

Harbour City Accounting

Tax Time 2019

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From The Management Team:

Tax time is with us again and we look forward to helping you optimise your tax return again in 2019. This year we are pleased to offer our valued clients a Free Financial Health Check with every tax return through our affiliation with Soundbridge Financial Services. At Harbour City Accounting we take pride in being able to provide a "one stop shop" for all clients in relation to their accounting, taxation and financial planning needs.

Harbour City Accounting have appointed new management, and the new leadership team has over 40 years' experience in providing high quality taxation and accounting advice.

We can give you the assurance that along with our qualified and experienced team, Lynda, Kathy, Natalie and Julie, Harbour City Accounting has the knowledge and expertise to provide you with the top quality accounting and taxation services that you deserve.

Thank you again for your continued support, if you require any further information please do not hesitate to contact our experienced and wonderful staff who will be happy to discuss your questions and taxation and accounting requirements further.

With warm regards,

Penny Farrell

Manager

ATO HOTSPOTS: We Can Help You!

The ATO recently claimed that there was an \$8.7 billion shortfall between the tax individuals are expected to pay and the tax they actually are paying. Every Tax Time, the ATO identifies certain



hotspots, and for those who have made claims in those areas it can be a wake-up call!

This year, they are looking at two main areas – work-related expenses, and claims made by investment property owners.

Work-related Expenses - We'll Keep You On Track

The ATO believes that Work-related expenses claims are the biggest element in that "tax gap" and have signalled that they'll be looking closely at the following deductions this year:

- Claims for work-related clothing, dry cleaning and laundry expenses under the exemption from keeping receipts for expenses under \$150, as the expense should be incurred in order to claim it.
- Deductions for home office use, including claiming for occupation costs such as rent, rates and mortgage interest, which can be claimed when you are running a business from home.
- Overtime meal claims
- Union fees and subscriptions
- Mobile phone and internet costs, with focus on people who are claiming all or most of their personal mobile bill work-related
- Motor vehicle claims using the 68 cent per kilometre flat rate for journeys up to 5,000kms regardless of the actual amount of business travel.
- Claiming deductions under the rule allowing claiming of work-related expenses of \$300 or less without receipts, as the expense should be incurred in order to claim.

At HCA we give advice to help you properly understand what you can and can't claim, and we claim ALL allowable deductions to ensure you meet the ATO guidelines AND get the maximum possible benefits on your tax return.

Meet the Team

Julie Joyce, Receptionist

Julie has worked at HCAQ for 12 years. She holds a Certificate 111 in Business Administration, with extensive experience in Banking and Retail, and a passion for Customer Service. Julie enjoys Genealogy and loves going to gym.

Lynda Neill, Senior Accountant

Lynda has a Bachelor of Accounting and Certificate III in Financial Services. She has 30 years' experience in Accounting, Banking & Finance, and has been with HCAQ for 10 years. Lynda loves meeting new people and spending time with her three children.



Nat Hurworth, Bookkeeper

Nat has a Certificate IV in Bookkeeping and a Diploma in Accounting. She has been a key member of the Team at HCAQ for over 10 years. Nat loves watching movies, reading, coffee and cocker spaniels.

Kathy Stanley, Senior Accountant

Kathy is CPA Qualified and has a Bachelor of Commerce Degree. She has been at HCAQ for 3 years, and has over 25 years' Accounting experience. Kathy loves challenges, reading, and country living. She can be rather crafty and enjoys her Grandchildren.

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MORE ATO HOTSPOTS - Property Spotlight:

Over 1.8 million people own an investment property, and ATO recently announced that in a series of audits, they found errors in 90% of returns reviewed. So, this year, they will focus on:

- Excessive interest expense claims, such as where property owners have tried to claim borrowing costs on the family home as well as their rental property.
- The apportionment of rental income and expenses between owners, such as where deductions on a jointly owned property are claimed by the owner with the higher taxable income, rather than jointly.
- Holiday homes that are not genuinely available for rent. Rental property owners should only claim for the periods the property is rented out or is genuinely available for rent. Periods of personal use

can't be claimed.

