

PALMER & ASSOCIATES

CERTIFIED PRACTISING ACCOUNTANTS

Newsletter – April, 2016

Are you struggling with your business bookkeeping?

Here at Palmer & Associates we provide accurate and reliable bookkeeping services customised to meet your business requirements and goals. Our aim is to deliver affordable bookkeeping solutions to alleviate your stress and allow you to concentrate on what you do best - running and growing your business!

Our experienced team will work with you to provide a personalised service ensuring your business bookkeeping is effective, efficient and ATO compliant. We are certified for all the major software packages including XERO, MYOB, Reckon & Quickbooks and have experience with many other systems.

Please contact our office if you would like further information.

Have you heard about our CLIENT SERVICES PACKAGE?

Our *Client Services Package* ensures peace of mind in the event of an ATO Audit together with providing access to a range of special discounts and benefits.

Please contact our office if you would like further information.

“Wildly excessive” tax deduction claims refused

A professional sales commission agent has been largely unsuccessful before the Administrative Appeals Tribunal (AAT) in claiming tax deductions for work related expenses, including home office expenses, various grocery items and overtime meal allowances.

This case concerned the taxpayer’s deduction claims in his 2011 and 2012 tax returns. The taxpayer worked as a professional sales commission agent and his employer did not provide him with a dedicated office or workspace. His original claims (which changed throughout the course of the AAT proceeding) totalled over \$63,000 for 2010-2011 and over \$53,000 for 2011-2012, representing at least 30% of his employment income. During the proceedings, the taxpayer abandoned a claim for a \$5,388 payment to his seven year old son for his “secretarial assistance”.

The AAT found that the taxpayer’s home office claims were “wildly excessive”, and that the taxpayer and his representatives failed to critically analyse how these claims helped produce the taxpayer’s assessable income. The AAT rejected everything claimed under “staff and client amenities”, as it considered the products were overwhelmingly consumed by the taxpayer’s family, making the claims “outrageous and utterly unacceptable”. The claimed meal allowances were also rejected in their entirety. However, the AAT did allow heating and lighting expenses.

Tax relief for small businesses that restructure on the way

Small businesses are important to the Australian economy, as they facilitate growth and innovation. However, as a small business develops over time, its initial legal structure may no longer be suitable for the business. Where a business has to restructure to accommodate growth, the transfer of assets from one legal structure to another could give rise to unwanted tax liabilities, even though the underlying economic ownership remains the same.

With this mind, the Government has proposed amendments to the law to provide tax relief for small businesses that restructure on a genuine basis. If the legislative amendments are enacted as proposed, the changes would apply for restructures occurring on or after 1 July 2016. In introducing the Bill, the Assistant Treasurer said that this legislation completes the Government's \$5.5 billion Growing Jobs and Small Business package. The Bill will reduce risk and complexity, and will make it easier for businesses to grow.

Withholding tax for car allowances

Car expense deductions for individuals were simplified from 1 July 2015. Employers who pay their employees a car allowance need to withhold tax on the amount they pay over 66c per kilometre. If employers have not been doing this, the ATO notes they should start now to avoid their employees having a tax debt.

TIP: Employers should consider having a discussion with affected employees about whether to increase the withholding amount for the remainder of the financial year to cover the shortfall.



Are you following us on [Facebook??](#)

WARNING!

Individual Tax Returns are due by **16 May 2016**. This due date is fast approaching.

If you haven't already sent your papers in, please do so now or make an appointment to come see us.

GST credits not available for payments on behalf of super funds

The ATO has issued GST Determination GSTD 2016/1, which provides the Commissioner's view on whether employers can claim input tax credits for expenses paid on behalf of superannuation funds.

The Determination notes that employers may pay expenses on behalf of superannuation funds for administrative convenience. It provides that an employer pays the expense on the fund's behalf (eg the super fund obtains legal advice but the employer pays the legal adviser). This is because the advice is supplied to the fund and not the employer. However, the Determination notes that the fund may be entitled to claim a reduced input tax credit under the financial supply rules (contained in the GST Act), provided the requirements of those rules are satisfied.

REMINDER- FBT

Recently we sent out FBT letters and questionnaires. For those who are required to complete these forms please do so and return to our office before the due date of 21 May 2016.

Our aim is to provide relevant information to inform and help create opportunities for our clients. 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 of the information's applicability to their particular circumstances. If you require further information regarding the contents of this newsletter please do not hesitate to contact our office.