

# Helping you achieve



# your financial goals

JUNE 2019

## Business Newsletter IN THIS GUIDE...

- » Key Changes for Business from 2019
- » Budget Announcements in effect

- » New Payroll and BAS calendars
- » EOFY Tax Tips and Checklists

## Happy New Financial Year!

The season has changed, rain is finally falling and the mornings are colder.

It's been an interesting 12 months with a revolving door of Prime Ministers, an election campaign, and recently the first Reserve Bank interest rate cut in 3 years aimed to stimulate stagnant economic growth. Hopefully the next 12 months will bring some stability to the economy and political parties. The theme for Treasurer Josh Frydenberg's budget was "a stronger economy and a secure future", and regardless of your political alliance, at least the "theme" is something we can all agree on.

Significant tightening in the financial services industry with stringent bank lending criteria, has led to a frustration for many clients with genuine lending requirements for growth. Increased regulation and costs in delivering financial planning services has seen many licensees passing this cost on to advisors and consumers.

As JSA enters its 30th year of business we reflect on the changes we have seen over the years – the introduction of Super Guarantee and GST, changes to Capital Gains Tax and Fringe Benefits Tax, depreciation rates being aligned to an assets effective life. It is certainly a different tax landscape today than it was 30 years ago but as Heraclitus famously said "the only constant in life is change". The new tax year will see further change in the area of staff payroll with the rollout of Single Touch



Payroll for all employers. We are here to support you through this change, with more details in our newsletter and if you require assistance for your business, please contact our friendly staff.

Around the office it has been a busy year for the JSA team. A number of our staff are undertaking study towards their CPA accreditation, working extremely hard and being rewarded with exceptional exam results. In March we welcomed Harrison, a recent graduate in Finance & Accounting and he is working with our small business clients. A keen Crows supporter, Harrison is fitting right in to the team at JSA.

It has been a pleasure to work with you and we look forward to seeing you achieve your business and personal goals through 2020.

*Jill Hoadley & Jessica Ni, Directors  
Bob, Ian, Amy, Nicola, Maggie, Harrison, Jen & Nicolle*

## DO YOU EMPLOY STAFF? 4 IMPORTANT UPDATES THIS YEAR

1. **STP – Single Touch Payroll – compulsory from 1/7/19**
2. **2019 Annual Wage Review – 3%**
3. **Penalty Rate Changes**
4. **Workcover- RTWSA Changes – choices to make**

## NEW ATO RATES

The new c/km rate for business vehicle use for the 2019 financial year is 68c/km. The 2019 rate for running expenses for a home office is 52 cents per hour.



## CLIENT PORTAL DOWN AND OTHER OPTIONS

We regret the functionality of our client portal did not meet our or our clients expectations and has been taken offline. We are currently investigating better

ways of uploading your data and documents to us. We also maintain secure firm Dropbox, Google Docs and OneDrive facilities to which you can send

information. Please discuss the best option for you with your Accountant as your existing software may also allow for easily sending data to us.

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## STP – SINGLE TOUCH PAYROLL

Employers are now required to report payroll information to the ATO 'on or before the day you pay your employees' – once this is setup, this is usually a quick extra step at the end of each payrun.

- How you currently pay your employees will affect what action you need to take before 1 July 2019.
- You need to be STP compliant before 30 September 2019 or apply for a deferral.
- You can apply for an exemption if you live in an area with an intermittent or no internet connection.
- If you have four or less employees we can report your STP information quarterly until 30 June 2021 (software still recommended).

### WHAT APPLIES TO ME?

I use timebooks and/or an excel spreadsheet to record wages for my employees

Contact us to setup a low-cost STP compliant system straight away!

Other advantages are;

- Fair Work reporting requirements such as timesheets and payslips.
- Super Stream Compliance – reporting and automating payment of SG contributions.

- Easier BAS reporting – the ATO will prefill W1 and W2 BAS labels from 2020 and the software can also automate GST reporting.
- Easier end of year reporting for tax returns.

I use existing payroll software such as Xero, MYOB or Reckon

- Most software is STP ready.
- It is necessary to advise the ATO of your software's SSID # before you lodge your first STP – usually after your first wages payment/s for the 2020 year.
- Contact us if you need assistance with this process or are unable to connect to the ATO.
- If we have scheduled a time with you to reconcile end of year we will discuss STP with you.

I have over 20 employees and am already reporting wages under STP for the 2019 year

- Your end of year payroll process will change slightly.
- We suggest you reconcile and check your wage and super data against actual payments made to employees as you have done in previous years.
- You need to finalise your STP data reported amounts for Wages PAYG withholding and add in Reportable Fringe Benefit Amounts and Terminated employee data.
- This makes wage and tax data available to your employees on their MYGOV account or via their tax agent – no need for payment summaries or sending EMPDUPE files to the ATO.

