

ATO'S AUDIT TARGETS

Editor: The ATO has set up a new page on its website called "Building confidence", which talks about its current compliance activities, and the amounts of tax and penalties it has collected in 2014 from its various initiatives.

Some of the areas that the ATO has stated it will be focusing on are:

- Work-related expenses:
 - motor vehicle expenses for travelling between home and work;
 - overnight travel; and
 - the work-related proportion of use for computers, phones and other electronic devices.
- Rental property expenses:
 - excessive deductions being claimed for holiday homes (deductions should be limited to the amount of income earned, or to the number of days actually rented out at a commercial rate);
 - husbands and wives inappropriately splitting rental income and deductions for jointly owned properties; and
 - interest deductions being claimed for the private proportion of loans.

- Cash economy:
 - the building and construction industry;
 - the restaurant, café and takeaway industry.
- Contractors – employers misusing contracting arrangements with the intention of avoiding employment overheads.

ELIGIBILITY FOR NET MEDICAL EXPENSES TAX OFFSET

The ATO has reminded taxpayers that the net medical expenses tax offset (NMETO) is being phased out.

To be eligible for the NMETO for 2014/15, a taxpayer must have received an amount of the tax offset in **both** of their 2012/13 and 2013/14 income tax assessments.

If a taxpayer's 2012/13 notice of assessment shows an amount of zero for NMETO, they wouldn't have received this offset in that year and so are not eligible to make a claim in 2013/14 or 2014/15.

However, the eligibility rule for the NMETO does not apply to clients with out-of-pocket medical expenses relating to disability aids, attendant care and aged care (these expenses can continue to be claimed until 30 June 2019).

TEN (10) THINGS I KNOW ABOUT YOU

1. You are reading this.
2. You are human.
3. You can't say the letter "P" without separating your lips.
4. You just attempt to do it.
6. You are laughing at yourself.
7. You have a smile on your face and skipped No 5.
8. You just checked to see if there is a No 5.
9. You laugh at this because you are a fun loving person and everyone does it too.

ATO WARNS ABOUT AGGRESSIVE PHONE SCAMS

The ATO is again warning the public to be aware of a phone scam that is circulating, where fraudsters are intimidating people into paying a fake tax debt over the phone.

The aggressive scam attempts to force people to pay a fake tax debt immediately by threatening arrest if they don't comply.

Editor: If any client receives a call from the ATO we recommend that they should ask for the caller's name and either call our office with the details or phone them back through the ATO's switchboard on 13 28 69.

THE SHARING ECONOMY

Editor: The ATO has issued an information guide titled the 'Sharing economy and tax'. It states that the 'sharing economy' is a new way of connecting buyers ('users') and sellers ('providers') for economic activity.

Sharing economy arrangements are generally booked through a facilitator using a website or app.

Common examples of some sharing economy services include:

- renting out or letting a room or other property for accommodation;
- renting out or letting car parking space;
- providing odd jobs, errands, deliveries or more skilled services on an ad hoc basis;
- and
- using a car to transport members of the public for a fare.

The ATO says that tax laws which apply to activities conducted in a conventional manner apply in the same way to activities conducted in the sharing economy.

DID I READ THAT SIGN RIGHT?

"Toilet out of order. Please use floor below."

Automatic washing machines: Please remove all your clothes when the light goes out.

Bargain basement upstairs...

Would the person who took the ladder yesterday please bring it back or further steps will be taken.

After tea break, staff should empty the teapot and stand upside down on the draining board.

We exchange anything – bicycles, washing machines, etc. Why not bring your wife along and get a wonderful bargain?

Notice in health food shop window: Closed due to illness..

Spotted in a safari park: Elephants, please stay in your car.

For anyone who has children and doesn't know it, there is a day care on the 1st floor.

The farmer allows walkers to cross the field for free, but the bull charges.

If you cannot read, this leaflet will tell you how to get lessons.

We can repair anything. (Please knock hard on the door – the bell doesn't work.)

Man kills self before shooting wife and daughter.

