

TAX MATTERS

TAX STRATEGIES FOR YOU AND YOUR BUSINESS

SPRING
2023

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Changes For Nominating Your Tax Agent

With more security and fraud-related scams targeting vulnerabilities and attempting to commit identity theft and fraud, the ATO has changed the process for how tax agents can access your information.

From 13 November 2023, there's a new process to nominate your tax agent, which anyone with an ABN will need to go through.

A new requirement for those with ABNs, the agent nomination process has been implemented to ensure that only your authorised tax agent, BAS agent or payroll service will be able to access your accounts and act on your behalf for tax and super-related matters.

This process only applies when you change an agent or change the authorisations you give your existing agent.

Only when you've done this will your registered agent be able to connect to you as their client and access your information.

Importantly, you can have confidence that only your nominated agent will:

- have access to your information
- perform tasks on your behalf, such as lodging your tax return.

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SKEGGS GOLDSTIEN

35/6 Meridian Place
BELLA VISTA
NSW 2153

103/845 Pacific HWY
CHATSWOOD
NSW 2057

TEL 1300 753 447

EMAIL
admin@sgapl.com.au

WEBSITE
www.sgapl.com.au

ACCOUNTANTS/ADVISERS

Jonathan Reynolds
Adam Goldstien
Tony Protich
Loretta Dewsbury

Accounting & Taxation
Business Advisory
Financial Planning
Mortgages
Self Managed Super Funds
Wealth Management

By completing the agent nomination process through online services:

- your registered agent can be confident it's truly you
- The ATO can be confident that the actions your registered agent takes are truly on your behalf.

The agent nomination process will apply to all types of entities with an ABN excluding sole traders. This includes entity types such as:

- companies including strata title bodies
- partnerships
- trusts
- not-for-profits
- joint ventures
- cooperatives
- self-managed super funds (SMSFs)
- APRA-regulated superannuation funds.

The ATO had already rolled out the agent nomination process to the following:

- Public and multinational businesses who are part of the Top 100 and Top 1,000 – effective from 19 June 2022.

- Most public and multinational businesses – effective from 13 December 2022.
- Businesses in our Top 500 privately-owned wealthy groups, where that group has a significant level of ownership – effective from 13 December 2022.
- Government entities – effective from 24 February 2023.

The new requirement does not currently apply to individual taxpayers or sole traders.

What Do You Have To Do?

You need to nominate your registered agent via the ATO's Online services for business before they can access your account and act on your behalf.

If you need support, you can contact the ATO or your registered agent. Please note, however that **your registered agent can't do the agent nomination process on your behalf in online services.** However, they can help you understand what to do.



Your Tax Checklist For The New Year

As the festive season approaches, it's easy to get caught up in the excitement of Christmas preparations. However, before you get too carried away with holiday cheer, it's the perfect time to update your tax checklist to ensure a smooth and stress-free tax season in 2024.

✓ Assess Your Deductions

Take a moment to review your potential deductions for the year. Did you make any work-related purchases that could be claimed? Whether it's tools for your trade, work uniforms, or professional development expenses, make a list and ensure you have the necessary documentation. You don't want to meet with your tax agent before 30 June without one!

✓ Check Your Work-Related Expenses

If your job involves travel, consider your work-related travel expenses. Keep track of receipts for accommodation, meals, and transportation. Remember, you can only claim the work-related portion of these expenses, so it's essential to have accurate records.

✓ Review Your Investments

If you've dipped your toes into the world of investments, now is the time to review your portfolio. Take note of any capital gains or losses you may have incurred throughout the year. Understanding the tax implications of your investments can help you make informed decisions and optimise your tax position.

✓ Maximise Your Super Contributions

Contributions to your superannuation fund are a crucial aspect of your financial planning. Check your current contributions and consider whether you can make additional payments before the end of the financial year. This not only helps boost your retirement savings but can also have positive tax benefits.

✓ Keep Up with Changes in Legislation

Tax laws and regulations can change, and it's essential to stay informed. Familiarize yourself with any updates or amendments that may impact your tax situation. This

proactive approach ensures you're well-prepared and can take advantage of any new opportunities or allowances.

✓ Seek Professional Advice

If your financial situation is more complex or you're unsure about specific deductions, seeking professional advice is a wise move. A qualified tax professional can provide personalized guidance, helping you navigate the intricacies of the Australian tax system.

Updating your tax checklist before Christmas is a gift to your future self. By taking the time to organise your financial affairs now, you'll be better positioned to enjoy the festive season without the looming stress of tax deadlines. So, make your list, check it twice, and give yourself the gift of financial peace of mind this holiday season.



Avoid Post-Party Tax Hangovers – The Complexities Of FBT

There's no need to fret about being a tax Grinch during the year-end celebrations – we've made it easier for you to stay on top of your business's FBT responsibilities!