## WHAT TO TELL YOUR EMPLOYEES

They will have an income statement in their ATO online services account (through myGov) for the amounts you have reported through STP.

If they use a registered agent to lodge their income tax return, their agent will be able to access their STP information.

When their income statement is tax ready they'll get a notification in their myGov Inbox - they should wait for this to occur before they lodge their tax return.

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## WORKCOVER - RTWSA CHANGES

1. There is an extension of time to lodge your 2019 remuneration information – until 15/09/2019.
2. You can choose to pay your 2020 premium in 9 equal instalments or one annual payment. Direct debit is still available.
3. You can choose to have your 2019-20 premium calculated using the actual remuneration you paid your workers in the 2018-19 financial year – this means that you can choose not to provide estimated remuneration for the upcoming financial year.

**2019 actual remuneration reconciliations are still required.**

Should you choose the Actual remuneration method?

- Levy payable for 2020 year is based on 2019 actual remuneration x 2020 levy rate and so on for future years.
- You only need to report actual remuneration each year instead of forward estimates for the coming year and there will be no end of year adjustment notes required.

- You can request a premium adjustment if there is a significant change in remuneration causing financial hardship to the business.
- Not the best option for businesses moving towards retirement/closure or with a declining wage bill moving forward.
- You can choose this or the current estimate method each year.
- You can only change between methods for a year before 15th September each year.

**If we assist you with your end of year return we will be contacting you to discuss your choice.**

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## 2019 ANNUAL WAGE REVIEW – 3%

- The Fair Work Commission announced a 3.0% increase to minimum wages, which applies to the modern awards and the national minimum wage.
- Registered Agreements may also be affected.
- The increase applies from the first full pay period starting on or after 1 July 2019.



## PENALTY RATE CHANGES

Further changes to penalty rates for employees covered under Restaurant, Hospitality, Pharmacy, Fast Food and Retail awards come in to effect from 1 July 2019.

Additional changes affecting the retail award came in to effect from 1 November 2018.

More information is available on the FWO website here; <https://www.fairwork.gov.au/pay/penalty-rates-and-allowances/penalty-rates-changes-2017>

Don't forget - we offer;

- Updates to payroll and rostering systems for annual award and agreement changes.
- Guidance in setting up wage systems and assistance with backpay calculations if required.

## TWO OTHER WAGE AND CONTRACTOR RELATED ANNOUNCEMENTS

### Denial of Deduction for Non-compliant payments

A business is required to withhold PAYG (Pay as you go withholding) from;

- Wages, and
- Contractor payments (where no ABN is provided).

From 1 July 2019 if PAYG is not withheld the business is denied a deduction for the wage or contractor payment.

### Taxable Payments Annual Reporting (TPAR) is expanding

It is most important that you obtain a valid ABN and contact details for any business or individual you engage to provide labour to your business. From 1 July 2019 TPAR will provide a mechanism for denying deductions where no ABN is quoted and PAYG is not withheld as outlined above.

If you are in the following industries and employ contractors you may need to lodge a TPAR report.

2019 FINANCIAL YEAR	2020 FINANCIAL YEAR
Building and Construction	Building and Construction
Cleaners	Cleaners
Courier Services	Courier Services
	Road Freight Services
	Information Technology (IT) Services
	Security, Investigation or Surveillance Services

Some Government Entities also report payments to contractors directly to the ATO under TPAR.

## ASSET DEPRECIATION CONCESSIONS - SMALL BUSINESS ENTITIES

To be eligible for these concessions your aggregated turnover must be under \$10 million.

The Instant Asset Write off threshold has been increased in two increments for the 2020 year. Assets acquired are written off in the year first used or installed ready-for-use.

Date acquired	Write off limit per asset <i>(Excl GST if registered)</i>
< 28/01/2019	< \$20,000
29/01/2019 – 02/04/2019 (7.30pm AEDT)	< \$25,000
02/04/2019 (7.30pm AEDT) – 30/6/2020	< \$30,000

### Small Business Pool

Assets above the Instant Asset write off threshold are added to the Small Business Pool and depreciated at 15% in the first year and 30% in the following years.

If the balance of the pool drops below \$30,000 in the 2019 financial year it may also be written off depending upon any acquisition or disposal of assets throughout the year.

### Opting In or Out of the Small Business Depreciation Concessions

The forced write off of a small business pool can occasionally have adverse consequences if your taxable income is quite low in a year effectively wasting an amount of the deduction.

