

Helping you achieve



your financial goals

JUNE 2019

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Happy New Financial Year!



We write our newsletter on the wettest day Adelaide has had for 2 years, and doesn't everything look so much better after a good soaking rain! Hopefully the rainfall made its way to the farming areas who so desperately need a helping hand from Mother Nature.

What an interesting year it has been – we've had more Prime Ministers than we can name, an election campaign and a budget promising tax cuts. More on budget matters later in the newsletter.

Closer to home, it has been a busy year for the JSA team. A number of our staff are undertaking study towards their CPA accreditation, working extremely hard and being rewarded with exceptional exam results. In March we welcomed Harrison, a recent graduate in Finance & Accounting and he is working with our individual and small business clients. A keen Crows supporter, Harrison is fitting right in to the team at JSA.

The flu season is in full swing, having started earlier this year. The Advertiser reported as at 8 June there had been 17,677 reported influenza cases compared to 1,445 cases in the same time last year. If you have an appointment with us but are feeling unwell, we will happily rebook your appointment. We don't charge a cancellation fee and your health is more important.

For something a bit different we've included a chocolate brownie recipe in our newsletter because we do enjoy the odd slice of cake around the office.

We thank you for your support over the last 12 months and we look forward to working with you in the coming year.

*Jill Hoadley & Jessica Ni, Directors
Bob, Ian, Amy, Nicola, Maggie, Harrison, Jen & Nicolle*

APPOINTMENTS – BOOK EARLY!

Our **Hindmarsh** office will be open Monday to Friday 9:00am to 5:00pm during tax season.

Our Reynella office will be open for late night appointments on Tuesday and Wednesday nights.

Saturday appointments will be available at Reynella on 20th July, 17th August and 31st August.

Appointments during school holidays, on Saturdays and after hours are always popular.

Call our office today on 08 8322 5088 to book your appointment.

We're Flexible! If you find it difficult to attend our offices, don't forget you can email, or post your information to us, we will prepare your tax return, contact you with any queries and to discuss the result, and send your return to you for review.

NO PAYMENT SUMMARY?

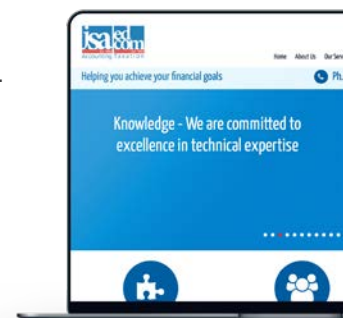
- You may not receive a payment summary from your employer if they have reported the information to the ATO electronically under the newly introduced single touch payroll measure this year.
- You will receive your income statement in your ATO online services account (through myGov) for the amounts your employer has reported.
- As your registered tax agent we will be able to access this information for you.

CLIENT PORTAL DOWN & OTHER OPTIONS

We regret the functionality of our client portal did not meet our or our client's expectations and has been taken offline.

We are currently investigating better ways of uploading your data and documents to us.

We also maintain secure firm Dropbox, Google Docs and OneDrive facilities to which you can send information.



WORK RELATED EXPENSES – NEW RATES

Vehicle Expenses

If you are using your personal car for work and claiming tax deductions, the rate has increased for 2019 to 68 cents per kilometre. You are required to keep a log book or be able to reasonably estimate the distance/s travelled for work purposes.

Home Office

If you use a home office for work or business you may be able to claim home office running expenses based on a rate per hour. The fixed rate is 52 cents per hour for 2018-2022 financial years. A four week diary record of work hours substantiates your claim every 12 months.

Overtime Meals

Do you get paid meal allowance for your overtime work? Overtime meal expenses to be considered under the exception from substantiation. The reasonable amount per meal for 2018/2019 financial year is \$30.60.

BE WARY OF TAX SCAMS

As your registered tax agent, the ATO will typically contact us first about any debt owing. We then check the debt is valid, and if you don't have a payment arrangement in place we contact you. We will not give the ATO your contact details due to privacy laws unless you authorise us to do so.

If you are contacted directly and you are unsure of or not aware of any debt please let us know straight away and we can check that this is a legitimate ATO contact.

We may sometimes ask you proof of identity questions if you ring our office and seek personal data over the phone. We appreciate this can be annoying but is most important with the theft of personal information becoming more prevalent.

PRIVATE HEALTH INSURANCE REBATE (PHI)

The PHI Rebate is a contribution the government makes towards your private hospital health insurance premiums, the amount of rebate you have received throughout the year is shown on your annual insurance statement.

