



*Fellow Professional of the Institute of Public Accountants  
Fellow of the National Tax Agents Association  
Member of Australian Institute of Company Directors  
Associate of Financial Planners Association Australia*

---

~ Recognised Professional Accountants  
~ Registered Tax Agents  
~ Licenced Financial Planner Lic. No. 486146  
~ Licenced Real Estate Agents MREI AREI

# 2020 TAXATION NEWSLETTER

Welcome to 2020, a year to remember. Or forget, depending on your perspective. It was a turbulent start to the year, to say the least but we learnt to appreciate the simpler aspects of life. We learnt to cook, to grow vegetables and contemplate the future. And while tax may not always be simple, it is always a certainty. Your taxation return for 2020 must now be lodged.

We at Pauline R. Murray Accountants continue to offer not only assistance with lodging taxation returns, but also accounting, financial advice and bookkeeping services. We are available to our clients year round to answer your financial and tax queries and assist with any applications, forms or lodgments that may be required.

We look forward to welcoming back returning clients and meeting new clients as the year progresses.

## [COVID-19 Relief Assistance](#)

### **Government Stimulus Package**

Many clients we have been working with have received financial assistance from the ATO, including extensions to payment arrangements, Cash Flow Boost, JobKeeper Payment and the Relief Grant from RevenueSA. We have worked tirelessly to ensure our clients receive all information relevant to them and those eligible for government assistance have been able to access it.

### **JobKeeper**

The JobKeeper Payment is scheduled to run until September. The Payment is open for sole traders and businesses with and without employees, but there are income tests that you must satisfy to be eligible. Businesses must self-assess, but beware, the ATO have warned there will be audits in the future. Monthly declarations are necessary to continue receiving the Payment. These are not a retest of your eligibility. The ATO is using this data to record how businesses are

recovering as restrictions ease. We can lodge these declarations for you.

*It is not too late to enroll* for payments – contact us if you think you may now qualify.

### **Cash Flow Boost**

Those who were registered for PAYG Withholding as at 1<sup>st</sup> March, 2020, and have lodged your monthly/ quarterly Activity Statements, should by now have received the first instalment of the Cash Flow Boost.

The Boost will continue until the September 2020 Activity Statement is lodged and is processed entirely by the ATO. Contact our office if you think your business is eligible but you have not received the Boost.

### **JobSeeker**

If you received the JobSeeker Payment from Centrelink you will receive an Income Statement (previously known as a PAYG Summary) from Centrelink via your MyGov account. You will not receive anything in the mail. We will access this via the ATO to include the details in your return.

**All correspondence to Head Office:** 17 Cowan Street, PO Box 351, Gawler, SA 5118

Telephone (08) 8522 3800 Email: [admin@prmaccountants.com.au](mailto:admin@prmaccountants.com.au)

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

*Offices also at Gawler South, Wallaroo, Burra, Murray Bridge & Port Pirie.*

*Liability limited by a scheme approved under Professional Standards Legislation*

### **Early Release of Superannuation**

Those affected by COVID-19 may be eligible to withdraw up to \$20,000 from their superannuation, tax free. A maximum of \$10,000 could be accessed before the 30<sup>th</sup> June and a further \$10,000 can be withdrawn from 1<sup>st</sup> July – 24<sup>th</sup> September, 2020.

Individuals must self-assess their eligibility and applications can only be submitted via myGov. Only one application can be made during each period, even if the original application was for less than \$10,000.

Call our office if you wish to discuss your eligibility, or if withdrawing your superannuation is your best option.

### **Things to consider when completing your 2020 taxation return:**

Many of you may have experienced different working conditions this year due to COVID-19. This year you may be able to claim new or different deductions because you worked from home or had to travel to a different work site, or your had other out of pocket expenses to complete your work.

### **Home Office Expenses**

The ATO has increased the cents per hour rate from 11<sup>th</sup> March – 30<sup>th</sup> June, 2020 to 80c/hour. But you must have records such as a logbook or a letter from your employer verifying the hours worked. Prior to the 11<sup>th</sup> March, and after the 30<sup>th</sup> June, the rate is 52c/hour.

Things to discuss include; if you own or rent the home, where you worked in the home, ie an office or on the dining table, if supplies were provided to you or if you were required to purchase items

### **Telephone / Internet When Working from Home**

Based on records or logbooks kept, the ATO will be allowing a claim of 10c/ text, 75c/ mobile phone calls and 25c/landline phone calls from 11<sup>th</sup> March, 2020 to 30<sup>th</sup> June, 2020.

### **Contributions to Superannuation**

To claim self contributions to your superannuation, not including salary sacrifice, you must request from your fund a *Notice of Intent*. You must provide a copy of this letter to us when we prepare your tax return.

If you earn under \$38,564 and contribute \$1,000 to your superannuation you can choose to either claim the contribution as a tax deduction, or opt to have the ATO contribute a further \$500 to your account.

Remember, for any individual, the total contributions to your superannuation fund cannot exceed \$25,000/annum. This includes your employers contributions, salary sacrifice and self contributions. Exceptions do apply, and if you think your total contributions may exceed this before the EoFY, or that the exceptions may apply to you, please contact our office to discuss your options.

### **Allowances**

Even if you receive an allowance from your employer, you still need substantiation to support a claim.

If you plan to claim a *meal allowance* on your taxation return we will need to see your last payslip. This typically provides more details than a PAYG Summary.

*Truck drivers* will need to look closely at what kind of allowance you were receiving, e.g. a trip allowance, living away from home allowance or a per kilometre allowance. Log books should be kept of the where, what and how much.

### **Travel for Work**

Travel to and from home to a primary work site is not tax deductible. If however, you are required to travel to different sites while working or for work, this may be deductible.

If you were required to travel into work, while working from home because of COVID-19, you are able to claim this, with a logbook.

We will need to discuss the purpose of your travel, as well as how you travelled and who actually paid for the expense. A logbook is your best friend.

### **Tools of Trade for Employees**

Employees are entitled to claim tools of trade up to \$300, with receipts. Anything over this value must be depreciated at 37.5%.

### **Motor Vehicle Expenses for Employees**

Things to consider include;

- why you must use your vehicle rather than a company vehicle,
- if your employer requires you to carry tools
- if the travel is supported by your employer

All vehicle expenses must be recorded, including maintenance. We will discuss the business use of the vehicle to determine your claim.

### **Donations**

This year, in light of the huge charitable responses to the bushfires, the ATO are allowing a \$10 claim to be made without a receipt. Anything further to this will need a receipt.

Please note, donations in the form of goods, or made to charities that are not registered with the ACNC are not tax deductible.

### **Rental Properties**

This year the ATO will be looking closely at Lines of Credit used for rental properties that have been drawn down for private use during this difficult times. We will need to discuss these with you to make sure you have been using the money correctly, so as not to make a false claim on your tax return.

If you have completed work on the property we need to determine if the work was a renovation or a repair as this

will affect your claim. If you are planning on completing work and are unsure how this may be classified, please contact our office to discuss.

If you [purchased a rental property](#) throughout the Financial Year please bring a copy of your Settlement Statement and Depreciation Report. Alternatively, if you [sold a property](#) we will need a copy of the Settlement Statement for the sale and for the initial purchase, and details of all expenses related to the sale. We will also need to discuss the possibility for Capital Gains Tax.

### ***Vacant Residential Land***

As of 1<sup>st</sup> July 2019 you can no longer claim expenses related to your vacant land year to year. If you are to sell the land, there are certain expenses you can claim for, which will be used to reduce any Capital Gains Tax applicable. Please contact our office to ensure you are keeping the right records.

### ***Date of Death Tax Returns***

An unfortunate part of the process of winding up a loved one's Estate is lodging taxation returns, including a Date of Death return and any possible Estate taxation returns necessary. As assets are inherited or sold, it can be a confusing or complicated process to lodge the taxation return correctly. As your accountant we are here to make this process as simple and as pain free as possible for you and your family.

### ***Lodging a Business Return? Consider these:***

#### ***Cash (Black) Economy***

The ATO continues to include huge amounts in the budget to combat the cash economy. The ATO has determined benchmarks for different industries and if they suspect you are not declaring income, they will investigate. Failure to declare all your income may result in penalties and/or interest imposed by the ATO.

#### ***The Share Economy***

If you run an [AirBnB](#) property, drive for Uber or Deliveroo, sell on [Ebay](#) or trade in [Bitcoin](#), your income must be declared on your taxation return. The ATO will be able to verify this with information provided by the company.

A reminder that [Uber](#) drivers are required to be registered for GST, lodge quarterly Business Activity Statements and report their income on their annual taxation returns. Keep track of the expenses you incur related to your driving, as you can claim deductions.

Drivers for [Deliveroo](#), [Uber Eats](#) or [Menu Log](#), are also entitled to expenses related to maintaining your vehicle.

#### ***Contractor Vs. Employee***

The ATO website provides employers a tool to determine if their workers are employees or contractors. Incorrectly treating an employee as a contractor can result in penalties imposed on the employer.

Superannuation must also be considered. Typically, employers do not pay superannuation on behalf of contractors. However, this is not the case for some industries, with employers still being liable for the 9.5% superannuation contributions. Contact our office.

Return to Work SA are also cracking down on what is classed as an employee (who's wages are included in your RTWSA premium) and a contractor. If you pay contractors you may wish to consider your circumstances so that you are not caught out by a RTWSA audit.

### ***Income Protection Policies***

You may be able to claim a portion of the premium paid for your Income Protection Policy, if it is held outside of your superannuation account. You will need to provide details of your policy payments when we prepare your return so that we can determine the percentage you are able to claim. Unfortunately, Life Insurance policies are not tax deductible.

### ***Motor Vehicle Expenses for Contractors/ Businesses***

You may believe that you use your vehicle solely for business purposes, the ATO may disagree. Make sure you keep records. A snapshot of your year is sufficient – so keep a full, detailed logbook of three months and we can use this for your tax return.

If you purchase a vehicle for your business please provide our office with a copy of the finance paperwork. We will keep it on file until we prepare your next tax return.

### ***Small Business Concession / Instant Asset Write Off***

As of the 12<sup>th</sup> March, 2020 the [SBC threshold will be \\$150,000](#) excluding GST, until the 31<sup>st</sup> December, 2020. The SBC increase does not apply to motor vehicles under 1 ton. Other special [conditions apply for motor vehicles](#) purchased using an ABN which are under 1 ton.

### ***Financial Reviews for Businesses***

There is no charge for this service. You are strongly encouraged to attend these to identify areas of concern. At the very least, we can ensure there is sufficient tax being paid during the year so there are no surprises come the 30<sup>th</sup> June. These reviews should take place a minimum of twice a year.

Your success is our business!

### ***Additional Services We Offer for Businesses***

[Bookkeeping](#) – with most accounting software now cloud based we can share access to your books year round. We can provide monthly bookkeeping services, or simply a guiding hand when you require assistance.

Lodgements - quarterly and monthly Activity Statements via the Tax Agent Portal and superannuation via the Small Business Superannuation Clearing House. As well as Single Touch Payroll via cloud based accounting software (Xero/ MYOB).

We also offer business coaching, Form 2 reviews for purchase or sale of businesses and assist with ASIC compliance.

If the service you require is not mentioned, give the office a call. Remember, we are your accountants, tax agents and financial advisors. We can assist you in all areas of your accounting, bookkeeping and compliance during the year.

### [To all our valued clients](#)

#### **PAYG Summaries & STP**

Are now referred to as [Income Statements](#). The ATO has introduced a new system for employers requiring them to report payroll to the ATO periodically. As such, employers are no longer required to handout Income Statements at the end of the year.

##### **For Employees**

You probably won't receive an EoFY Income Statement from your employer. Instead the information will be available via your MyGov account by at least the 31<sup>st</sup> July. We can also access this information via the ATO, so you don't need to wait until you receive something in the mail!

##### **For Employers – [Single Touch Payroll](#)**

You should be reporting to the ATO every time you process a pay run. You then need to make a finalization declaration by the 31<sup>st</sup> July.

If you need assistance in setting up or lodging your STP, or you're not sure what your obligations are, please contact our office.

#### **Overdue Taxation Returns or BAS**

The ATO does issue penalties, and charge interest, for failure to lodge tax returns and Activity Statements. If you require assistance with preparing and/or lodging any outstanding ATO documents contact our office.

#### **Do You Owe the ATO Money?**

If your debt with the ATO exceeds \$10,000 it may affect your credit rating and ability to apply for loans. If you have an outstanding ATO debt and are struggling to meet your payment obligations, please contact the ATO on **13 28 61** and set up a payment plan.

You will need your TFN handy.

If you are unsure if you owe the ATO money, or how much you owe, do not delay in contacting our office.

#### **ATO Audits**

Any taxation return lodged, by an individual or by a tax agent, may be audited by the ATO. To avoid penalties for false claims, all claims must be supported by evidence, e.g. receipts, log books, employer letters. The ATO may choose to audit taxation returns as far back as seven years and [severe penalties](#) may be applicable when claims cannot be substantiated. Interest may also be imposed on any

amounts that are due to be repaid to the ATO as a result of the audit.

Our [What to Bring](#) guide offers examples of the information you should have ready to complete your taxation return. Good record keepers get better refunds!

#### **ATO Correspondence & MyGov**

All taxpayers will receive communication from the ATO at some point. Sometimes it may just be a matter of filing it away, but it should never be ignored, accounts and requests for lodgement especially.

The ATO is trying to cut down on paper correspondence and their preferred delivery for all notices is myGov. They are increasingly relying on this method to deliver all information.

#### **ATO Scammers**

If any correspondence you receive from the ATO just doesn't seem quite right, or you have any queries about their requests, contact our office. We have real time access to your ATO records and accounts.

#### **Tax Returns We Prepare**

We prepare **all** taxation returns. Employees, Contractors, all businesses, including home-based, Pty Ltd, Trusts, Partnerships and Primary Production to name a few. All clients are important to us, and we can be important to you, as we work together to ensure that you complete an accurate and correct tax return.

#### **Time for Action**

We are always thrilled to welcome new clients. For our returning clients, you may have been given a *Receipts Envelope* at your last appointment. Hopefully you have been filing away receipts throughout the year, but if you haven't already, collect those receipts!

#### **It's time to book your appointment!**

Our offices are open Monday – Friday, with after hours and Saturday morning appointments available.

If you are unable to attend one of our offices, we can work with you via email or post to complete your taxation return;

- Post: PO Box 351, Gawler 5118, or
- Email: [admin@prmaccountants.com.au](mailto:admin@prmaccountants.com.au)

We also invite you to visit our website and like us on Facebook, for regular tax updates.

The team at Pauline R Murray Accountants look forward to assisting you in the New Taxation Year.

*Pauline R Murray*