If this is the case we will discuss your options in relation to opting out of the small business depreciation rules (lock out period).

If you have previously opted out of the small business depreciation rules, the ATO have suspended the lock out period from 12/5/15-30/6/20 allowing you to opt back in to take advantage of the above instant asset write off.



## \$10,000 CASH PAYMENT LIMIT

Last year's budget included a proposal to limit Cash Payments to Businesses as part of the governments black economy action plan.

This introduces a \$10,000 limit on cash payments to businesses with an ABN for goods and services from 1 July 2019. With transactions required to be made electronically or by cheque.

Whilst there is limited information about how this is to be enforced, we are aware deposits or transfers of \$10,000 in cash at a financial institution will likely require proof of identity and income source.



## COMPANY TAX RATES

Base rate entities are eligible for a lower tax rate of 27.5% on taxable company profit in 2019 to 2024 financial years.

A base rate entity is a company that:

- Has NO MORE THAN 80% of its income from passive sources, which include certain dividends, associated franking credits, interest, royalties, rent and capital gains.
- Has an aggregated gross turnover less than the \$50 million threshold.

Financial Year	Base Rate Entity Tax Rate	Other Companies (large & passive income)
2019 – 2024	27.5%	30%
2025	27%	30%
2026	26%	30%
2027	25%	30%

## XERO ADD-ONS TO SAVE YOU TIME

RECEIPT BANK and HUBDOC are two Cloud software programs that integrate with Xero and other software that **SIGNIFICANTLY REDUCE YOUR ADMIN TIME IN ENTERING SUPPLIER BILLS.**



Benefits;

- Email Supplier invoices straight to your personalised email address.
- The software recognises the Supplier, Document dates, Invoice amount and GST using OCR technology.
- Set rules to automatically create a supplier bill in Xero with the PDF attached and even automate payment matching.

We have 3 month introductory trials and low cost ongoing solutions on offer. Please contact your accountant to discuss whether these add-ons are a value add for your business.

We can also assist with information about different software options best suited to your business for Retail, Online Sales, Trades, Stock Control and Project Management and work collaboratively with you or refer you to a local integration specialist partner.

## SMALL BUSINESS INCOME TAX OFFSET (SBITO)

The small business income tax offset is calculated on your net small business income as a sole trader or from a partnership or trust. It is capped at \$1,000 each year. You are eligible for this offset against any tax paid if your turnover is less than \$5m.

Income year	Aggregated turnover threshold	Rate of offset	Maximum offset
2016–17 to 2019–20	\$5m	8%	\$1,000
2020–21	\$5m	13%	\$1,000
2021–22	\$5m	16%	\$1,000

<https://www.ato.gov.au/Business/Income-and-deductions-for-business/In-detail/Small-business-income-tax-offset/>

## SUPERANNUATION BRIEF

### NEWSFLASH - INSURANCE IN SUPER – REVIEW OR YOU MAY LOSE IT!

From 1 July 2019, super funds will cancel insurance on accounts that haven't received contributions for at least 16 months. The funds will send letters to members with inactive accounts at 9 months, 12 months and 15 months.

Don't ignore these emails or you will lose this insurance cover. If you want to keep the insurance, you must tell your super fund or make a contribution to that account. You may want to keep your insurance if you don't have any through another fund or insurer and you have a particular need for it (e.g. you have children or other dependants or work in a high-risk job).

If you would like assistance in reviewing your insurance needs please contact us.

**There are three key super items that can assist with effective tax planning moving forward:**

- Spouse contributions offset.
- Concessional super catch up contributions – New from the 2019 year.
- 1 Year Work test exemption – New from 2020 year.

**There are specific rules about the entitlement to these measures including income tests, age, super balances and time limits. Please contact us for more information about your eligibility for these offsets.**

### JSA Accounting

Certified Practising Accountants,  
Registered Tax Agents

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Reynella SA 5161

PO Box 702  
Morphett Vale SA 5162

ABN: 48 088 331 739

### Edcom Taxation

A division of JSA Accounting

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[www.jsaaccounting.com.au](http://www.jsaaccounting.com.au)

## CHECKLIST OF CRITICAL DATES 2019

FINANCIAL YEAR	OTHER COMPANIES (LARGE & PASSIVE INCOME)
SUPER CONTRIBUTIONS – FOR EMPLOYEES AND DIRECTORS	Must be received by the fund before 30 June to be deductible in 2019
TRUST DISTRIBUTION MINUTES (DISCRETIONARY TRUSTS ONLY)	Decide who to distribute income to and complete the distribution minute emailed to you
LOANS TO DIRECTORS OR SHAREHOLDERS (COMPANIES ONLY)	Owing your company money at 30 June 2019 can have tax consequences – repay any loans or contact us.
PRE-PAYING EXPENSES	Consider Pre-paying expenses – Small business can generally pre-pay business expenses up to one year in advance.

