



RUNDLES

CHARTERED ACCOUNTANTS

# Rundles Report

tax news | views | clues

SPRING 2019

---

## ATO will inform us that your information is "Tax ready"

If your employer reports through Single Touch Payroll (STP) and you are linked to ATO online services through myGov, the ATO will send you a myGov Inbox message to let you know that your end of year payment summary (income statement) has been marked by your employer as "Tax ready" and can be used in your tax return. You can access your income statement in ATO online services through myGov, or we can give you the information.

If you do not already have a myGov account, you do not need one for us to lodge your tax return. We can access your employment data and incorporate it into your tax return once your information is "Tax ready".

---

## Top mistakes to avoid this tax time

The ATO has revealed some of the most common mistakes people make at tax time. Top mistakes include failing to report all income and claiming the wrong thing – work-related expenses is one area where people commonly make mistakes. To help taxpayers work out what they can claim, the ATO has developed 30 occupation guides for specific occupations. Contact us if you would like to see if there is a guide for your occupation.

---

## Pension deeming rates cut from 1 July 2019

The Government has announced that it will lower the social security deeming rate from 1.75% to 1.0% for financial investments up to \$51,800 for single pensioners and \$86,200 for pensioner couples. The upper deeming rate of 3.25% will be cut to 3.0% for balances over these amounts.

The Minister for Families and Social Services, Senator Anne Ruston, said the changes would benefit about 630,000 age pensioners and almost 350,000 people receiving other payments. Under the new rates, age pensioners whose income is assessed using deeming will receive up to \$40.50 a fortnight for couples, \$1053 extra a year, and \$31 a fortnight for singles, \$804 a year.

The reduced deeming rates have been backdated to 1 July 2019. Any additional pension payment will flow through into pensioners' bank accounts from the end of September 2019 in line with the regular indexation of the pension.

---

## Personal tax cuts Bill passed without amendment, now law

The *Treasury Laws Amendment (Tax Relief So Working Australians Keep More Of Their Money) Bill 2019* fully implements the personal tax cut measures announced in this year's 2019-20 Federal Budget. Starting immediately, low and middle income earners with an income between \$48,000 and \$90,000 will receive the \$1,080 low and middle income tax offset (LMITO), or \$2,160 for dual income couples, with the increased tax relief to apply from the 2018-19 income year.

[www.rundles.com.au](http://www.rundles.com.au)

N C Rundle & Co Services Pty ACN 005 453 305

Level One 500 Collins Street Melbourne VIC 3000 Telephone: 03 9629 4631 Facsimile: 03 9614 3460

Liability limited by a Scheme approved under Professional Standards Legislation



As a result of the amendments, the Treasurer said around 94% of Australian taxpayers are projected to face a marginal tax rate of 30% or less in 2024-25.

---

### **STP reporting irregularities: ATO contacting businesses**

The ATO has advised tax agents that it is currently emailing Single Touch Payroll (STP) enabled employers who have either ceased reporting for over 45 days; or have submitted employees under multiple payroll or BMS IDs. Some of these businesses may be tax agent clients. These reporting irregularities may cause their employees to see incorrect, incomplete or multiple entries in their income statements.

---

### **FBT, taxi travel and ride sourcing – ATO clarifies**

For businesses, taxi travel by an employee is an exempt benefit if the travel is a single trip beginning or ending at the employee's place of work. The ATO says taxi travel can also be an exempt benefit if it is a result of sickness or injury.

However, the ATO does not consider ride sharing services (such as Uber) to be eligible for the exemption because they are not "taxis".

---

### **New ATO data-matching program – overseas movement data and HELP debt**

The ATO said it will acquire overseas movement data from the Department of Home Affairs (DHA) for individuals with an existing HELP, VSL or TSL debt. The data matching program will be conducted for the 2019-20, 2020-21 and 2021-22 financial years.

