South Yarra Office

Hope that you're well. Here are some of Jan/Feb 2019 updates from NTAA, The Tax Institute, ATO Agent Newsletters and other resources for your information:

- **Key ALP Tax Reform Proposals – Income Tax**
- Restrict deductions on personal tax-related expenses to $3,000 cap/year.
- Reduce the maximum general CGT discount from 50% to 25%, with exceptions for: grandfathered investments, SMSF investments and investment assets for small business owners.
- Limit negative gearing that losses from new investments in shares and properties will not be used to offset against salary and wages.
- Remove the ability for certain taxpayers to claim excess imputation credits as cash refunds.
- Apply a minimum tax rate of 30% to all distribution from discretionary trusts with mature individual beneficiaries.
- The accelerated depreciation for business at a 20% write-off for eligible depreciating assets.

- **Key ALP Tax Reform Proposals - Superannuation**
- Lower the non-concessional contributions (NCC) cap to $75,000 from $100,000
- Lower the Div 293 tax threshold to $200,000 from $250,000
- Repeal the newly introduced concessional contribution catch-up rules.
- Fast track the employer compulsory contribution percentage from 9.5% to 12%.

- **Home Office Hourly rate**
- ATO has updated the hourly rate for home office deduction expenses from 45 cents to 52 cents per hour for individual taxpayers effective 1 July 2018.
- Tax payer need to keep a record to show how many hours they work from home.
- They can keep a representative four-week diary as per the reduced substantiation requirement.

- **Tax Knowledge of the month:**

Excess Concessional Contribution (ECC) & Division 293 Tax

- Yearly concessional contribution Cap is $25,000 at the moment, if your employer/yourself paid more super guarantee into your super account than the Cap amount, your taxable income will be increased by the ECC amount and be entitled to 15% tax offset on ECC as well. The details see:

https://www.ato.gov.au/Individuals/Super/In-detail/Growing-your-super/Super-contributions---too-much-can-mean-extra-tax/

  - **Major take away:** - Always check your yearly super contribution and be aware of the Cap amount, otherwise be prepared to pay more tax.
  - After ECC been assessed, you can choose to keep it in the super or elect to refund to you through ATO.

- Division 293 tax is an additional tax charged on individuals whose combined super contribution and income are greater than $250,000 in FY2018 on. https://www.ato.gov.au/individuals/super/in-detail/growing-your-super/division-293-tax---information-for-individuals/
- **Major take away:** Div 293 tax can be elected to pay through Super fund account if you intend to and within the time limit of the determination letter.

- **Recent tax case update**
- CGT roll-over by marriage breakdown: to apply where the asset must be transferred to a spouse or former spouse personally, not to a trust or company controlled by the former spouse. – DIS – Sandini Pty Ltd atf the Karratha Rigging Unit Trust & Ors v. Ellision & Ors V. FCT (27 Nov 2018)
- Income conducted under the company assessed as personal service income under PSI rules by unsuccessful in convincing the AAT that the company was conducting a personal services business (PSB) – Fortunatow v FCT (2018) AATA 4621
- Taxpyer denied full foreign tax credit on discounted capital gains – only 50% capital gain assessable in Australia, so does the discount. – Burton v FCT (2018) FCA 1857
- No interdependency relationship between father and son, the payment of a superannuation death benefit to the son's estate was uphelp, notwithstanding that he had nominated his father as its recipient. – Williams v IS Industry Fund Pty Ltd (2018) FCAFC 219