EMPLOYERS AND SMSFS MUST PREPARE FOR SUPERSTREAM

With the 30 June 2015 deadline fast approaching for **medium to large employers** to be SuperStream compliant, the ATO is urging these employers to act now to ensure they are SuperStream ready.

Editor: For 'small employers' with 19 or fewer employees, SuperStream starts from 1 July 2015 and they have until 30 June 2016 to be ready (though they can start using SuperStream earlier, if possible).

The ATO has also reminded employees of these taxpayers who are members of a **self-managed super fund** (SMSF), that they have the **same deadline**.

For SuperStream to work efficiently, employees with SMSFs must provide relevant e-commerce details to their employer so they can update their payroll system.

This information includes the SMSF's:

- Australian Business Number (ABN);
- bank account details; and
- electronic service address.

Editor: By 30 June 2015, SMSFs must be able to receive employer contributions electronically in the SuperStream format if their members work for a medium or large employer.

In the event that an SMSF member fails to provide this information to their employer in time for the employer to get ready, the employer may request that the employee completes a **new choice form**.

Therefore, the ATO recommends that SMSFs provide these details to their employer at least 30 days prior to the date the employer will start sending contributions using SuperStream, to allow enough time for the employer to manage the changes and ensure the SMSF has no interruption in maintaining their contributions flow.

Editor: If you need any assistance with this, including the requirement to obtain an electronic service address, please contact our office.

2014 ONLINE SELLING DATA MATCHING PROGRAM

The ATO will request and collect, from eBay Australia & New Zealand Pty Ltd (which operates www.ebay.com.au), online selling data relating to between 15,000 and 25,000 individuals that sold goods and services of a total value of \$10,000 or more for the period from 1 July 2013 to 30 June 2014.

This acquired data will be electronically matched with certain sections of ATO data holdings to:

- identify individuals and businesses selling goods and services via the online selling site who may not be complying with registration, reporting, lodgment and payment obligations under taxation law, particularly those with **undeclared income**, and incorrect lodgment and reporting for **GST**; and
- enable the ATO to be more strategic in its approach to determine appropriate educational and compliance strategies to encourage voluntary compliance for taxpayers in the online selling market.

END OF FINANCIAL YEAR

Just when you're not looking another Financial Year will come to a close. So it is time to start sorting through those papers you've been saving and gather up your 2014/15 Tax information. We have included a 2015 Tax Return Checklist which we trust will be of some assistance.

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 circumstances.

TAX RETURN CHECKLIST

JUNE 2015



PO Box 220
WILLETTON WA 6955
Tel: 08 9354 6000
Fax: 08 9354 6020
Email: admin@fecpa.com.au

PERSONAL TAX RETURNS

NOTE: Please provide Bank Details (BSB, Account Number and Name) for all ATO tax refunds

Income

- Gross Salary, wages and other income including details of Salary package; Reportable FBT; Reportable Superannuation Contributions; PAYG Payment Summaries (previously called Group Certificates).
- Voluntary Withholding Summaries.
- Allowances, benefits, earnings, tips and Director's fees.
- Lump sum and Termination payments.
All documentation received, including Statement of Termination Payment from employer; superannuation fund or ADF.
- Government Centrelink Annual Advice, including pensions, unemployment and sickness benefits, etc.
- Details of any sale of Assets (eg shares and real estate) including dates of acquisition. Particularly watch out for post – 19th September 1985 purchases, detail dates and costs.
- Annuities.

