



*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*

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2021 TAXATION NEWSLETTER

Welcome to Tax Time 2021. Here it is - welcome to the new normal.

Our offices continue to evolve to provide the best possible service to our clients. In addition to in office, COVID-19 aware appointments, we can prepare your tax returns via email or post and offer telephone and video consults. Your tax returns need to be lodged and your questions need to be answered, but you need not leave your local area. We're here in Gawler, Murray Bridge, Burra, Wallaroo & Port Pirie to help. Ring now to arrange your appointment.

We at Pauline R. Murray Accountants lodge taxation returns for all entities and for multiple years. We also offer accounting services, financial coaching and bookkeeping assistance. We are available to our clients year round, at their convenience to assist with all of their individual or business taxation and financial needs and changes of circumstances.

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

New Services

Do you need assistance communicating with your Superannuation Fund, Centrelink or the Aged Care system? It can be very overwhelming or confusing completing their many complex forms. We can act on your behalf to save you both your time and sanity!

myGov & Online Services

We as your accountant can access your PAYG Summaries, Centrelink statements and other information that has been supplied to the ATO.

But you do need access to your [myGov](#) account yourself. The ATO will send correspondence to you via you myGov, including your Notice of Assessment, your quarterly PAYG Notices or account reminders.

If you haven't already, you should create your myGov account now. If you have created your account but no longer have access as you have forgotten your password or locked yourself out, you should contact the technical help desk to fix this. **Ph 13 23 07.**

Items to consider when completing your return:

Changes to the Tax Brackets

The tax rates announced last July allow you to earn up to \$120,000 before entering the top two tax brackets. It gives some individuals the opportunity to take advantage of additional overtime knowing you won't go into the next tax bracket and have to pay extra tax.

Hand Sanitizers, Masks & Cleaning Products

As with any potential tax deduction, we must consider why you are incurring the cost and is it directly related to your work. If you do have receipts, please provide them when we prepare your return and we can discuss what you may be able to claim.

Tools of Trade for Employees

Employees are entitled to claim expenses for tools of trade, with receipts. Individual items up to the value of \$300 can be fully deducted, items over this value must be depreciated at 37.5%.

Working From Home

For employees and the self-employed

When lodging your 2021 tax return there are three methods to claim your working from home expenses:

- 80c/hour (new scheme)
- Actual costs: you must provide receipts for all items purchased and bills paid, and a portion will be claimed.
- 52/c hour + additional costs: receipts are necessary to claim a percentage reflecting home office use.

All options do require a logbook as evidence of the hours worked at home and/or a letter from your employer supporting your claim.

Additionally, you must consider;

1. was it a convenience to work from home,
2. were you required to work from home, or
3. is that the location of your business?

Allowances

Even if you receive an allowance from your employer, you still need substantiation to show you spent your allowance.

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 EoFY PAYG Summary.

[Truck drivers](#) will need to look closely at what kind of allowance you were receiving, e.g. a trip allowance, LAFH allowance or a per kilometre allowance. Log books should be kept of the where, what and how much spent.

Work Travel

Costs including transport, accommodation, meals and incidentals may be tax deductible. We must consider why you needed to pay for the expense, were you reimbursed and was the travel essential for your employment. As always, keep receipts and a log of the travel and bring it with you to your appointment.

Motor Vehicle Expenses for Employees

Travel to and from home to a primary work site is not tax deductible. However, if you are required to travel to different sites while working, this may be deductible. We must discuss the reasons and manner of travel to determine your eligibility, and you must have a log book or letter from your employer confirming the travel. We will also discuss the extent of the business to calculate the percentage of other expenses, such as insurance, registration & maintenance that you can claim.

Income Protection Policies

If you pay for Income Protection from your salary you may be able to claim this expense on your tax return. You will need to present a statement from your insurer so that we can determine the percentage of the expense that we can claim.

Please note, Life Insurance is not tax deductible.

Rental Properties

This year the ATO expects to see decreases in rental property expenses due to the residual effects of COVID-19. For example; lower interest rates should result in less interest paid claimed and they expect to see lower maintenance expenses.

There is a difference between repairs and renovations when it comes to claiming your expenses. So if you have completed work on your rental or you are planning on it, we will need to discuss.

If you [purchased or sold a rental property](#) throughout the Financial Year please bring a copy of your Settlement Statements. We will also need to discuss the possibility for Capital Gains Tax.

Vacant Residential Land

As of 1st July 2019 you can no longer claim expenses related to your vacant land year to year. You can only claim expenses once the building receives its certificate of occupancy. But do keep records of expenses incurred on the vacant land and during the build, as these will reduce your cost base if we calculate Capital Gains Tax.

Capital Gains Tax

It's not just for rental properties. Have you sold an asset at a profit or even a loss? Assets include land, motor vehicles, boats or even [works of art](#).

If you have sold one of these items, or something else for a profit, please let us know when we are preparing your taxation return. We will need to determine if Capital Gains Tax is applicable or if there was a capital loss. Losses may be used to offset future capital profits.

Contributions to Superannuation

From the 1st July, 2021, the ATO has increased the superannuation contributions cap to \$27,500/annum. Contributions to your superannuation include payments made by your employer, salary sacrifice and self contributions. Excess contributions may attract interest and penalties. Contributions you make yourself to your superannuation fund can be used as a tax deduction. To claim this deduction you must provide a copy of your Notice of Intent to us when we prepare your tax return. You need to request a [Notice of Intent](#) from your fund, who generally take between 1 – 4 weeks to respond.

Date of Death Tax Returns

In what we appreciate is a very difficult time, it is sometimes necessary to lodge a Date of Death return and/or Estate taxation returns on behalf of your deceased loved one. As assets are sold, it can be a confusing or complicated process to lodge the taxation return correctly. We can also discuss any possible tax implications that may affect any [inheritance](#) you might receive.

As your accountant we are here to make this process as simple and as stress free as possible for you and your family.

[ABN Holders & Businesses Should Consider These:](#)

Important Dates

As an ABN holder, there may be additional information that you are required to lodge both during and at the end of the Financial Year. We can help you prepare these or even lodge on your behalf.

- Single Touch Payroll: must be reported to the ATO at the same time you process your pay run. You must also make a EoFY finalisation declaration by the 14th July.
- Superannuation: lodged and paid by the 28th day after the end of the quarter.
- TPAR: 28th August. Even if you don't pay contractors, if you are in an industry that is required to lodge a TPAR, you must lodge a Nil report.
- BAS & PAYG: if you are required to lodge monthly, this will be the 28th day after the month. If you lodge quarterly, this will be the 28th day after the quarter. If you are required to lodge and you did not trade for the period you must lodge a Nil report.
- RTWSA: Employers must lodge their EoFY Reconciliation & Remuneration by the 15th September

Cash (Black) Economy

If the ATO has evidence that you have been dealing in cash and have not declared this on your taxation return they will amend your return to reflect what they believe is the correct income.

The Share Economy

If you run an [AirBnB](#) or list a property on Stays, drive for Uber, [Deliveroo](#) or MenuLog the ATO will be receive information about your income to match on your return. You can claim expenses related to the income, so please provide your receipts so that we can maximise your deductions.

[EBay](#) also reports to the ATO all sellers who earn over \$10,000 through the site during the Financial Year.

A reminder that [Uber](#) drivers must be registered for GST.

Cryptocurrency

If you have been trading in [Bitcoin](#) or another form of cryptocurrency potentially you will need to pay tax on your profits. Please provide details of your trading when we prepare your tax return.

Motor Vehicle Expenses for Contractors/ Businesses

You should keep a full, detailed logbook of all business motor vehicle expenses. Even if you believe the vehicle is 100% business use, the ATO may disagree.