Tis the season to celebrate, and many companies like to spread the holiday cheer by hosting festive events.

But how do you keep it tax-friendly?

The \$300 Minor Benefits Rule

- Your party needs to be held on the premises and during a business day. If your costs are below \$300 per head, you won't incur FBT, but you won't be able to claim tax deductions or GST credits.

Imagine a Christmas lunch right at your workplace, attended by employees, their partners, and even clients! The company pulls out all the stops, offering delicious food, drinks, and even arranging taxi rides home for everyone.

Now, here's the good news on the tax front. For employees, the company doesn't have to worry about Fringe Benefits Tax (FBT) on the provided goodies. Whether it's the scrumptious lunch, refreshing drinks, or the convenient taxi ride home, these perks are exempt from FBT.

Associates, which include employees' partners, also get to enjoy these benefits without FBT worries. Since the total value of these benefits is less than \$300, it's considered a minor benefit, and there's an exemption in place.

For clients attending the shindig, the company is in the clear – no FBT on the benefits provided to them.

However, it's worth noting that while spreading holiday joy is fantastic, the company won't be able to claim income tax deductions or GST credits for the expenses incurred on the festivities.

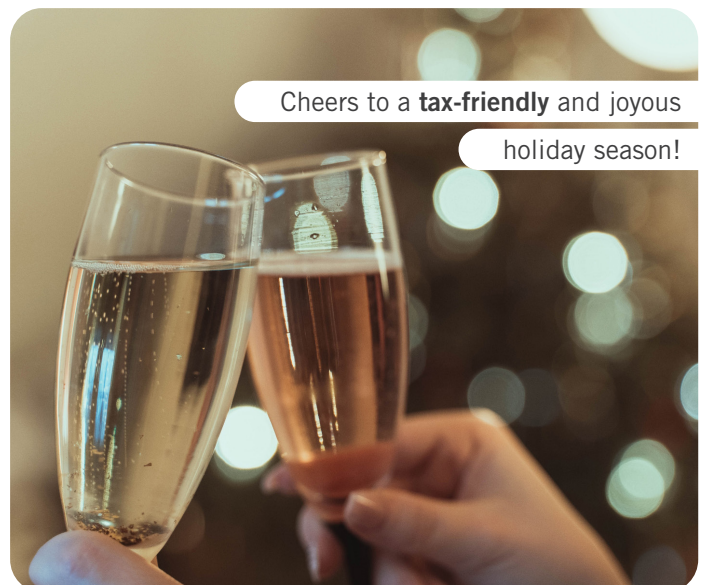
So, while the holiday spirit is tax-friendly for the employees, associates, and clients, the company won't get any tax breaks for being the host with the most.

In Summary

If your business holds a Christmas party:

- on a working day, on your business premises, and only for your current employees, you don't pay fringe benefits tax (FBT) for the food and drink
- off your business premises, or the party includes associates of employees (such as their partners), you don't pay FBT if the party is a minor benefit – that is, the cost for each person is less than \$300 and it would be considered unreasonable to treat it as a fringe benefit
- that includes clients, you don't pay FBT for the costs relating to the clients.

The end of year is often a cause for celebration for businesses and their employees, but there are a lot of rules and regulations that you need to adhere to to avoid a hefty FBT-related hangover. Make sure to speak with a registered tax professional if you have any questions pertaining to FBT.



GST & Your Business

Understanding and managing the Goods and Services Tax (GST) is crucial for businesses operating in Australia.

GST, set at a rate of 10%, applies to most goods, services, and items sold or consumed in the country. If your business is GST-registered, it becomes your responsibility to collect an extra 10% from your customers and remit it to the Australian Taxation Office (ATO).

Who Needs to Register for GST?

Businesses with a GST turnover of \$75,000 or more, non-profit organizations with a turnover of \$150,000 or more, providers of taxi or limousine travel, and those claiming fuel tax credits must register for GST.

GST Concessions for Small Businesses

For businesses with an aggregated turnover of less than \$10 million, several GST concessions are available, making compliance more manageable.

When to Register and How to Stay Compliant

If you've recently started a business, register for GST if you anticipate reaching a \$75,000 turnover in the first year. Registration must occur within 21 days of realizing you will exceed the threshold. Monthly checks are advisable to ensure compliance.

Even if your turnover is below \$75,000, voluntary registration requires including GST in your prices, claiming GST credits for business purchases, and filing activity statements regularly.

Special Considerations for GST Accounting

- **Cash Basis Accounting:** Account for GST and claim credits based on when you receive payment or pay a supplier, not when invoices are received.
- **Instalment Payments:** Paying GST quarterly allows flexibility to adjust amounts based on your estimates or ATO assessments.
- **Private Use of Purchases:** If a business purchase

serves both business and private purposes, claim a full GST credit and make a single adjustment for private use at the end of the income year (annual private apportionment).