Those living and working overseas with a Higher Education Loan Program (HELP), Vocational Education and Training Student Loan (VSL) and/or Trade Support Loans (TSL) are required to update their contact details and submit an overseas travel notification if they have an intention to, or already reside overseas, for 183 days or more in any 12 months; and lodge their worldwide income or a non-lodgment advice.

---

### **GST on low value goods – "very successful initiative", says ATO**

The ATO says it has now collected over \$250 million in additional GST since the GST on low value goods measure began on 1 July 2018, outstripping forecasts by \$180 million.

As businesses do not need to register unless they meet the A\$75,000 GST turnover requirements, most small independent operators do not need to register and have not been affected by this measure.

---

### **Super downsizer contributions reach \$1 billion: Minister**

The Assistant Treasurer, Michael Sukkar, has announced that older Australians downsizing from their family homes have contributed \$1 billion to their superannuation funds. The downsizer measure, which commenced on 1 July 2018, allows older Australians choosing to sell their home, to contribute the proceeds from the sale of their home into superannuation up to \$300,000.



# RUNDLES

CHARTERED ACCOUNTANTS

---

## Reasonable travel and overtime meal allowance amounts for 2019-20

Taxation Determination TD 2019/11, issued on 3 July 2019, sets out the amounts the Commissioner treats as reasonable for the 2019-20 income year in relation to employee claims for overtime meal expenses; domestic travel expenses; and overseas travel expenses.

For employee truck drivers who receive a travel allowance and are required to sleep (take their major rest break) away from home, TD 2019/11 provides separate meal expense amounts for breakfast, lunch and dinner.

---

## Small business income tax gap: ATO update

New figures released by the ATO estimate that almost 90% of income tax from small businesses is paid voluntarily or with little intervention from the ATO.

“This shows that the vast majority of small businesses in the tax system are trying to do the right thing”, Deputy Commissioner Deborah Jenkins said. “Considering how much small businesses have on their plate, we’re grateful for the level of work they put in to get their tax right.”

The ATO estimates the 2015–2016 income tax gap for the small business sector to be approximately 12.5%, or \$11.1 billion, with over \$7 billion attributable to “black economy” behaviour.

---

## ATO sets its sights on undisclosed foreign income

Do you have any amounts of offshore income you haven’t declared to the ATO – perhaps interest from a foreign bank account? Even if it seems like a small amount, you must declare it. International data-sharing arrangements are making your overseas financial affairs increasingly transparent, so don’t get caught out.

The ATO is keen to emphasise that its techniques for detecting offshore amounts are becoming increasingly effective. Cross-border cooperation between different tax jurisdictions means your financial information is being shared more than ever before.

If you’re an Australian resident for tax purposes, you’re taxed on your worldwide income. This means you must declare all foreign income sources in your return.

If you’re a non-resident, you generally only pay tax on your Australian-sourced income.

**TIP:** The main test for tax residency is whether you “reside” in Australia. There’s no single factor that determines whether you meet this test.

What if you’ve already paid tax on the income overseas? You still need to declare it to the ATO. However, you may be able to claim an offset for the tax already paid in order to prevent double taxation.

Got any amounts you’ve overlooked? Now is a great time to get our help with making a voluntary disclosure. You’ll often receive a reduction in ATO penalties and interest that would otherwise apply – and the outcome is generally much more favourable if you make a disclosure before the ATO commences an audit of your tax affairs.