- Claims for repairs to newly purchased rental properties. These costs cannot be claimed immediately, and are instead deductible over a number of years.

The ATO has access to numerous sources of third party data including popular holiday rental listing sites such as Stayz and Airbnb, so it is relatively easy for them to establish when a property was available for rent.

Harbour City Accounting's advice is to properly understand what you can and can't claim, and to have the necessary proof to substantiate it.

If in doubt, give us a call—we can give you sound advice, and we will claim ALL allowable deductions to ensure you meet the ATO guidelines AND get the best possible outcome on your tax return.

Is a Division 293 tax notice coming your way?

In December 2018, the ATO began issuing over 90,000 Division 293 notices for the 2017/18 income year. It is estimated that approximately 44,000 individuals have or will receive their first Division 293 notice early in 2019.

People with Division 293 income greater than \$250,000 will pay 15% additional tax on certain superannuation contributions. This is a personal tax, however individuals may elect to release funds from super to pay the tax.

People who are not generally high-income earners may still be liable for Division 293 tax if they receive certain one-off payments during a year, such as eligible termination payments, the taxable component of a superannuation death benefit, and capital gains.

Ensuring your assessment is correct, and understanding the choices and process involved, ensures that any Division 293 tax payable is completed in the most appropriate manner for your circumstances, so if you receive a notice don't hesitate to call our expert team for advice.



Small Business Instant Asset Write-Off Threshold Increased To \$30k for 2019-20

The instant asset write-off threshold has been increased to \$30,000 for the 2019-20 period. Small businesses with an aggregated annual turnover of less than \$10 million can instantly deduct purchases of eligible assets costing less than \$30,000 that are first used or installed ready for use from 7:30pm AEDT 2 April 2019, until 30 June 2020.

The reduced tax liability and improved cash flow resulting from the tax deduction will provide a boost to small business activity, and encourage more SMEs to reinvest in their businesses, replace or upgrade their assets, employ more workers and expand. It is estimated that approximately 3.4 million businesses will be eligible for this new threshold. Medium-sized businesses with an annual turnover of less than \$50 million will also gain access to the scheme.

Businesses must act decisively to take advantage of this opportunity before the deadline. To maximise any possible benefit from the increased threshold, it is important to consider how to best use those savings to develop your business. As always, our knowledgeable team at Harbour City Accounting are on call to provide any advice you may require.

New SMS Scam Spoofs ATO Number

The ATO has issued a warning about a new text message scam that mimics an ATO number in an attempt to steal money and personal information from clients, and it is only one of many. The tactic, known as "spoofing," is a common technique used by scammers in an attempt to make their interactions with taxpayers appear legitimate. The scammers are not just targeting your money but are after your personal information in an attempt to steal your identity.

While the ATO regularly contacts taxpayers via phone calls, emails, and SMS, there are some key signs that differentiates them from scammers:

- ✘ The ATO never sends taxpayers an email or SMS asking them to click on a link to provide login, personal or financial information, or to download a file or open an attachment.
- ✘ The ATO does not project its numbers using caller ID. If there is a number displayed in your caller ID, it isn't the ATO.

- ✘ The Tax Office will not use aggressive or rude behaviour, or threaten you with arrest, jail or deportation.
- ✘ The ATO will never request payment of a debt via iTunes or Google Play cards, prepaid Visa cards, cryptocurrency or direct credit to a personal bank account.
- ✘ The ATO will also never request a fee in order to release a refund owed to a taxpayer.



Be wary of any phone call, text message, email or letter about a tax refund or debt, especially if you weren't expecting it, and if you ever get a call, text or email claiming you will be arrested due to a tax debt, simply hang up the phone or delete the message or email. Do not call the number provided or click on any links.

If you are in any doubt, hang up and phone the ATO on 1800 008 540 to check if the call was legitimate or to report a scam.

FREE Financial Health Check with All Tax Returns

Call today to secure your appointment
with our qualified accountants

4972 6444