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Practice Update

Please read this update
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SuperStream starting 1 July for many employers

Under 'SuperStream', employers will need to be able to make super contributions on behalf of their employees by submitting data and payments electronically.

Equally, all superannuation funds, including SMSFs, will need to be able to receive contributions electronically.

Employers with 20 or more employees

From 1 July 2014*, these employers should start using the SuperStream standard to send contribution data and payments electronically.

Note(): The ATO is being flexible on the start date, provided the employer is doing their best to implement SuperStream, and has a firm plan to do so no later than 30 June 2015.*

Employers with 19 or fewer employees

From 1 July 2015*, these employers will also be required to send contributions data and payments electronically. However, some may choose to implement SuperStream sooner.

Note(): The ATO is also being flexible on this start date, provided the employer has a firm plan to do so no later than 30 June 2016.*

Employers

Employers have two options for meeting SuperStream; either:

- (a) using software that conforms to SuperStream; or
- (b) using a service provider that can meet SuperStream on their behalf.

The ATO recommends that employers start investigating their options now, and has provided information and a list of providers on its website.

Editor: If you need any assistance with SuperStream please contact our office, and we'll be glad to get you started and walk you through the process.

Project DO IT update

The ATO says that its voluntary disclosure initiative, Project DO IT (in relation to taxpayers coming forward and disclosing overseas income and assets), is receiving a strong response with a number of people having already come forward to make a disclosure.

Response so far

- Over 350 inquiries.
- Almost 100 disclosures lodged.
- Strong indication that many others will make a disclosure in the near future.

Editor: Project 'DO IT' (i.e., 'disclose offshore income today') is an amnesty for taxpayers with offshore assets or income to voluntarily come clean by 19 December 2014.

Under Project DO IT, taxpayers:

- are encouraged to disclose omitted income or over-claimed deductions relating to their offshore activities;
- will not be investigated or referred for **criminal investigation** by the ATO; and
- will generally only be assessed for the **last four years**.

ATO warning on 2013/14 work-related deductions

This tax time the ATO says that, in relation to work-related expenses, it will not be limiting its attention to certain occupations.

Instead, particular attention will be paid to work-related expense claims relating to:

- overnight travel;
- transporting bulky tools and equipment; and
- the work-related proportion of use for computers, phones or other electronic devices.

2014/15 Luxury car tax (LCT) limit

The LCT threshold for the 2014/15 financial year is \$61,884 (increasing the previous year's LCT threshold of \$60,316 by an indexation factor of 1.026).

GIC and SIC rates for the 2014 September quarter

The ATO has released the 2014 September quarter rates for the General Interest Charge (GIC) and the Shortfall Interest Charge (SIC) as follows:

GIC annual rate	9.69%
GIC daily rate	0.02654794%
SIC annual rate	5.69%
SIC daily rate	0.01558904%

Repairs to a rental property formerly used as a home

In recent years, there has been an increasing tendency for home owners to use an existing home as a rental property, especially where a new home has been purchased.

In these situations, it is common for taxpayers to undertake repairs and maintenance to their existing home in order to make it more attractive to prospective tenants before the property is available for rent and/or actually rented to tenants.

However, according to the ATO, no deduction will be available for repair expenditure that is incurred before a taxpayer's home is held or used for income-earning purposes (e.g., before the property is genuinely available for rental).

Undertake repairs when property is available for rent

Where appropriate, a taxpayer should consider 'holding-off' undertaking repairs to the former home until the property is either genuinely available for rent (e.g., listed with a real estate agent for rental) or actually rented to tenants.

In these circumstances, a deduction for repairs may be available even though:

- the property was previously used by the taxpayer for private purposes (i.e., as the taxpayer's home); and
- some or all of the defects, damage, or deterioration are attributable to the period the property was used as the taxpayer's home.

Car parking threshold 2014/15

The car parking threshold for the 2014/15 FBT year is \$8.26. This replaces the amount of \$8.03 that applied in the 2013/14 year.

ATO takes over Super Clearing House

The ATO has taken over responsibility for the Small Business Superannuation Clearing House.

The Department of Human Services was previously responsible for the free online clearing house service that helps businesses with 19 or fewer employees pay superannuation contributions for all staff in one transaction.

Super update from the ATO

Some SMSF statistics

As at 30 September 2013, there were over 516,000 SMSFs holding around \$531 billion in assets.

Although SMSFs are nearing one million SMSF members (980,000), or 8% of the 11.6 million members of Australian super funds, they account for 31% of the \$1.6 trillion total super assets as at 30 June 2013.

Common problems and ATO audit action

The top contraventions reported to the ATO on auditor contravention reports relate to:

- loans;
- borrowings;
- a lack of separation of assets;
- in-house assets;
- not investing at arm's length;
- making acquisitions from related parties; and
- sole purpose breaches.

This year the ATO will review every fund reported to it by approved SMSF auditors.

In 2012/13, the ATO's audits:

- made 150 funds non-complying; and
- disqualified 440 people from being a trustee.

New ATO powers and penalties

The government has announced that, from 1 July 2014, administrative penalties will apply to breaches of the super laws (note that this is still just proposed law at this stage).

If the proposed legislation is adopted, SMSF trustees will be personally liable for penalties between \$850 and \$10,200, depending on the provision contravened.

As trustees will become **personally** liable for these new penalties, they cannot use the resources of the fund to pay the penalty.

While the start date is 1 July 2014, it should be appreciated that contraventions, such as loans to members or relatives, still existing on that date will come under the new penalty regime.

The ATO says the message for SMSF trustees is clear: "Rectify any contraventions as soon as possible or be liable for a penalty."

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 professional advice to independently verify their interpretation and the information's applicability to their particular circumstances.