ATO's Red Flags for GST Compliance

The ATO closely monitors various factors, including turnover size, compliance history, lodgement patterns, and financial record alignment. Be vigilant about potential red flags to ensure seamless GST compliance.

Note that the following can be potential indicators to the ATO of something untoward:

- Size of turnover and GST liability.
- Notable deviations from previous GST lodgements.
- Previous compliance history.
- Repeatedly late lodgements, extension requests and late payments.
- Retail industries and those with high volumes of cash transactions.
- Property and other sectors involving large, complex transactions.
- Financial records that deviated from industry norms.
- Misalignments between income tax and GST records.
- The size and frequency of GST refunds.



Stay informed, stay compliant! If any questions arise, speak with your advisor.

The New Reporting Regime For The Share/Gig Economy

Attention to those participating in the sharing economy! New reporting requirements have been introduced and are currently in place, impacting those who are engaged in connecting customers to service providers or facilitating the lending of personal assets through websites or apps.



It's essential for you and your business to be aware of these changes to ensure ongoing compliance and avoid harsh penalties. Your systems may need to be updated to make sure that you're collecting the correct and necessary information.

Under the new requirements, which are known as the Sharing Economy Reporting Regime (SERR), you need to collect and report information about seller transactions that happen through your platform.

The details you need to collect include:

- personal (for example, surname, first name, date of birth)
- contact (for example, address, email and phone)
- business (for example, ABN, trading name)
- financial identifiers (for example, bank details)

Platforms providing taxi services, including ride-sourcing and short-term accommodation, should have started collecting seller transaction information from 1 July 2023.

All other sharing economy platforms will need to start collecting this information from 1 July 2024.

This information needs to be collected twice per year, and reported:

1 July to 31 December

report due by 31 January

1 January to 30 June

report due by 31 July.

To make sure that you understand and meet your reporting requirements, consult with your registered tax agent or the ATO. They should have the information you need to prepare yourself for the new requirements going forward.

What's Claimable On A Work Trip?

In the dynamic world of employment, there are often perks that come our way, like the opportunity to embark on work-related journeys.

Whether it's a welder heading to a marina for essential boat repairs or any other duty-driven travel, you've potentially shouldered some of the expenses yourself. As a result, there may be tax deductions available to you when you've incurred travel expenses in the course of your professional endeavours.

What's Deductible?

To claim a deduction for a work-related expense, you must meet a few criteria:

- You spent the money and weren't reimbursed.
- The expense is directly related to earning your income.
- You have a record to prove it, usually in the form of a receipt (the claim can be substantiated).

Remember, you can only claim the work-related portion of an expense, and if your total claim is over \$300, written evidence is a must.

Work-Related Travel Expenses

Your potential deductions cover a range of expenses, including:

- Public transport, air travel, and taxi fares.
- Short-term car hire.
- Accommodation, meals, and incidental expenses for overnight stays.
- Actual expenses for vehicles, tolls, and parking fees.
- Trips between home and work **if certain conditions are met.**

Transport-Related Expenses

If your employer provided a car for your exclusive use, you can claim a deduction for work-related transport expenses it covers. However, operating expenses like repairs and maintenance aren't claimable unless they're directly related to your work.

Accommodation & Food

To claim these expenses, they must be incurred during work-related travel where you stayed away from home overnight. Living a long way from work or choosing to sleep near your workplace doesn't qualify.