---

## ATO announces “Better as Usual” program to improve your experience

ATO Commissioner Chris Jordan has announced the launch of “Better as Usual”, a new ATO program aimed at improving people’s experience with the tax system. The program will include four parts:

[www.rundles.com.au](http://www.rundles.com.au)

N C Rundle & Co Services Pty ACN 005 453 305

Level One 500 Collins Street Melbourne VIC 3000 Telephone: 03 9629 4631 Facsimile: 03 9614 3460

Liability limited by a Scheme approved under Professional Standards Legislation



# RUNDLES

CHARTERED ACCOUNTANTS

- *Whole-of-system experience*: looking at the end-to-end experience to address people's frustration at sometimes feeling like they have to start all over again when dealing with a new ATO area or staff member.
- *Quality of feedback loops*: better understanding and documenting people's past experiences and actions (eg mistakes versus evasion) to make better ATO decisions in the future.
- *Complex cases team*: a dedicated team to work on the most complex cases, devoting the time and resources necessary to deal with complicated affairs that fall outside the ATO's normal processes.
- *Procedural and cultural safeguards*: established to reduce (and ultimately eliminate) any cases where ATO mistakes could have a severe impact on taxpayers.

---

## Salary sacrificing loopholes: are you receiving your full benefits?

Most workers understand that their employer must make compulsory super guarantee (SG) contributions of 9.5% of their salary and wages. However, things can get a little tricky when you choose to salary sacrifice.

Under current laws, employees who sacrifice some of their salary in return for additional super contributions may end up receiving less than they expected because of two legal loopholes. Employers may:

- count the salary sacrifice contributions towards satisfying their obligation to make minimum SG contributions of 9.5%; or
- calculate their 9.5% contributions liability based on the employee's salary after deducting sacrificed amounts, rather than the pre-sacrifice salary.

Proposed new laws will close the loopholes by requiring employers to pay compulsory SG contributions at 9.5% of the pre-sacrifice amount of salary (that is, the salary actually paid to the employee plus any sacrificed salary). Further, any salary sacrifice contributions will not count towards the compulsory SG contributions. If passed, the new laws will apply to quarters beginning on or after 1 July 2020.

---

## Claiming work trips for business owners

As a business owner, do you sometimes take work trips? When a trip is clearly for business purposes only, the rules for deducting your expenses are straightforward. But what happens when you've planned a holiday or to catch up with family or friends while you're travelling?

### Airfares

Assume you travel to London for a two-week trade show and stay a few extra days for sightseeing. If business is the primary purpose of the trip, you can claim the whole cost of the return airfares as a business deduction, because the sightseeing is just incidental. If you have a significantly longer holiday, so the primary purpose of the trip is not just business, you may need to apportion your airfares. And if the primary purpose is clearly private with some incidental work activities, you generally can't deduct airfares.

### Accommodation

Accommodation deductions are limited to the nights that you're required for the business purpose. In our London example, you couldn't deduct your accommodation costs for the nights you stayed for sightseeing. This applies even though you could deduct the full airfares.

### Record-keeping

Sole traders and partners must keep a diary if they travel for six or more consecutive nights, detailing each business activity, the location, the date and time it began and how long it lasted.

If your business runs through a company or trust structure, it's not compulsory to keep a diary, but it's strongly recommended.

[www.rundles.com.au](http://www.rundles.com.au)

N C Rundle & Co Services Pty ACN 005 453 305

Level One 500 Collins Street Melbourne VIC 3000 Telephone: 03 9629 4631 Facsimile: 03 9614 3460

Liability limited by a Scheme approved under Professional Standards Legislation





# RUNDLES

CHARTERED ACCOUNTANTS

**TIP:** For companies, be careful about your business paying for any private part of your travel, as this could have consequences under the “deemed dividend” rules about benefits for shareholders and their associates.

## Thinking about setting up an SMSF?

SMSFs can be a great option for building retirement savings, but they may not be suitable for everyone. Before you jump in, make sure you understand the differences between SMSFs and other types of funds to help you make an informed decision. Here are a few issues to consider.

### Management

While public offer funds are managed by professional licensed trustees, for SMSFs the management responsibility lies with the members. Every SMSF member must be a trustee of the fund (or, if the trustee is a company, a director of that company). This is an advantage if you want full control over how your super is invested and managed, but it means the members are responsible for complying with all superannuation laws and regulations – and administrative penalties can apply for non-compliance.

