

- The Small Business Super Clearing House has been taken over by the ATO. Although this initially is to streamline the process, the reason behind it is so the ATO compliance police will have this data at their fingertips. This is either good or bad depending on which side of the fence you are wrong.
- Taxable annual reports and now overdue and the ATO have noticed many taxpayers are getting it wrong. Please let us know if you are contacted from anyone from the ATO regarding these reports.
- Just a reminder of the work-related deductions that we should all be thinking about claiming when preparing the income tax return for the year. This is only a short list of potential claims!
- I know we are all feeling we are all 'paying more at the pump' and finally the ATO have realised this after five years with an increase in the car expense rate per kilometre for the 2014 income tax return.

Data Matching Programs

The Government has announced that it will request and collect information for the purposes of the following data matching programs.

Credit and Debit Card Data Matching Program

The ATO will request and collect data relating to credit and debit card sales of approximately 900,000 businesses for the periods from 1 July 2012 to 30 June 2014 from major banks and other financial institutions, including American Express and Diners Club Australia.

This data will be electronically matched with certain sections of ATO data holdings to help provide a more level playing field for those businesses which meet their obligations by identifying those who may not, for potential corrective action.

Injured Worker Data Matching Program

The Comcare Chief Executive Officer has announced that Comcare will request and collect from the ATO details of approximately 4,500 individuals who are currently receiving, or have received, incapacity payments in relation to a Comcare workers' compensation claim for any period during the financial years 2009/10 through 2011/12.

Comcare will collect information reported by individuals to the ATO for each relevant financial year and utilise this information to ensure injured workers have received and continue to receive the correct level of entitlements from Comcare.

Tax help for people affected by bushfires

The ATO has assured people directly affected by bushfires that their refunds will be fast tracked and that they will have additional time to lodge income tax returns and activity statements.

The ATO can also provide more time for people to pay tax debts and can help reconstruct tax records where documents have been destroyed.

Note: If you have been affected by bushfires or other natural disasters, contact us and we'll see what we can do for you with the ATO.

Donations

People donating up to \$10 to 'bucket appeals' and other disaster relief funds this financial year will be able to claim a tax deduction without a receipt.

Reminder: Lodging SMSF returns

To help prepare for lodgement, the ATO is reminding those with SMSFs that their fund's **audit report** needs to be completed before their SMSF annual return can be lodged.

This is especially important for new registrants (i.e., those SMSFs registered in the 2012/13 year), as their 2013 SMSF annual return is due on 28 February 2014.

Note that newly registered funds that did not have assets set aside for the benefit of their members and did not commence operating in their first year of registration may request a 'return not necessary' for their first year only.

However, funds that were set up in the 2012 year that have not yet set aside assets for the benefit of members, and have not operated, must have their registration **cancelled**.

Work related deductions

Work related expenses that you incur as an employee may include:

- Briefcases
- Calculators and personal organisers
- Diaries and logbooks
- First-aid courses
- Income-protection insurances
- Interest on money borrowed to finance work-related purchases
- Mobile phones
- Overtime meal expenses
- Postage
- Professional seminars, courses, conferences and workshops
- Reference books
- Stationary
- Subscriptions
- Sun protection
- Technical journals, periodicals and magazines
- Tools of trade
- Union fees

TIP; it is better to get your employer to pay for as many work-related expenses as possible rather than claiming them yourself.

The importance of BDBNs

Two recent court cases dealing with self-managed superannuation funds (SMSFs) have highlighted the importance of making, and recognising, Binding Death Benefit Nominations (BDBNs).

Note: A member of a superannuation fund may generally make a 'BDBN' which, if valid, requires the trustee of the fund to pay out their death benefits (i.e., after they die) exactly as set out in the BDBN.

In the first case, a member of an SMSF expressed a desire in her Will that her superannuation benefits be left to her children (and specifically not to her husband).

However, she did not make a BDBN, and the Supreme Court of Western Australia held that the preference in her Will did not affect the rights or duties of the trustee of the fund under the fund's trust deed. Consequently, the remaining trustee (i.e., the husband) had no obligation to appoint the deceased's executor as a trustee of the fund, and was also entitled to distribute the death benefits at his discretion, contrary to the direction in the deceased's Will.

In the second case, the deceased member of an SMSF **had** executed a BDBN in favour of his two children, but the trustees (basically the deceased's spouse and her son from a previous relationship) had wrongly believed that the BDBN was invalid and so had ignored it.

Nonetheless, the Supreme Court of Victoria held that the BDBN was valid and binding on the trustees of the SMSF, and ordered that **both** the current trustee of the fund **and** the deceased's spouse **personally** were liable to make payment of the full amount of the deceased's benefits as at the date of death, plus an interest component and costs, to the nominated beneficiaries under the BDBN.

ATO compliance: Taxable payments annual reports

The ATO has advised that it is phoning some businesses in the building and construction industry to:

- Test the levels of understanding of the new reporting requirements for businesses in that industry; and
- Help those businesses to comply with their taxable payments annual reporting obligations.

They have also been contacting them to:

- Ensure lodged reports are correct and complete;
- Follow up with businesses that have not yet lodged a report (where ATO records indicate they should have); and
- Follow up with businesses who have advised that they are not required to report (where ATO records indicate they have a reporting requirement).

Note: If your business is contacted, let us know.

Tax Warning

The ATO's tactic of putting the spotlight on particular groups has proven successful in past years. When the ATO targets particular industries, its tax collection improves by 22 per cent.

Generally the ATO looks closely at a range of claims for deductions including expenses for motor vehicles, self-education and travel. It also looks at tax returns from previous years and identifies particular occupations to put under the microscope.

In the spirit of 'prevention is much better than cure', the ATO uses that information and writes to people in those occupations.

Please Note: Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances.