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DFK AUSTRALIA NEW ZEALAND BUSINESS & TAXATION BULLETIN

keeping you informed **winter 2016**

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SMALL BUSINESS BENCHMARKS

The ATO provides a free small business benchmarking service as a tool to assist small businesses compare their performance against other businesses in the same industry.

The benchmarks have been recently recalculated from the 2013-2014 statistics of over 1.3 million small business income tax returns and activity statements. The benchmarks cover a range of over 100 industries and range in turnover thresholds of up to \$15 million.

The benchmarks can be accessed through the ATO website or using the Business Performance Check Tool which is part of the ATO app. To use this app, download it from the Apple App Store or Google Play Store and then go to 'Business' and select 'Business Performance Check'.

GIC & SIC RATES

The ATO has published general interest charge (GIC) and shortfall interest charge (SIC) rates for the fourth quarter of the 2015-16 income year.

The GIC annual rate for April – June 2016 is 9.28%, and the SIC rate is 5.28%.

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**SIMON
Bragg**
Principal



FOREIGN RESIDENTS REAL PROPERTY WITHHOLDING RULES

New laws for real estate sales come into effect for contracts entered into on or after 1 July 2016, but only apply to sales with a market value of \$2 million or more.

The law requires a buyer of a residential property to withhold 10% of the purchase price and remit that amount to the ATO unless a seller can produce a clearance certificate. Clearance certificates can be obtained from the ATO by any residential seller who is an Australian resident.

If the seller is a foreign resident, then the 10% withholding will be retained by the ATO until an income tax return is lodged for the relevant year.

Electronic applications for a Clearance Certificate will be available from 27 June 2016 and are valid for 12 months once obtained. There may be delays in issuing a certificate if an individual has two or more years of outstanding income tax returns.

The purchaser of a relevant property is required to complete a foreign resident capital gains withholding purchaser notification form and ensure the withholding payment is made to the ATO on or before the day the purchaser becomes the owner of the asset. Penalties apply to the purchaser for non-payment by the settlement date.

FAMILY ASSISTANCE PAYMENTS

If you wish to claim any family assistance payments for the 2014-2015 financial year then a lump sum claim must be lodged with the Department of Human Services by 30 June 2016. This includes payments such as family tax benefit, childcare benefit and single income family supplement.

Additionally, your 2015 income tax return and the 2015 income tax return of your partner must also be lodged by 30 June 2016.

If you are claiming family assistance payments and are not required to lodge an income tax return, you must notify Centrelink prior to 30 June 2016, even if you have previously notified the ATO of no requirement to lodge.

JOBACTIVE – SUBSIDIES ON HIRING NEW STAFF

Jobactive is the Australian Government's incentive plan to support Australian businesses in employing jobseekers from vulnerable parts of the workforce.

Through this system, wage subsidies of up to \$10,000 (GST inclusive) are available to businesses that employ eligible new staff including mature age, long-term unemployed, Indigenous, youth or parents.

Employers receive up to \$6,500 (GST inclusive) over 12 months if they employ an eligible jobseeker for 30 hours per week with the payment pro-rated between 15-29 hours a week. A bonus \$3,500 is available for mature age workers employed for a full 12 months. The employment must be for greater than 15 hours a week in order to receive the subsidy.

The subsidies available are:

- A job seeker 50 years or older – \$10,000 (inc GST), for job seekers unemployed for 6 months and are on income support
- A job seeker under 30 years of age – \$6,500 (inc GST)
- A job seeker who is a parent – \$6,500 (inc GST)
- A long-term unemployed job seeker (12 months) or Indigenous unemployed (6 months) – \$6,500 (inc GST)

To be an eligible employer, your business must:

- Be a legal entity with an ABN
- Have not previously received a wage subsidy of the same type for the jobseeker
- Not be an Australian, State or Territory government agency

Talk to us about your accounting today

If you're interested in finding out more about any accounting and business advice or support, we can make it happen.

Email DFK Collins on

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The job offered must be for a minimum of 15 hours a week, be ongoing work and the work must comply with minimum employment standards for the position. Positions that are not available for the subsidy include commission-based roles, subcontracting or self-employed; work for an immediate family member or work that displaces an existing employee.

An eligible job-seeker is any person who is registered with Jobactive, a Transition to Work provider or Community Development Programme provider.

In order to receive the wage subsidy payments, an application should be made within 28 days of employment at your local Jobactive or Community Development Programme provider.

YEAR-END TO-DO LIST

There are always lots of activities to complete each day, but here are a few which must be ticked off by 30 June 2016.

Individuals

- Pay personal superannuation contributions (if eligible)
- Make donations to tax-deductible recipients

Businesses

- Pay employee superannuation contributions to receive deduction
- Ensure you using a SuperStream compliant service for superannuation contributions
- Purchase any small business assets to claim instant asset write off (small business only)

Trusts

- Resolution minute for eligible beneficiaries for 2016 financial year

Superannuation Funds

- Check minimum pension payments made (if required)

FINANCE ARTICLE FINANCING A RENOVATION

Have the wave of home renovation shows on television inspired you to carry out some renovations?

Whether big or small, a new investment project or that home extension you've been dreaming about for years, the question is – how are you going to pay for it? Here are some options to consider:

Extend your mortgage

If you're planning an extensive renovation, one of the most common ways to finance your project is to increase your current mortgage. This can be advantageous as you spread the cost out over a long period.

Personal loan

A simple and cost-effective option for financing smaller scale renovations. The interest rates on personal loans are generally higher than home loans, but they typically have a fixed interest rate that stays the same for the full term of the loan. This can be useful for budgeting, but the catch is you can't usually make additional repayments to get ahead and reduce costs.

Credit card

A convenient and flexible option if you already have a card with a high enough credit limit. However, it might be costly if you don't pay the debt within the interest free period.

Home equity loan or line of credit

These products enable you to use your home as an asset for additional borrowing. This allows you to borrow money at a lower interest rate compared to a personal loan or credit card and can usually be drawn up to the approved limit at any time.

AVOID A BUDGET BLOW-OUT

Know your budget

Setting a budget is essential for successful renovation. Research your costs thoroughly and review your budget weekly to ensure you stay on track.

Consider DIY

A great way to save money on your renovation is DIY on easy things like painting, landscaping and other non-structural jobs.

Be creative

Small changes like changing wall colours, updating light fittings and smart decorating can have just as big an impact as larger scale alterations.



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FEATURE ARTICLE

TIME IS TICKING – NEW REVENUE STANDARD IS COMING!

AASB 15 – Revenue from Contracts with Customers.

WHAT IS THE BACKGROUND OF THE NEW REVENUE STANDARD?

In mid 2014, the International Accounting Standards Board (IASB) and the US Financial Accounting Standards Board (FASB) concluded a joint project to improve and standardise their respective requirements for accounting for revenue recognition.

The new standard, 'IFRS 15 – Revenue from Contracts with Customers' offers significant enhancements to the quality and consistency of how revenue is reported and improves the comparability between the financial statements of companies reporting using IFRS and US GAAP.

IFRS 15's AASB equivalent, AASB 15 was released in December 2014 with the below objectives:

- Provide a single revenue recognition model
- Remove inconsistencies and weaknesses
- Simplify the preparation of financial statements
- Enhance disclosures about revenue, providing guidance for transactions and improving guidance for multiple-element arrangements

THE EFFECTIVE DATES

ANNUAL REPORTING PERIODS COMMENCING ON OR AFTER 1 JANUARY 2018

	31 December Year End	30 June Year End
Current Year	31 December 2018	30 June 2019
Comparative Year	31 December 2017	30 June 2018
Opening Balance Sheet	1 January 2017	1 July 2017
Modified Retrospective	1 January 2018	1 July 2018

HOW DOES IT AFFECT ME?

The new standard will be applied by:

- Entities required by the Corporations Act 2001 to prepare financial reports;
- Governments in preparing financial statements for the whole of government and the General Government Sector (GGS); and
- Entities in the private or public for-profit or not-for-profit sectors that are reporting entities or that prepare general purpose financial statements.

WHAT IS BEING REPLACED?

- AASB 118 Revenue
- AASB 111 Construction Contracts
- Interpretation 131 Revenue – Barter Transactions Involving Advertising Services
- Interpretation 13 – Customer Loyalty Programs
- Interpretation 15 – Agreements for the Construction of Real Estate
- Interpretation 18 – Transfer of Assets from Customers

WHAT APPROACH TO TAKE?

The five-step model.

The principles in the standard will be applied using a five-step model listed below:

1. Identify the contract(s) with a customer.
2. Identify the separate performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the separate performance obligations.
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

THE FORGOTTEN STEP

Presentation & Disclosure

UNCONDITIONAL RIGHT	CONDITIONAL RIGHT
Receivable	Contract Asset / Liability
Impairment	
Adequate Disclosure	

WHAT SHOULD I DO?

AASB 15 is a significant change from current revenue recognition interpretations.

The change may not only affect your accounting staff, but also your IT systems, reported results, customer contracts, bonus schemes, bank covenants, budgets, accounting manuals and disclosure templates.

UPCOMING KEY DATES & DEADLINES

5 JUNE 2016	Due date for lodgement of 2015 Income Tax Return for companies and super fund who were non-taxable or refundable in prior year and non-taxable or refundable in current year.
5 JUNE 2016	Due date for lodgement and payment of 2015 Income Tax Returns for individuals who have not lodged earlier
21 JUNE 2016	May 2016 Monthly Activity Statement due for lodgement and payment
25 JUNE 2016	Due date for lodgement of 2016 Fringe Benefits Tax Annual Returns
30 JUNE 2016	Ensure minimum pension payments from Self- Managed Superannuation Funds are completed
30 JUNE 2016	Superannuation Contributions must be made by this date to claim a tax deduction in the 2016 financial year
30 JUNE 2016	Financial Year End
14 JULY 2016	PAYG Payment Summary required to be provided to each employee
21 JULY 2016	June 2016 Monthly Activity Statement due for lodgement and payment
21 JULY 2016	Quarterly PAYG Instalment activity statements due for lodgement and payment for head companies of a consolidated group
21 JULY 2016	Superannuation Guarantee Contributions due for payment for the April – June 2016 quarter
28 JULY 2016	March – June 2016 Business Activity Statement due for paper lodgement and payment
28 JULY 2016	TFN Report for closely held trusts for TFNs quoted by beneficiaries of the trust
31 JULY 2016	Due date for lodging PAYG Withholding Payment Summary Annual Report for large withholders and payers with no tax agent involved in preparation
21 AUGUST 2016	July 2016 Monthly Activity Statement due for lodgement and payment
21 AUGUST 2016	April – June 2016 Business Activity Statement due for electronic lodgement and payment
25 AUGUST 2016	Taxable Payments Report – Building and Construction Industry
21 SEPTEMBER 2016	August 2016 Monthly Activity Statement due for lodgement and payment

FOR MORE INFORMATION & FUTURE NEWSLETTERS

For more information on anything contained in this bulletin please telephone or email to our details below.

DFK COLLINS – MELBOURNE

For further information or enquiries about any of the latest business and taxation topics discussed in this newsletter, please contact the Directors and team at DFK Collins.

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