### Costs

Fees charged by public offer funds vary, but they are generally charged as a percentage of the member’s account balance. Therefore, the higher your balance, the more fees you’ll pay.

SMSF costs tend to be more fixed. As well as paying establishment costs and an annual supervisory levy, SMSFs must hire an independent auditor annually. Most SMSFs also need professional assistance, such as accounting services, financial advice, administration services and asset valuations. An SMSF can sometimes be more expensive than a public offer fund.

### Investment flexibility

A major benefit of SMSFs is that the member-trustees have full control over investment choices. This means you can invest in specific assets, including direct property, that wouldn’t be possible in a public offer fund. SMSFs can also take advantage of gearing strategies by borrowing to buy property or even shares through a special “limited recourse” borrowing arrangement. However, with control comes responsibility. SMSF trustees must create and regularly update an “investment strategy” that specifically addresses things like risk, liquidity and diversification.

**TIP:** There are other important considerations for SMSFs, including decisions about insurance and arrangements for dealing with any disagreements between trustees. It’s important to ensure you have the whole picture and good advice before getting an SMSF started.

[www.rundles.com.au](http://www.rundles.com.au)

N C Rundle & Co Services Pty ACN 005 453 305

Level One 500 Collins Street Melbourne VIC 3000 Telephone: 03 9629 4631 Facsimile: 03 9614 3460

Liability limited by a Scheme approved under Professional Standards Legislation



# RUNDLES

CHARTERED ACCOUNTANTS

## Noel's News



### *Restaurant Reviews*

#### ***Saké Restaurant & Bar by Sue Osbourne***

***121 Flinders Lane, Melbourne &/or 100 St Kilda Road Melbourne (under Hamer Hall)***

Saké Restaurant and Bar serves contemporary Japanese cuisine in two locations in Melbourne. The food is delicious and the dining experience excellent.

Our table shared a number of small and large dishes including; classic pork gyoza, delicious chicken karaage, ginger chicken with burnt spring onions and shitake mushrooms, and fragrant duck breast. Each dish was superb.

The highlight of the dessert menu was the Dragon Egg. A white and milk chocolate egg was presented with clouds of steam from dry ice. The waitress poured a stream of miso caramel on the egg, melting it to reveal a passionfruit curd inside. Spectacular.

We had two diners with food allergies/intolerances and the waiting staff were excellent in their knowledge of the ingredients of the dishes and their suggestions as to appropriate choices.

#### ***Youngs Wine Rooms by Mark Lisle***

***227-229 Camberwell Road, Hawthorn East***

A new discovery for me, Youngs Wine Rooms, is where the old Youngs Auction House was, opposite Rivoli Cinema. Youngs is a wine bar serving tapas and Mediterranean cuisine generally, as well as a "raw bar" that serves oysters, tuna, tartare, etc. We've only been there once but we were impressed with the food and the vibe.

Of course, it is called Youngs "Wine" Rooms and, accordingly, it has an extensive drinks menu. It contains a wide range of cocktails, beers, and wines from Australia, New Zealand and Europe. It was hard to fault the place overall, friendly staff, nice décor and a lively atmosphere.

The sleepy inner Eastern suburbs need places like Youngs and, judging by the night we were there, it is very popular. So, it would probably pay to book ahead. Just, one piece of advice, Youngs is not like other establishments in the Rivoli Cinema precinct, where patrons just want to pop in for a quick bite before seeing a movie over the road. You could do that, but I think this as a place where you just want to take your time, have a couple of drinks and graze.

[www.rundles.com.au](http://www.rundles.com.au)

N C Rundle & Co Services Pty ACN 005 453 305

Level One 500 Collins Street Melbourne VIC 3000 Telephone: 03 9629 4631 Facsimile: 03 9614 3460

Liability limited by a Scheme approved under Professional Standards Legislation



# RUNDLES

CHARTERED ACCOUNTANTS



## **Film Review by Sue Osbourne**

### ***"The Australian Dream"***

***(Director Daniel Gordon, Writer Stan Grant) MA 106 mins***

I found this to be a very powerful film which we talked about for some days afterwards. This is an important film for all Australians to see. It exposes discrimination in our society, in particular racism against Aborigines. How it happens and what it feels like for the person on the receiving end.

Adam Goodes tells the story of the months leading to his premature retirement from AFL. It puts Goodes' story in the context of Australia's history of racial relations. It contains interviews with Nicky Winmar and Gilbert McAdam who recount their experiences of racism on the football field in the 1990s. Also included are interviews with some involved media types such as McGuire, Newman and Bolt.

Stan Grant revisits The Wheeler Centre Quarterly Essay on Indigenous Future which he gave in 2018. His very powerful and elegant speech discusses Indigenous disadvantage in Australia. Grant hits a nerve when he says that white Australia's tolerance runs out as soon as Indigenous people dare to express their anger.

One of the first steps to change any situation is to understand the other point of view. This film continues the conversation about racism for Australians.



## **Sporting Predictions**

### **Rugby World Cup by Tom Cooper**

The ninth instalment of the Rugby Union World Cup kicked off in Japan in late September this year, with the world's 20 best countries vying for the Webb Ellis Cup. Halfway through the group stage, perennial powerhouses the New Zealand All-Blacks have been signalling their intent with some very large wins, including a key group stage win over fellow highly ranked World Cup aspirants, the South African Springboks. Other teams to have started with promise include England, France and the host nation Japan, who are all undefeated through 3 group games. The Australian Wallabies are tracking well for a quarter final berth, with a narrow loss to Wales the only blemish to their campaign thus far.

[www.rundles.com.au](http://www.rundles.com.au)

N C Rundle & Co Services Pty ACN 005 453 305

Level One 500 Collins Street Melbourne VIC 3000 Telephone: 03 9629 4631 Facsimile: 03 9614 3460

Liability limited by a Scheme approved under Professional Standards Legislation



# RUNDLES

CHARTERED ACCOUNTANTS

**Prediction:** Once the proverbial wheat is sorted from the chaff in a competitive quarter final stage, the All-Blacks, Springboks, Wallabies and England will compete in the Semi-finals, with the All-Blacks and England advancing to the Final to be held at International Stadium Yokohama on 2<sup>nd</sup> November. The All-Blacks to win their third World Cup trophy by 14 points.

## **Horse Racing by James Ramsden**

### **Cox Plate – 26<sup>th</sup> October - \$5,000,000 – Mooney Valley – 2,040m**

*Mystic Journey* touted as the next *Winx* might be a little over exaggerated. However, I believe she is still capable of taking out the Cox Plate. Although, only one win out of three races, each run preparation has had merit, proving she can run out the distance in the Turnbull Stakes where she was ridden quietly. If she is closer to the speed it will help.

*Avilius* is probably Goldophins best runner in the stable and that says something. Has three group 1 wins to his name and is in hot form. Rarely runs a bad race.

**WINNER: *Mystic Journey*    HOT TIP: *Avilius***

### **Melbourne Cup – 5<sup>th</sup> November - \$8,000,000 – Flemington – 3,200m**

*Surprise Baby* is the best hope for an Australian horse recently gaining ballot exemption entry into the race after winning the Bart Cummings in great fashion. A couple of starts prior, he has lost no admirers in a photo finish loss in the Andrew Ramsden Stakes against *Steel Prince*. Will carry 53.5kg coming in good at the weights. However, we do not have enough intel on European stayers who in the past have dominated the race that stops the nation. I would keep a close eye on the progress of the international horses such as Aiden O'Brien's mare, *Magic Wand*.

