

BRIAN'S BIT

The State and Federal Budgets are before us with details of the latter subject to the Senate and therefore yet to be finalised.

In both circumstances the Governments of the day are looking to increase their revenue whilst reducing their expenditure. Irrespective of the merits or otherwise of those policies it will be necessary for us to work within the parameters of these Government budgets.

Against that background we continue to experience an uncertain economic future. Whilst Australia has weathered the storm better than most, some forecasters are concerned that the Australian economy is slowing and weakening. For many it appears we are waiting for the other shoe to drop. But waiting for "something" to happen tends to paralyse future action and inhibits positive planning.

So don't fall into inertia whilst endeavouring to work out which economist, statistician or the like is right.

Review and analysis what is working best for you, what is not working, what you can do to improve either, how will you do it, what resources do you need?

Critical reviews such as this will lead you to positive action and maximise any available opportunities for success.

Now, more than ever.

CARPE DIEM

TAX AMNESTY FOR OVERSEAS TAX DODGERS – PROJECT 'DO IT'

The ATO has announced an amnesty for taxpayers with offshore assets, to voluntarily come clean by 19 December 2014.

The ATO says that its Project 'DO IT*' provides a last chance opportunity for those who haven't declared their overseas assets and income to come back into the system.

(* 'DO IT' stands for 'disclose offshore income today'.

Under project DO IT, taxpayers will be encouraged to re-engage with the ATO by disclosing omitted income or over-claimed deductions relating to their offshore activities.

Importantly, they will not be investigated or referred for **criminal investigation** by the ATO on the basis of their disclosures.

In addition, they will generally:

- Only be assessed for the last four years;
- Be liable for a shortfall penalty of 10% or less for low-level disclosures; and
- Be liable for full shortfall interest charges.

Until the taxpayer comes forward, the ATO said its normal compliance activities will continue and, if the taxpayer is detected first, they will not be able to benefit from the amnesty.

"Now is the time for individuals with offshore income to get their affairs in order and avoid steep penalties and the risk of criminal prosecution for tax avoidance" said Commissioner of Taxation Chris Jordan.

To receive the benefits of Project DO IT, the ATO said taxpayers must make a “truthful disclosure”.

In doing so, taxpayers “should complete all the questions” and lodge their disclosure statement with the ATO before 19 December 2014 (or seek an extension).

ASK A CHILD

A Sunday school teacher was discussing the Ten Commandments with her five and six year olds.

After explaining the commandments to ‘honour’ thy Father and thy Mother she asked, ‘Is there a commandment that teaches us how to treat our brothers and sisters?’

Without missing a beat one little boy (the eldest of a family) answered, “thou shall not kill.”

DATA MATCHING: ONLINE SELLING

The ATO has announced that it will conduct an online selling program to obtain details of online sellers who sold goods and services to the value of \$10,000 or more in the 2011/12 and/or 2012/13 financial years via online selling sites.

Data owners will be included in the program where they:

- Operate a business in Australia that is governed by Australian law;
- Provide an online market place for businesses and individuals to buy and sell goods and services;
- Track the activity of registered sellers;
- Have clients whose annual trading activity amounts to \$10,000 or more; and
- Have trading activity for the year/s in focus.

If the client base of a data owner does not present an omitted or unreported income risk, or the administrative or financial cost of collecting the data exceeds the benefit the data may provide, the data owner may be excluded from the program.

Applying the above criteria, the ATO will collect data relating to between 15,000 and 25,000 individuals for 2012 and 2013 from eBay Australia & New Zealand Pty Ltd.

INCOME TAX

Temporary Budget Repair Levy

The Government will introduce a three year temporary levy (the Temporary Budget Repair Levy) on high income individuals from 1 July 2014 until 30 June 2017. The Temporary Budget Repair Levy will apply at a rate of 2 per cent on

individuals’ taxable income in excess of \$180,000 per annum.

A number of other tax rates that are currently based on calculations that include the top personal tax rate will also be increased.

With the exception of the fringe benefits tax (FBT) rate, these tax rates will be increased for the same period that the Temporary Budget Repair Levy is in place.

To prevent high income earners from utilising fringe benefits to avoid the levy, the FBT rate will be increased from 47 per cent to 49 per cent from 1 April 2015 until 31 March 2017 to align with the FBT income year.

The cash value of benefits received by employees of public benevolent institutions and health promotion charities, public and not-for-profit hospitals, public ambulance services and certain other tax-exempt entities will be protected by increasing the annual FBT caps. In addition, the fringe benefits rebate rate will be aligned with the FBT rate from 1 April 2015.

This measure is subject to passing through the Senate.

ANYONE FOR PARAPROSDOKIANS

Since light travels faster than sound, some people appear bright until you hear them speak.

Knowledge is knowing a tomato is a fruit. Wisdom is not putting it in a fruit salad.

To steal ideas from one person is plagiarism. To steal from many is research.

I didn’t say it was your fault, I said I was blaming you.

I used to be indecisive. Now I’m not so sure.

You’re never too old to learn something stupid.

I’m supposed to respect my elders, but it’s getting harder and harder for me to find one now.

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 2013/14 Tax information. We have included a 2014 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.