

CHRISTMAS BREAK

Can you believe here we are at the close of another busy year? We thank you for your custom and look forward to continuing to be of service in the New Year ahead and beyond. Once again it is time for us to recharge our batteries.

As ever that's our goal, so the office will be closed over the Festive Season as follows

From 5.00pm Thursday 22nd December 2016

To 8.00am Monday 9th January 2017.

We wish you and your loved-ones a happy and joyous Christmas with a healthy and prosperous New Year.

Alicia, Bev, Brian, Dan, Gavin, Jess, Julie, Kathryn, Marg, Paul, Pippa, Olive, Rachael, Samantha, and Shirley.

SUPERANNUATION CHANGES PASSED BY PARLIAMENT

The government's extensive changes to the taxation laws regarding superannuation were passed by Parliament on 23 November 2016.

According to the Treasurer, Mr Scott Morrison:

"The superannuation reform package better targets tax concessions to make our superannuation system fair and sustainable, as the population ages and fiscal pressures increase.

"The reforms include the introduction of a \$1.6 million transfer balance cap, which places a limit on the amount an individual can transfer into the tax-free earnings retirement phase and the introduction of the Low Income Superannuation Tax Offset".

The amendments also include the following two new measures to provide more flexibility to help Australians save for their retirement:

- the removal of the '10% rule', allowing anyone (including employees) to claim a deduction for personal contributions into superannuation from 1 July 2017 (which will particularly help contractors who also draw income from salary and wages); and
- the ability for individuals with superannuation balances below \$500,000 to make 'catch up' concessional contributions from 1 July 2018 (allowing them to 'tap into' unused amounts of their contributions cap from prior years, which will help those with irregular work patterns better save for their retirement).

Editor: These amendments represent significant changes to superannuation rules. A review of their application to your personal situation may be prudent.

ATO DATA MATCHING PROGRAMS

Editor: The ATO has announced it is embarking on the following three (major) data matching programs.

Share transactions data matching program

Editor: The share transactions data matching program has been conducted since 2006 to ensure compliance with taxation obligations on the disposal of shares and similar securities. The collection of transaction history data dating back to 20 September 1985 (the introduction of the CGT regime) is used to enable cost base and capital proceeds calculations.

The ATO will continue to acquire details of around 61 million share transactions (in relation to 3.3 million individuals)

for the period 20 September 1985 to 30 June 2018 from various sources, including share registries (such as Link Market Services, Computershare, Advanced Share Registry Services, and Automic Registry Services), and the Australian Securities Exchange Limited.

Credit and debit card data matching program

The ATO will continue to annually acquire data relating to credit and debit card payments to merchants, in this case acquiring data for the 2015/16 and 2016/17 financial years from the big four banks, as well as other banks (such as the Bank of Queensland and the Bendigo and Adelaide Bank) and others involved with credit and debit card payments (including American Express, First Data Merchant Solutions, Diners Club Australia and Tyro Payments Limited).

It is estimated that around 950,000 records will be obtained, including 90,000 matched to individuals.

Online selling data matching program

The ATO will continue to acquire online selling data, with an estimated 20,000 to 30,000 records obtained relating to registrants who sold goods and services to an annual value of \$12,000 or more during the 2016, 2017 and 2018 financial years, from eBay Australia and New Zealand Pty Ltd (which owns and operates www.ebay.com.au). It is estimated that around half of the matched accounts will relate to individuals.

BEST (WORST) JOKES

Two muffins were baking in an oven, and one of them said "it sure is hot in here", and the other shouted "Holy Cow! A talking muffin!"

Q: What did zero say to the number eight?
A: Nice belt!

A man walks into the Psychiatrist's office and says, "Doctor, I feel like a dog."
The Psychiatrist says, "Why don't you sit down and tell me about it?"
The man replies, "I can't, I'm not allowed on the furniture."

Q: Why do sharks live in salt water.....
A: Because pepper water makes them sneeze!

Q: Why don't pirates like driving in the mountains?
A: 'Scurvy!

GST ON LOW-VALUE IMPORTS

Goods imported into Australia – often by consumers using the internet – which cost less than \$1,000 are currently GST-free.

On May 3 2016, as part of its package of Budget Night announcements, the Federal government proposed that, as of 1 July 2017, this low-value threshold ('LVT') of \$1,000 will be abolished.

The removal of the LVT will see many purchases made by individuals and businesses over the internet from an overseas vendor being subject to GST from 1 July 2017.

It is proposed that, as of 1 July 2017, overseas businesses with an Australian annual turnover of greater than \$75,000 will be *required to register* for GST and collect GST on sales made to Australian customers.

Editor: It has been reported that the Federal government could use powers it has under the Telecommunications Act to force internet service providers to block websites of overseas businesses that do not meet their Australian GST obligations (although it remains to be seen if they would go that far . . .)

RECORD KEEPING IS ALWAYS KEY TO TAKING ON THE ATO

In a recent case before the Administrative Appeals Tribunal (AAT), amended Income Tax Assessments issued to a taxpayer by the ATO, which were based on the amounts of unexplained deposits to the taxpayer's bank accounts (in some years, in the hundreds of thousands of dollars, in others, millions), have been largely upheld.

The total further tax claimed by the ATO was almost \$4 million, and, on top of that, they imposed an administrative penalty of almost \$2 million (imposed at the rate of 50% for recklessness).

The taxpayer was partially successful in proving that some of the amounts deposited into bank accounts held in his name were not assessable income.

In particular, the taxpayer was able to demonstrate that some of the deposits were reimbursements of amounts he paid in relation to a group of companies of which he was an investor, and some were transfers from one of his bank accounts to another.

However, in relation to many of the deposits to his bank accounts, he had no corroborative evidence as to what they represented.

Therefore, he failed to discharge his onus to prove the amounts should not have been included in his assessable income.

Editor: Yet again the AAT has provided taxpayers with another reminder as to the importance of documentation and good record-keeping.

Please Note: Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek further advice to independently verify their interpretation and the information's applicability to their particular circumstance.