The rebate is income tested, which means if your income goes



PRIVATE HEALTH INSURANCE STATEMENTS

From 1 July 2019, health insurers are no longer required to send private health insurance statements. Previously they were required to send statements by 15 July each year, it is now optional to send this information.

Private health insurance information will be available in the pre-fill report, usually by mid-August. If it is not populated by then, taxpayers may need to request a statement from their health insurer.

It is important to correctly report private health insurance information as we use it to calculate:

- the Medicare levy surcharge, if applicable.
- private health insurance rebates taxpayers are entitled to (see our table below).

NET MEDICAL EXPENSES TAX OFFSET – ENDING THIS YEAR

This offset started to phase out from the 2013/2014 federal budget.

2018/2019 is the final year you may be able to claim the out of pocket medical expenses, but only for disability aids, attendant care or aged care. The offset also only applies if expenses are over a certain amount depending upon your income.

up a tier in the table below, you may need to repay some or all of the rebate when you lodge your personal tax return.

If you would like to avoid the repayment at tax time please update your income information with your insurance provider by advising them which income tier you are on from the table below.

Don't forget your income for this rebate includes Reportable Super and Fringe Benefit Amounts as well.

	Base Tier	Tier 1	Tier 2	Tier 3
Singles	\$90,000 or less	\$90,001 – \$105,000	\$105,001 – \$140,000	Above 140,000
Couples/ Families	\$180,000 or less	\$180,001 – \$210,000	\$210,001 – \$280,000	Above \$280,000
Less than 65 years	25.06%	16.71%	8.35%	0%
65-69 years	29.24%	20.88%	12.53%	0%
70 years+	33.41%	25.06%	16.71%	0%
Medicare Levy Surcharge (if no health insurance)				
All ages	0.00%	1.00%	1.25%	1.50%

NEWSFLASH - INSURANCE IN SUPER – REVIEW OR YOU MAY LOSE IT!

From 1 July 2019, super funds will cancel insurance on accounts that haven't received contributions for

at least 16 months. The funds will send letters to members with inactive accounts at 9 months, 12 months and 15 months.

Don't ignore these emails or you will lose this insurance cover.

If you want to keep the insurance, you must tell your super fund or make a

contribution to that account. You may want to keep your insurance if you don't have any through another fund or insurer and you have a particular need for it (e.g. you have children or other dependants or work in a high-risk job).

If you would like assistance in reviewing your insurance needs please contact us.

DO YOU NEED TO LODGE A PERSONAL INCOME TAX RETURN?

- Is your income over the tax free threshold of \$18,200*?
- Do you have an ABN as a sole trader?
- Does your employer withhold tax for you?
- Are you receiving a life time defined benefit pension?
- Do you receive any franking credits or have TFN tax withheld by the bank?

If you answered yes to any of the above questions then you will need to lodge a tax return!

**Seniors > 65yo - This limit is higher if you are eligible for the Senior/Pensioner tax offset – contact us if you earn over \$29,000 a year to check if you need to lodge.*

WE CAN DO YOUR CHILD'S TAX RETURN

Do you have children at home – working part time or at uni?

If they need to lodge a tax return and we can complete their return at your appointment, we offer a discounted price of \$99 (excluding complex investments).



SUPERANNUATION CHANGES

- Spouse contributions extended to people aged up to 74 – effective 1 July 2020
 - Under the proposed changes, individuals will be able to make contributions to their spouse's super where the receiving spouse is under 75 years of age. If the receiving spouse is aged 65 or 66, they will no longer need to meet a work test. The work test will continue to apply if the receiving spouse is aged 67 or over.
- No work test for voluntary contributions by people aged up to 66 – effective 1 July 2020
 - The Government will update the super contribution rules to allow people aged 65 and 66 to make voluntary contributions to super without having to meet the work test.

BUDGET ANNOUNCEMENTS

The Federal Budget handed down on 2 April 2019 announced a number of tax cuts:

- From 1 July 2018 to 30 June 2022 – An increase to the Low and Middle Income Tax Offset (LMITO) from a maximum of \$530 to \$1,080 (\$2,160 for dual income families), this is in addition to the Low Income Tax Offset.
- From 1 July 2022: the upper threshold for the 19% tax bracket will increase from \$41,000 to \$45,000, and the LITO maximum amount will increase from \$645 to \$700.
- From 1 July 2024, the 32.5% marginal tax rate will be reduced to 30%. The 37% tax bracket will also be abolished as per the Government's already legislated plan.