## PAYROLL COMPLIANCE CALENDAR 2019

BEFORE FIRST FULL PAY PERIOD IN 2019	Review any wage increases and update tax tables in your software
14 JULY 2019 or	Issue PAYG Payment Summaries to Employees OR
31 JULY 2019	Advise Employees and Finalise STP Information to ATO
22 JULY 2019	Payroll Tax Reconciliation Due
28 JULY 2019	June 2019 Quarter Super Guarantee Payments due – if not paid pre 30 June 19
14 AUGUST 2019	Lodge Annual Payment Summary Statement with ATO or 30th September 2019 if lodged through JSA Accounting
28 AUGUST 2019	Taxable Payments Annual Report Due (Building and Construction Contractors)
15 SEPTEMBER 2019 (NEW)	Workcover Reconciliation Due (ReturntoworkSA)

## BAS & SUPER CALENDAR 2019/20

BAS PERIOD	SELF LODGE Lodge and pay by	JSA LODGING Lodge and pay by	SUPER GUARANTEE DUE Some funds/awards require monthly payments
Apr – June 2019	29 July 2019	26 Aug 2019	28 July 2019
July – Sept 2019	28 Oct 2019	25-Nov 2019	28 Oct 2019
Oct – Dec 2019	28 Feb 2020	28-Feb 2020	28 Jan 2020
Jan – Mar 2020	28 Apr 2020	26-May 2020	28 April 2020
Apr – June 2020	28 July 2020	25 Aug 2020	28 July 2020
Monthly IAS	21st of the following month		

# BUSINESS CHECKLIST FOR 2019

Which record keeping system do you use? (please circle)	Manual Records	Xero	MYOB Accountright
Notes:	Spreadsheets	MYOB Essentials	Cash Flow Manager
	Ledger Book/s	Quickbooks Online	Reckon Accounts
	Other:		

(If you use the software listed above each column, shaded items do not need to be supplied unless requested)

Please provide the following (if applicable) for accurate preparation of your 2019 Income Tax Return	Invite us as an advisor	Please provide a backup
<b>Cash Balances</b>		
Bank Reconciliation as at 30 June 2019 .....		
Bank statements confirming balance at 30 June 2019 .....		
Bank Statement for the period 1 July 2018 to 30 June 2019.....	If no bank feed	If not reconciled
Cheque payment details .....		
Receipt details.....		
<b>Debtors</b>		
A list of trade debtors as at 30 June .....		
A list of bad debts written off or to be written off as at 30 June .....		
<b>Creditors</b>		
A list of trade creditors as at 30 June.....		
<b>Stock</b>		
The value of stock on hand as at 30 June .....		
<b>Payroll - Employee records</b>		
Employee payment summaries, PAYG summary statement .....		
Workcover reconciliation adjustment note/Payroll tax annual return .....		
Superannuation payment records .....		
<b>Private Use</b> - details of goods taken for private use.....		
<b>GST - copies of Business Activity Statements Lodged (if you self lodge)</b> .....		
<b>Leases and Hire Purchase</b>		
Copies of lease/hire purchase agreements acquired this year .....		
Details of any leases/hire purchase agreements paid out this year.....		
<b>Fixed Assets</b>		
Details of assets acquired during the year including date and cost .....		
Details of assets sold this year, including date and sale price.....		
Details of assets scrapped, taken for personal use or traded in.....		
<b>External Loans</b>		
Loan statements detailing interest, repayments and loan balances .....		
New Loans - copies of contract detailing fees and costs.....		
<b>Transactions Not Through The Business Bank Accounts</b>		
Details of the payments not paid through the business bank accounts .....		
Details on the income not banked through the business bank accounts .....		
<b>Legal/Other Documents</b>		
Solicitor's statements or letters for legal transactions during the year. ....		
New business contracts, insurance recoveries or settlements.....		
<b>Investments</b>		
Schedule of investments held at 30 June - cash management and term deposits .....		
Investments acquired, date and cost of acquisition .....		
Investments sold, date of disposal and consideration received .....		
Buy and sell contracts where relevant. ....		
Investment income received - dividends, interest, trust annual distribution statements		

## How to send information to us;

- Email your information to enquiries@jsaaccounting.com.au
- Call us on 08 8322 5088
- Visit us at 62 Hillier Rd, Reynella or 60 Orsmond St, Hindmarsh
- If you use Xero – you can save documents in your file folder – ask us how!
- Contact us for Dropbox, Google Drive, Onedrive details