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

Small Business Concession / Instant Asset Write Off

For all ABN holders, no matter their business structure, until 30th June 2023 you have the choice to write off the cost of an asset in full or depreciate over a number of years. Assets include plant & equipment, tools of trade or vehicles, under 1 tonne up to the value of \$59,136, or over 1 tonne up to the cost of \$150,000.

You can depreciate some items and opt to write off others, you don't need to use one method for all items purchased. we can discuss which method.

Carry Back Losses for Pty Ltd Companies

The ATO has introduced a new scheme which allows companies to take advantage of the [losses](#) they incurred in the 2019/20, 2020/21 and 2021/22 Financial Years. There are a number of conditions we will need to discuss to decide if and when this scheme is best for your business. We can do this when preparing your tax return or arrange an additional consult to fully explore your options.

Financial Reviews & Business Coaching

We offer two complimentary financial reviews for your business each year. We strongly encourage these to identify areas of concern. At the very least, we can work toward ensuring there is sufficient tax being paid during the year so there are no surprises come the 30th June. We can also use these reviews to identify the potential for growth, and how to best take advantage of those opportunities.

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.

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.

[For Employers](#)

Single Touch Payroll Reporting

As an employer you are required to report using STP enabled software. We can help you set up your STP software, or even lodge your regular reports on your behalf.

Superannuation

As at the 1st July, employers superannuation contributions [increase to 10%](#).

If you are late to lodge and/or pay your contributions you must complete a Superannuation Guarantee Charge Statement.

We can lodge your contributions on your behalf lodgments or assist with the SGC Statement.

[To all our valued clients](#)

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.

Association/ Club Audits

If you are part of a [Not-For-Profit, social or sports club](#) that is required to present an audit report at your AGM or lodge a Lotteries License renewal, we can offer this service. Contact our office and we can discuss what is involved, and provide a personalised quote for your organisation.

Overdue Taxation Returns or BAS

The ATO are issuing penalties up to the value of \$1110 per lodgment for failure to lodge tax returns and Activity Statements. In addition to the penalties, they will also charge interest from the original due date on amounts owing as a result of tax returns or BAS. If you did not work or your earned under the taxable threshold, you may still be required to lodge a tax return. If you didn't trade during a quarter you do still need to lodge a BAS. Contact our office so that we can ensure you avoid any unnecessary penalties.

ATO Debt Recovery

The ATO has moved many of the staff they brought on to assist with JobKeeper to their Debt Recovery division and all gloves were off after January 2021. If you are unable to pay an account in full by the due date you must arrange a payment plan to avoid additional interest. Payment plans can be arranged via your myGov, the Business Portal, on the phone, or, in some instances our office can assist. If you are experiencing [financial hardship](#) and are struggling to meet your financial obligations, contact the ATO.

Taxation, accounting and all financial matters can seem a little daunting at times. We aim to make the whole process as simple and easy to understand as possible for all our valued clients. If you would like more information on any items we have or haven't mentioned here, please never hesitate to contact our office, by phone, post or email.

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

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

Pauline R. Murray

The ATO will work with you, as long as you work with them. If your debt with the ATO exceeds \$10,000 it may affect your credit rating and ability to apply for loans. If you are unsure if you owe the ATO money, or how much you owe, do not delay in contacting our office.

ATO Audits

The ATO has increasing access to data matching resources, they use these as well as benchmarks to identify taxation returns to audit. They have access to information relating to wages, allowances, bonuses, payments made to contractors, interest, dividends, sales of properties and vehicles. They also have access to information relating to the purchase of luxury items. If the value of your purchase does not reflect the financial position demonstrated on your most recent tax return, this will raise flags and the ATO will investigate. 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 impose [severe penalties](#) 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 Scammers

The ATO will not telephone or email you and threaten to arrest you regarding outstanding or overdue accounts. They will not demand payment over the phone, or in the form of iTunes cards. Do not provide confidential details over the phone or online if you have not contacted the ATO yourself. If any correspondence you receive from the ATO 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.