PROPOSED PERSONAL TAX CHANGES

Tax rates	2018-22	2022-24	2025 Onwards
Nil	Up to \$18,200	Up to \$18,200	Up to \$18,200
19%	\$18,201-\$37,000	\$18,201-\$45,000	\$18,201-\$45,000
30%			\$45,001-\$200,000
32.50%	\$37,001-\$90,000	\$45,001-\$120,000	
37%	\$90,001-\$180,000	\$120,001-\$180,000	
45%	Above \$180,000	Above \$180,000	Above \$200,000
LMITO	Up to \$1,080		
Current LITO	Up to \$445		
New LITO		Up to \$700	Up to \$700

These proposed changes are subject to the passage of law. Please refer to the insert for current tax rate announced in 2018-2019 federal budget and now are law.

If the changes proposed in the 2019–20 Budget become law after 1 July 2019 the ATO will automatically amend assessments – no action will be required by you. The LITO and LMITO offsets can only reduce the amount of tax you pay to zero and they do not reduce your Medicare levy. Your accountant can explain the impact of the offset changes with you at your appointment.

SUPERANNUATION CONTRIBUTIONS

*** NEW ***

CONCESSIONAL SUPER CATCH UP CONTRIBUTIONS

2018/2019 is the first year you are able to make catch up concessional contributions:

- Total super balance is less than \$500,000 at 30 June of the previous financial year.
- You haven't used up your concessional contribution cap in 2017/2018 financial year.

This can be a useful strategy if you have higher than normal income in the 18/19 year and didn't use up your cap in the 2018 year.

This catch up will be available in future years as well.

PERSONAL CONCESSIONAL CONTRIBUTION

Previously only the self-employed were able to make a direct concessional contribution to super for a tax deduction, limited due to a < 10% from salary and wages test.

This test was abolished from 1 July 2017 meaning anyone can put additional funds in to super (subject to contribution caps and age test) for a last-minute tax deduction.

Always check the total amount that has been paid in to your super fund in the year as the caps include contributions your employer makes for you as well.

You will need to lodge a notice of intent for claim to your super fund.

Contact us to check whether a tax deduction or the co-contribution is more beneficial to you.



GOVERNMENT CO-CONTRIBUTION

If your total income is \$37,697 per annum or less and you make a \$1,000 after tax contribution to super, the government will contribute \$500 to your super account. Eligibility is now limited to those with a member balance less than \$1.6m and no co-contribution applies if your income exceeds \$52,697.

SPOUSE SUPER CONTRIBUTION OFFSET

Are you a main income earner in the family?

You may be able claim a tax offset for making a super contribution on behalf of your spouse.

You will be entitled to a 18% tax offset of up to \$540 per year if:

- Your spouse's adjusted taxable income is less than \$40,000.
- The person was your spouse when you made the contribution, and you were living together.
- Both of you are Australian tax residents when you made the contribution.
- Your spouse did not have non-concessional contributions totalling more than their non-concessional contributions cap, or
- at 30 June 2018, a total superannuation balance is less than \$1.6 million.
- Spouse is less than their preservation age or between 65 and their preservation age and not retired.

CHOCOLATE BROWNIE RECIPE

Ingredients

- 200g dark chocolate, chopped
- 250g butter, chopped
- 1 3/4 cups brown sugar
- 4 eggs
- 1/3 cup cocoa powder, sifted
- 1 1/4 cups plain flour, sifted
- 1/4 tsp baking powder

Method

Preheat oven to 160 degrees.

Place chocolate and butter in a saucepan over low heat and stir until smooth. Allow to cool slightly.

Place sugar, eggs, cocoa, flour and baking powder in a bowl. Add chocolate mixture and mix until combined.

Pour into a 20 cm slice tin lined with non-stick baking paper.

Bake for 50 minutes or until inserted skewer withdraws clean.

Allow to cool slightly in the tin before slicing.