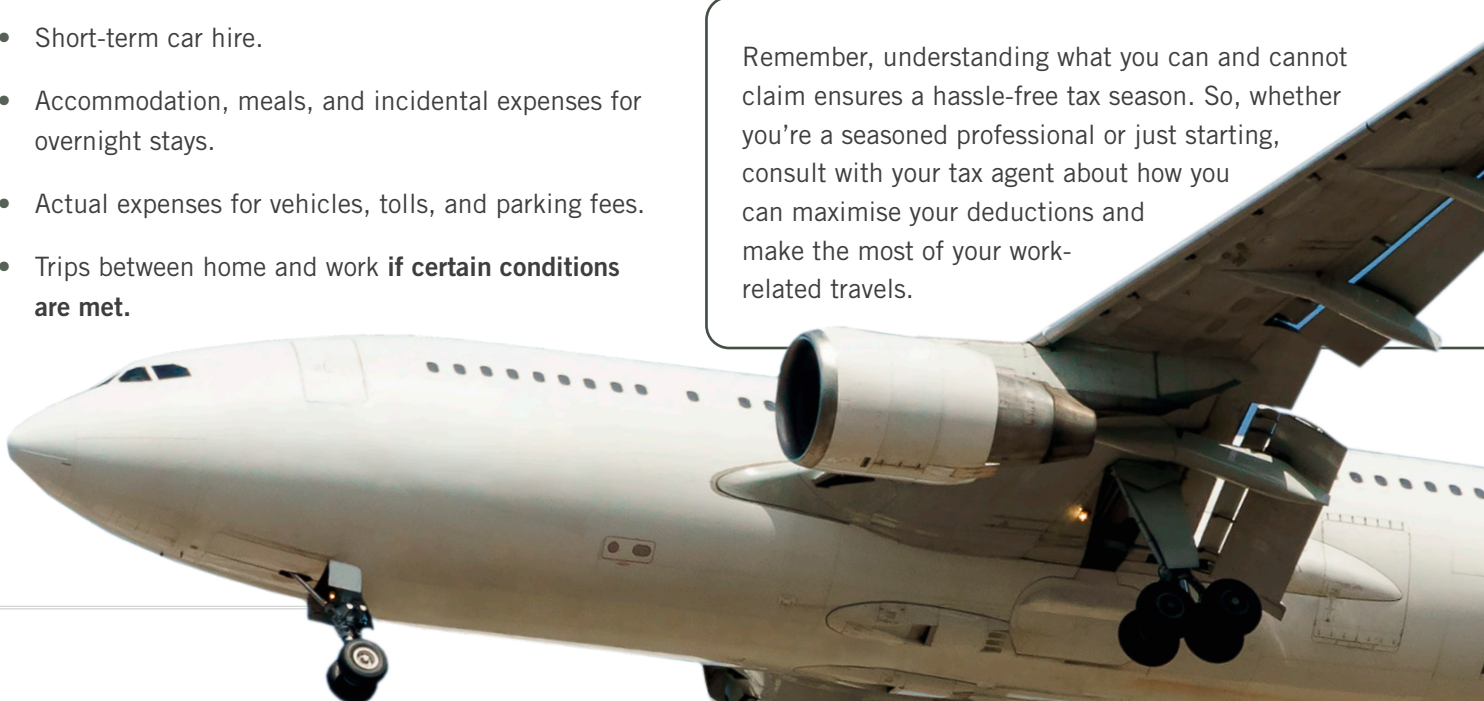
Travel Allowance

If you receive a travel allowance from your employer, it doesn't automatically mean you can claim a deduction. Check with your tax agent if your deductible travel allowance expenses fall within reasonable amounts set by the ATO each year.

What You Can't Claim

Normal trips between home and work are generally not claimable, even if you perform minor work-related tasks along the way or travel multiple times a day.

Remember, understanding what you can and cannot claim ensures a hassle-free tax season. So, whether you're a seasoned professional or just starting, consult with your tax agent about how you can maximise your deductions and make the most of your work-related travels.



The Difference Between LAFHA & A Travel Allowance

Embarking on work-related travels can impose various demands on employees, encompassing financial, physical, and emotional aspects.

In response to these challenges, compensation methods have evolved, giving rise to both travel allowances and the living away from home allowance (LAFHA). Understanding the distinctions between the two is essential for both employers and employees.

In the past, a common rule-of-thumb was employed by the Australian Taxation Office (ATO) to differentiate between the two: travel of less than 21 days fell under travel allowance, while more extended periods were considered LAFHA. However, it's crucial to note that the 21-day threshold is no longer applicable.

Travel Allowances

Typically, employees receiving travel allowances are:



Paid a standard allowance covering accommodation and food.



Working at a single location.



Returning home on weekends.



Staying in accommodation provided by the supplier, which may be used by other customers when the employee is absent.

The ATO issues annual guidelines defining reasonable amounts for travelling employees, but it's noteworthy that some employees may be on a travel allowance for six weeks or more.

Deciding Factors

The tax treatment and financial outcomes differ for LAFHA and travel allowances, prompting the question of whether to apply Fringe Benefits Tax (FBT) rules or income tax rules. Generally, the FBT framework provides a more concessional tax outcome if specific LAFHA requirements are met compared to the income tax effect of a travel allowance.

Determining whether an employee is merely travelling or genuinely living away from home becomes crucial. If an employee is required to travel for business, their food, drink, and accommodation expenses become deductible and FBT-free for the employer. On the other hand, an employee on LAFHA must temporarily change their usual place of residence, making their expenses private and non-deductible. The employer requires FBT concessions for such cases.

Substantiating the Distinction:

The line between travelling and living away from home is a matter of substance, and it must be substantiated to prove the eligibility of LAFHA. Similarly, if treated as a travel allowance, the ATO generally won't challenge such treatment if it is adequately substantiated.

In essence, navigating travel compensation involves a nuanced understanding of the circumstances, and staying informed on ATO guidelines and rulings is crucial for both employers and employees.



For more detailed guidance, it's advisable to consult with tax professionals.