- Income from trusts and partnerships which should include a break up of:
 - Primary production income;
 - Other income;
 - Tax free distributions
 - Franked dividends
- Rental Income.
- Interest received and any tax file number tax deducted.
- Dividend notices.
- Managed Fund Annual Tax Statements
- Details of franking credits, and any tax file number tax deducted.
- Cashed life assurance bonuses where the policy was held for less than 10 years.
- Foreign source (employment and pension) income and details of any foreign tax credit attached to that income.
- Details of Employee Share Scheme transactions

Deductions

- Investment and property income expenses (carefully detail interest claims).
- Subscriptions (not including sporting or social clubs).
- Records of expenditure related to your employment such as work-related motor vehicle expenses, self education, protective clothing and uniform expenses. (Sun protection

requires full substantiation documentation)

- Donations over \$2.00.
- Annuities – Undeducted purchase price.
- For self-employed persons and those without employer superannuation support, details of superannuation contributions made.
- Tax Agents fees and other accounting and tax audit fees.
- Special deductions (Australian films, investment shelters and forestry-type schemes).
- Income Protection Insurance
- Union Fees

Rebates / Offsets

- Any changes in dependants (income of spouse will be required).
- Zone Rebate – dates and places.

Other

- Personal Superannuation Contributions which may be eligible for the Government co-contribution.
- Details of any HECS or HELP debt.
- Details of any Student Financial Supplement Schemes.
- Dependents
Full details – names; dates of birth and any income.

- Spouse Superannuation Contributions.
- Private Health Fund/ Medicare and Pharmacy Statement
- Details of any First Home Saver Accounts
- Child support received and or paid.

**FOR COMPANIES,
PARTNERSHIPS, TRUSTS
AND OTHER BUSINESSES**

Income

- Trading Income.
- Other income (eg rent, interest, royalties).
- Stock on Hand (and basis of valuation) – note any obsolete stock.
- Work in Progress.
- Primary producer subsidies (if assessable).
- Details of property sold including dates of acquisition and disposal with particular attention paid to post 19th September 1985 asset purchases.
- Dividends including details of franking credits.
- Income from foreign sources, including details of foreign taxes paid.

Deductions

- Repairs and maintenance.
- Total Salaries with PAYG Reconciliation.
- Rates & Taxes.
- Insurance Premiums.
- Advertising expenses.
- Interest on borrowed monies.
- Prepaid expenses.
- Retirement payments and golden handshakes.
- Bad debts actually written off during the year.
- Donations over \$2.00.
- Commissions.
- Legal Expenses.
- Losses of previous years.
- Superannuation contributions including any SGC contributions.
- Subscriptions.

- Car Expenses (remember to include petrol, repairs, parking).
- Tax Agent's fees and other accounting and tax audit fees.
- Royalties paid.
- Details of the purposes and destination of any overseas trip. In order to substantiate claims, expenses must be fully documented.
- Research and development expenditure.
- Bank fees and charges including debits tax.

Liabilities

- New loans taken out during the year and their purposes (including any new lease or hire purchase agreements).
- Statements from the lending authority detailing the opening and closing balances of existing loans during the financial year.
- Creditors on hand at the end of the financial year.
- Details of loan accounts for Directors, Shareholders, Beneficiaries or Partners.

Assets

- Details of depreciable assets acquired and/or disposed of during this income year, including –
 - -Type of asset;
 - -Date of acquisition / disposal; and
 - -Consideration paid/received.
- Debtors on hand at the end of the financial year.
- Investments acquired and/or disposed of during the year.

Additional Information Required

- Dividends paid.
- Withholding tax details (dividends and interest paid to non-residents).
- Overseas transactions or interests.
- Advances to Shareholders, Directors, Beneficiaries.

- ABN/GST – confirmation of number and registration.
- Business Activity Statements for each quarter.
- Instalment Activity Statements for each quarter.
- Details of PAYG Instalments paid.
- Bank Statement as at 30th June for each Business Bank Account including Loan Accounts.

Computer Accounts

End of Financial Year Procedures.

- Disk backup, or email zip file, of the reconciled year's transactions with the name and version number of the software programme.
- For those systems which require an end of year balance forward DO NOT CARRY OUT THIS FUNCTION until we have provided your end of year journals. If that prevents you from moving forward please telephone to discuss alternatives.
- After you have forwarded the disk or emailed the information DO NOT ENTER ANY MORE TRANSACTIONS DATED BEFORE 30TH JUNE 2014. (MYOB has a file lock facility which we strongly recommend be applied).