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PERSONAL INCOME TAX RATES AND OFFSET ENTITLEMENT

TAX RATES	2018-22	2022-24	2025 ONWARDS
Nil	Up to \$18,200	Up to \$18,200	Up to \$18,200
19%	\$18,201-\$37,000	\$18,201-\$41,000	\$18,201-\$41,000
32.50%	\$37,001-\$90,000	\$41,001-\$120,000	\$41,001-\$200,000
37%	\$90,001-\$180,000	\$120,001-\$180,000	
45%	Above \$180,000	Above \$180,000	Above \$200,000
New LMITO	Up to 530	-	-
Current LITO	Up to 445	-	-
New LITO (Combined)		Up to 645	Up to 645

LMITO

TAXABLE INCOME	LMITO
\$37,000 or less	\$200
\$37,001 - \$48,000	\$200 + 3% of excess over \$37,000
\$48,000 - \$90,000	\$530
\$90,000 - \$125,333	\$530 - 1.5% of excess over \$90,000

HELP DEBT REPAYMENT RATES AND THRESHOLDS

HECS-HELP RATE 2018-2019	
Help repayment income	Repayment rate
Below \$51,957	Nil
\$51,957 - \$57,729	2.0% of HRI
\$57,730 - \$64,306	4.0% of HRI
\$64,307 - \$70,881	4.5% of HRI
\$70,882 - \$74,607	5.0% of HRI
\$74,608 - \$80,197	5.5% of HRI
\$80,198 - \$86,855	6.0% of HRI
\$86,856 - \$91,425	6.5% of HRI
\$91,426 - \$100,613	7.0% of HRI
\$100,614 - \$107,213	7.5% of HRI
\$107,214 and above	8.0% of HRI

HECS-HELP RATE 2019-2020	
Help repayment income	Repayment rate
Below \$45,881	Nil
\$45,881 - \$52,973	1.0% of HRI
\$52,974 - \$56,151	2.0% of HRI
\$56,152 - \$59,521	2.5% of HRI
\$59,522 - \$63,092	3.0% of HRI
\$63,093 - \$66,877	3.5% of HRI
\$66,878 - \$70,890	4.0% of HRI
\$70,891 - \$75,144	4.5% of HRI
\$75,145 - \$79,652	5.0% of HRI
\$79,653 - \$84,432	5.5% of HRI
Gradually increasing to 10 % on \$134,573	

INDIVIDUAL CHECKLIST

RENTAL PROPERTY CHECKLIST			
Income		Expenses	
Gross Rent Received	\$	Advertising for tenants	\$
Any insurance claims received	\$	Body Corporate Fees	\$
Any costs reimbursed by tenant	\$	Cleaning	\$
Details of private use of the property (if any)		Gardening / Lawn Mowing	\$
		Interest on Loans	\$
Details of New Assets Purchased -Items, dates and amounts		Legal Fees	\$
		Property Management Fees	\$
		Repairs & Maintenance	\$
		Water Charges	\$
		Bank Fees on Loans	\$
Please bring these documents to your interview:		Borrowing Expenses	\$
Investment loan statements		Council Rates	\$
Property Management statements		Insurance	\$
New rental property contract		Land Tax	\$
If property sold		Pest Control	\$
Date of Contract		Stationery, Telephone, Postage	\$
Settlement Statement			

INCOME	DEDUCTIONS	TAX OFFSETS
PAYG Payment Summary (Group Certificate) – if you have them	Work Related Expenses Including:-	Superannuation Contributions for Spouse
Govt or Centrelink Payments	Uniforms / Protective Clothing / Laundry	Private Health Insurance Statements – only if received
Interest Received from Savings	Home Office Expenses	Spouse Income & Details
Income Received on Shares & Managed Fund Statements	Subscriptions	Dependent Children Details
Pension or Annuity Payment Summaries	Professional Journals	Zone – Remote area details
Foreign Source Income	Motor Vehicle Expenses – log book	Medical Expenses – eligible Disability Aids only
Lump Sum & Termination Payments	Local / Overseas Travel Expenses involving overnight stays	DVA Pension & Defence Force Medicare Levy Exemption Certificate
Details of Capital Gains / Losses	Sun Protection Items	ADJUSTMENTS
Purchase & Sale Settlement Statements	Tools & Equipment, New Assets & Repairs	Credit for interest on early payment of tax (date & amount paid)
Income from Trusts & Partnerships	Telephone & Internet Expenses	PAYG Installments paid for the year
Business Income	Self – Education Expenses	Super Contributions for Govt Co-Contribution scheme
Employee Share Scheme Statements	Donations of \$2 and over	Personal Super Contributions – Notice of intent required
Foreign Income	Tax Agent Fees	Bank Account Details – Account name, BSB & Account Number required for all refunds from the ATO
Any other Income	Personal Super Contribution	
	Income Protection Policy Renewal Notices	