

PALMER & ASSOCIATES

CERTIFIED PRACTISING ACCOUNTANTS

NEWSLETTER

December, 2018

In this newsletter we have compiled some of the latest ATO news to keep you up to date. Please do not hesitate to contact us if you require further information regarding the content and the impact it may have on you.

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You might be eligible for more tax deductions than you realised.....

With advances in technology and increased demand from employers, we now find ourselves working more and more from home. Whether we are running a home based business or simply answering a couple of emails on our couch, there are several tax deductions that may be available to you. However this would depend on if:

- Your home is your principal place of business
- Your home is not your principal place of business but has a dedicated work area
- Your home is not your principal place of business and does not have a dedicated work area

So what home office expenses can be claimed?

- **Running expenses** – if you have a dedicated work area such as a study set aside for work, the essentials to keep the work area running like electricity, cleaning, office equipment etc., can be claimed as an expense. Of course, any claim can only be for the work-related portion of the expense. If your family use your home office as well or you use it for personal use, then you can only claim a portion of the expense. Running expenses can be claimed:
 - *at a fixed rate of 45 cents per hour or*
 - *as an actual expense (as a proportion of the work area to the total house area)*
- **Occupancy expenses** – expenses such as rent, interest on your home loan, property insurance, land taxes and rates can only be claimed if your home is your 'place of business' and no other work location has been provided to you. Occupancy expenses can be claimed by calculating your total expenses \times floor area \times percentage of year that part of your home was used exclusively for work. Generally, occupancy expenses are not a deduction available to employees. Please note your house may be subject to Capital Gains Tax if this method of claiming expenses is used.
- **Work related phone and internet expenses** – unless you run your business from home and you have a dedicated phone and internet line it's unlikely you can claim 100% of your phone and internet expenses. If your employer provides you with a phone, you cannot make any claim for these expenses. Claims for actual expenses can be made by working out the work-related use of the phone and internet and then applying that percentage to the expenses.
- **Decline in value** – for depreciable assets such as computers and printers, you might be able to claim decline in value if the cost of the item was over \$300. Decline in value deductions might also be available for office furniture used for work purposes in a home office, but not if the individual is using the fixed rate of 45 cents per hour to claim running expenses.

Expenses	Home is principal workplace with dedicated work area	Home not principal workplace but has dedicated work area	You work at home but no dedicated work area
Running expenses	Yes	Yes	No
Work-related phone & internet expenses	Yes	Yes	Yes
Decline in value of a computer (work related portion)	Yes	Yes	Yes
Decline in value of office equipment	Yes	Yes	No
Occupancy expenses	Yes	No	No

Got a HELP debt? The impending changes to speed up your repayments

The Government has moved to put an end to 'eternal students' who constantly study and never earn an income and speed up the payment cycle for those with outstanding debt.

New lifetime caps on Higher Education Loan Program (HELP) debt will prevent people from constantly going to University without converting that study into a viable career. From 1 January 2019, new loan limits come into force:

- \$150,000 – for students undertaking medicine, dentistry and veterinary science courses (as defined in HESA). The new limit is more than the intended FEE-HELP limit for 2019 of \$130,552.
- \$104,440 – for other students.

The new lifetime limits only apply to new loans. Existing debt is not taken into account.

HECS REPAYMENT RATES FOR THE 2018/19 FINANCIAL YEAR

Minimum 'repayment income'	Repayment
Up to and including \$44,999	0%
\$45,000 - \$51,956	1%
\$51,957 - \$55,073	2%
\$55,074 - \$58,378	2.5%
\$58,379 - \$61,881	3%
\$61,882 - \$65,594	3.5%
\$65,595 - \$69,529	4%
\$69,530 - \$73,701	4.5%
\$73,702 - \$78,123	5%
\$78,124 - \$82,811	5.5%
\$82,812 - \$87,779	6%
\$87,780 - \$93,046	6.5%
\$93,047 - \$98,629	7%
\$98,630 - \$104,547	7.5%
\$104,548 - \$110,820	8%
\$110,821 - \$117,469	8.5%
\$117,470 - \$124,517	9%
\$124,518 - \$131,988	9.5%
\$131,989 +	10%

Reminder on cents per km car expenses rate

The cents per kilometre car expense rate increased from 66 cents to 68 cents per kilometre from 1 July 2018. Employers who use the cents per kilometre rate to pay car allowances for employees should ensure that car allowance rates are up to date. If more than 68 cents per kilometre is paid, employers need to withhold tax on the excess amount under the PAYG withholding system.

Low income earners may still need to lodge tax returns

The ATO has issued a guide to confirm that individual taxpayers might still need to lodge a tax return even if their taxable income is under the tax-free threshold. There are a number of situations where someone needs to lodge a tax return even if they have no tax liability for the year.

Common reasons for this include, if they:

- had pay as you go (PAYG) withheld from payments received during the year
- had a reportable fringe benefits amount on their PAYG payment summary
- had reportable employer superannuation contributions on their PAYG payment summary
- made a loss or can claim a loss made in a previous year
- were an Australian resident for tax purposes and had exempt foreign employment income and \$1 or more of other income
- are entitled to the private health insurance rebate but did not claim their correct entitlement as a premium reduction
- were a liable or recipient parent under a child support assessment unless both of the following applied
 - They received one or more Australian Government allowances, pensions or payments (listed on the *Individual tax return instructions 2018* at [question 5](#) or [question 6](#)) for the whole year.
 - Their income was less than \$24,535.