**WINNER: *Surprise Baby*    HOT TIP: *Magic Wand***

### **Caulfield Cup – 19<sup>th</sup> October - \$5,000,000 - Caulfield – 2,400m**

*Mr Quickie* had an excellent run in the Makybe Diva Stakes finishing 3<sup>rd</sup> charging to the line before getting to far back in a slowly run race in the Turnbull Stakes. He is a proven stayer winning the Queensland Derby over the same distance.

After fracturing his hip in last year's Cox Plate, *Kings Will Dream* was to never walk again let alone race. Taking out the Turnbull Stakes was a phenomenal effort in itself. Could be a chance if the race is run slowly as it was in the Turnbull.

**WINNER: *Mr Quickie*    HOT TIP: *Kings Will Dream***

### **Golden Eagle – 2<sup>nd</sup> November - \$7,500,000 – Rosehill – 1,500m**

[www.rundles.com.au](http://www.rundles.com.au)

N C Rundle & Co Services Pty ACN 005 453 305

Level One 500 Collins Street Melbourne VIC 3000 Telephone: 03 9629 4631 Facsimile: 03 9614 3460

Liability limited by a Scheme approved under Professional Standards Legislation





# RUNDLES

CHARTERED ACCOUNTANTS

*Arcadia Queen* is targeting the Golden Eagle as well as the Everest and is probably better suited to this race in terms of distance. She is a proven performer in Perth and under the Chris Waller tutelage will only further develop and peak at the right time. Her potential is untapped.

*Brutal* trained by the Hawkes and winner of the Group 1 Doncaster Mile in the Autumn, speaks for itself. Returning this preparation in the Premier Stakes over his non-preferred distance and winning, he shows he will be hard to beat. The way he battled away to hit the line strongly against a field predominantly heading towards The Everest was impressive. More give in the ground and inside barrier will assist.

**WINNER: *Brutal*    HOT TIP: *Brutal***

## **The Everest -19<sup>th</sup> October- \$14,000,000 - Randwick – 1,200m**

The sprint for the world's richest race on turf is poised to be its best in the 3<sup>rd</sup> edition. *Redze* after a below par Autumn, has come back to the Spring in great condition taking out the Concorde Stakes at Randwick. Not surprising, if he wins three in a row especially if there is a heavy track.

However, do not overlook *Santa Ana Lane* who put 3.5 lengths on the next finisher in the TJ Smith in Autumn and has since travelled to Hong Kong with an admirable 4<sup>th</sup>. Returning recently and in the Gilgai Stakes storming home in his usual fashion 2<sup>nd</sup> to *Sunlight*, shows he has not lost much. It is hard to see other horses gaining to much ground on *Santa*, the number 1 sprinter in Australia.

The unknowns are Perth based *Arcadia Queen* who has a phenomenal record but is unproven against first class horses over the distance and may need further. Also, *Peirata* has come back in terrific order taking out the Group 2 Shorts at Randwick but will need improvement to win.

**WINNER: *Santa Ana Lane*    Hot Tip: *Santa Ana Lane***

## **NBL Basketball by Niall Bryant**

The new season of NBL has commenced with a new Melbourne team on board, S E Melbourne Phoenix.

Star players with the likes of Andrew Bogut and Casper Ware returning for another season along with an influx of highly talented NBA veterans and prospective draft picks the interest in the league especially from the USA, has never been higher.

There seems to be an over abundance of talent on every roster which makes it tough to predict a winner. The Sydney Kings with Ware and Bogut on board will be tough to beat, along with the Illawarra Hawks with Aaron Brooks and LaMelo Ball.

**Title Winner: Sydney    MVP Andrew Bogut**

[www.rundles.com.au](http://www.rundles.com.au)

N C Rundle & Co Services Pty ACN 005 453 305

Level One 500 Collins Street Melbourne VIC 3000 Telephone: 03 9629 4631 Facsimile: 03 9614 3460

Liability Limited by a Scheme approved under Professional Standards Legislation