

Judy's Diary

Another year has come and gone, with changes a plenty. Noel and I welcomed our first grandson, Bodhi, son of Elysia and Adam in August 2016. We were also delighted to meet our third grandchild, Charlotte, who arrived in January 2017, second daughter to Kieran and Sarah.

I have continued with my passion for sewing embarking on another Quilting and Craftwork cruise to New Zealand earlier this year. I am looking forward to cruising the open seas from Sydney to Seattle in April 2018 on a Needlework tour.

With the State of Origin now heading to a decider I am adamant we will come out victorious. It's such a shame that Johnathon Thurston will be unable to play. Go the blues!!!

Keep an eye on our Website and Facebook page to see when proposed changes from the 2017/18 Federal Budget have become legislated. If you have any questions please call our friendly staff who would be happy to discuss any of these articles further.

Yours in friendship and taxation,

Judy

Concessional Superannuation Cap

From 1 July 2017, the Concessional Superannuation Contribution cap rate will be reduced to **\$25,000** for all individuals regardless of age, which includes employer and voluntary contributions.

Zone Tax Offset



From 1 July 2015 in order to claim the Zone Tax Offset (ZTO) your usual place of residence **must** be within a prescribed zone. If your usual place of residence is **not** within a zone you are not eligible to claim the Zone Tax Offset. The ZTO will only apply to your usual place of residence and will exclude any travel to other zones.

Temporary Budget Repair Levy

2016-17 is the final year that the 2% Temporary Budget Repair Levy will be applied to individual income tax returns where a person's taxable income exceeds \$180,000.



Division 293 Tax

Division 293 tax was introduced to reduce the tax concession on superannuation contributions for individuals with income greater than \$300,000 a year.

From 1 July 2017 onwards the Division 293 threshold will decrease to \$250,000. Division 293 tax is charged at 15% of an individual's taxable concessional contributions above the threshold.

WHAT'S HAPPENING AT HCA

Sara Laver welcomed her first born child, Logan in August 2016. She has returned to work on a part time basis.

Natalie Hurworth has completed her Diploma in Accounting.



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We would like to congratulate Jodie Cooke and Julie Joyce in recognition for their 10 years of outstanding service and dedication.

PROPOSED

NO DEDUCTION ALLOWED FOR TRAVEL EXPENSES
TO RESIDENTIAL RENTAL PROPERTIES



From 1 July 2017, the Government **proposes** to disallow deductions for travel expenses relating to inspecting, maintaining or collecting rent for a residential rental property.

** As at 21 June 2017 this ruling is yet to be legislated **

When can you claim work related self education expenses?

In order to claim work related self education expenses they must be **directly connected** to your current employment or income earning activities.

Proposed changes to Higher Education Loan Program



The government will revise the income thresholds for repayment of HELP debt effective from **1 July 2018**. The proposed new minimum income threshold will be \$42,000.

Small Business Entity

Small Business Income Tax Offset

Tax concession rules relating to Small Business Entities have changed and are effective from 1 July 2016, which will apply to your 2017 tax return. This has been extended to 30 June 2024.

A Small Business Entity is referred to as a sole trader, partnership or trust. SBE's with an annual turnover of \$5 million or less are eligible to claim the small business income tax offset which has increased to 8% with a limit of \$1,000 per individual. This is a non refundable tax offset.

Instant Asset Write-Off

If you are a small business, with an annual turnover of under \$10 million you can immediately write-off eligible assets that cost **less than \$20,000 per item**, which are first used or installed ready for use by 30 June 2018. The asset can be **new** or **second hand**.



Please contact our office to discuss GST registration implications.

Individual Income Tax Relief

From 1 July 2016, the government will increase the 32.5% personal income tax threshold from \$80,000 to \$87,000.

This measure will reduce the marginal rate of tax on incomes between \$80,000 and \$87,000 from 37% to 32.5%.

ATO TAX WARNING

Home Office Expenses Substantiation



Taxpayers are required to keep a diary showing the duration and purpose of the use of their home office over a **4 week period** in order to establish a pattern of use for the financial year. A **new diary** must be kept for each financial year.

Diaries must be kept for **5 years after** lodgement of the return for that financial year.

2017 ATO Individual Hot Spots

Work-related expenses claims. Focusing on unusually high work-related expense claims with a major review on reasonable travel allowance expense claims.

Rental properties. Focusing on excessive claims for holiday homes or weekend retreats, travel claims to rental properties and claiming holiday costs while a property is being built, renovated or repaired.

'Lifestyle' assets. The ATO are data matching with insurance providers about 'lifestyle' assets (e.g. boats, motor vehicles and artwork) to be able to identify potential instances of non-compliance with income tax, CGT, FBT and GST.

Company Tax Rate Cut



For the 2016-17 income year, Companies with an annual turnover of \$10 million or less are eligible for the reduced company tax rate of **27.5%**.

STOP THE PRESS

Changes made to Plant & Equipment Depreciation for Residential Investment Properties

As part of the 2017 federal budget the Government has proposed changes to which will affect residential property investors Australia wide. The proposed changes relate to the depreciation of plant and equipment assets and the eligibility to claim this deduction.

Residential investment properties owned or contracted prior to **7:30pm AEST on 9 May 2017** will see no change to the current depreciation rules.

If an investor enters in to a contract to purchase a second hand property after **7:30pm AEST on 9 May 2017** the new depreciation rules will apply.

*Yet to be clarified: if the property is newly constructed after **7:30pm AEST on 9 May 2017**, the investor will be able to claim all depreciation on qualifying plant and equipment assets.*

Currently, investors are eligible to claim qualifying plant and equipment depreciation on assets within an investment property, even if they were installed by a previous owner.

Under the new rules, **which are yet to be legislated**, investors will be able to depreciate new plant and equipment assets and items they add to their property, however subsequent owners will not be able to claim depreciation on existing plant and equipment.



Did you know? If you are linked to the Australian Taxation Office via your myGov account your Notice of Assessment will be electronically sent to your inbox. **This means you will no longer receive a posted paper copy.**