



DFK AUSTRALIA NEW ZEALAND BUSINESS & TAXATION BULLETIN

keeping you informed **winter 2019**

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SINGLE TOUCH PAYROLL – END OF FINANCIAL YEAR PROCESS

With large employers now having almost completed a full year of Single Touch Payroll (STP), the financial year end reporting procedures have changed.

Employers are now no longer required to provide employees with payment summaries for amounts reported through STP during the year. Employers now have until 31 July 2019 to finalise employees EOFY payroll information through their respective STP enabled software or payroll service provider. There is no requirement to lodge a payment summary annual report to the ATO as long as the finalisation declaration is completed in STP by the due date.

Employers will need to advise employees if they intend to provide employees with an annual payment summary. This is not compulsory under STP as all information can be accessed by the respective employee through ATO online portals.

GIC & SIC RATES

The ATO has published general interest charge (GIC) and shortfall interest charge (SIC) rates for the fourth quarter of the 2018-19 income year.

The GIC annual rate for April – June 2019 is 8.96% and the SIC rate is 4.96%.

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YEAR-END TO-DO LIST

There are always lots of business tasks to be completed each day, but here are a few which must be ticked off by 30 June 2019 to help optimise your 2019 income tax position.

Please note that 30 June 2019 is a Sunday this year, so all business and banking transactions must be completed by 28 June 2019.

Individuals

- Pay personal superannuation contributions to a complying super fund. The 2019 concessional contributions cap is \$25,000 which includes any superannuation guarantee amount paid by your employer
- Make donations to tax-deductible recipients

Businesses

- Pay employee superannuation contributions to receive deduction
- Ensure you are Single Touch Payroll ready if you have not already started using STP
- Purchase any small business assets less than \$30,000 to claim instant asset write off (businesses under \$50M turnover only)
- Ensure minimum repayments for Division 7A loans have been received (companies only)

Trusts

- Resolution minute for eligible beneficiaries for 2019 financial year

Superannuation Funds

- Check minimum pension payments made (if required).

EMPLOYEE PAYG PAYMENT SUMMARY

If your employer has used the Single Touch Payment system during the 2019 financial year, you will no longer be issued with an annual PAYG Payment Summary. You will now be able to access your 'Income Statement' via ATO online services, personally through myGov or through a registered Tax Agent Portal.

As this online information is in 'real time', please ensure it is marked as tax ready prior to the lodgement of any income tax returns. Employers are required to have all this information completed by 31 July 2019.

PERSONAL SUPERANNUATION CONTRIBUTIONS

In order for an individual to claim a personal superannuation deduction the following steps must be followed:

- Make a personal (after tax) contribution directly to your super fund before 30 June 2019.
- Supply your fund with a Notice of intent to claim or vary a deduction for personal super contributions
- Obtain written acknowledgment from your fund of the Notice of Intent before lodging your 2019 individual tax return

Prior to making personal superannuation contributions, please consider your total 2019 concessional contributions cap of \$25,000, otherwise additional tax will be payable.

ONBOARDING NEW EMPLOYEES

New employees to your organisation can complete the following onboarding forms through ATO online myGov services:



- Tax File Number Declaration
- Superannuation standard choice
- Withholding Declaration
- Medicare Levy Variation

When a new employee commences employment, provide them with your ABN and details of your default superannuation fund and they will be able to complete all forms via myGov. These forms can then be printed or transferred electronically into your integrated payroll system.

SCAMMERS & FAKE ATO PHONE NUMBERS

The technology used by scammers has become more sophisticated and allows them to spoof real ATO phone numbers and email addresses.

If you ever receive a phone call or voicemail from the ATO demanding payment of an unpaid tax debt which threatens immediate arrest, hang up or delete the voicemail.

It is a timely reminder to never share personal details over the phone unless you completely trust the caller. If you ever need to check the status of your ATO accounts, use secure online ATO portals or speak with your DFKANZ contact.

BULK ABN CANCELLATIONS

The ATO routinely conducts reviews on existing ABNs and will cancel inactive ones.

This helps to ensure the Australian Business Register is update to date and useful for all businesses.

- Your ABN may be cancelled if:
- ASIC advises your company is deregistered
- You advise that you have ceased business in your latest tax return
- You have stopped reporting business income and expenses
- Provide no evidence that you are conducting a business
- You lodge a final income tax return

If your ABN is cancelled and you need it later, you can reapply for the same ABN provided the business structure is the same as previously.

**GREAT PEOPLE THAT
KNOW & UNDERSTAND
ALL LEVELS OF
BUSINESS & FINANCE**

Talk to us about your business needs today.

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

Email DFK Kidsons on

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IMPORTANT: Information contained in this newsletter is not advice. Clients should not act solely on the basis of material contained in this bulletin. Items herein are general comments only and do not constitute or convey advice per se. Also, changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. The bulletin is issued as a helpful guide to our clients and for their information.

DFK AUSTRALIA NEW ZEALAND FEATURE ARTICLE BEWARE THE CASUAL WORKER

Casual employees are great for certain businesses where shift work is involved or when a certain project requires workers who can work outside the set number of hours as opposed to part-time and full-time employees. There are, however, certain issues that may arise when employing the casual worker. A great example is the Workpac Pty Ltd v Skene case.

THE TWO SPECIFIC ISSUES

- The Workpac Pty Ltd v Skene case which saw a regular and systematic casual, successfully apply to be considered permanent and win back pay, regardless of the fact that the employer had paid the casual loading. In effect double dipping – the employee was paid twice! This has resulted in a number of class actions and a response to the legal risks from the government.
- The inclusion in 85 awards of Casual Conversion clauses, giving all regular and systematic casuals the right to elect to become permanent.

These two issues are closely related and require businesses to reconsider how they utilise casual employment. We work with clients, to review their use of casual employment, mitigating the legal risks arising from the Skene decision and new award terms.

Issue 1:

Previously, if the employee was called a casual and paid a casual loading, they could legitimately be considered casual.

The Workpac Pty Ltd v Skene case changed all of that. Now, the determination of whether an employee is a casual must be conducted by assessing 'the real substance, practical reality and true nature of the relationship'.

A casual employee should have no certainty over their employment, and the relationship should have an 'informality, uncertainty and irregularity' about the engagement.

Although an employee may be paid a casual loading, this does not determine whether the employment is casual.

Many of us, may employ casuals, who over time, become more regular and systematic. Our exposure to regular and systematic casuals increases our exposure to:

- paid annual and personal leave (accumulating each year of service)
- notice of termination; and
- redundancy entitlements.

On December 11 2018, the Australian government announced two proposals to address some of the key risks arising for employers from the Skene Decision, including a new Fair Work Regulation to address the 'double dipping' issue and extending the casual conversion rights to all employees by inserting it into the Fair Work Act, rather than just the current 85 awards.

On December 18, 2018, the Government published the Fair Work Amendment (Casual Loading Offset) Regulations 2018 (Amendment), addressing the double-dipping issue. This allows employers to make a claim to include casual loading payments made to an employee as an offset against NES, and other, entitlements owing to any employee pursuing a claim of underpayment as a true permanent worker. However, there are conditions around this.

Issue 2:

Previously there were only casual conversion clauses in a few awards, such as the Manufacturing and Construction Awards, but these clauses have been rolled out to a further 85 awards.

These clauses affect employers who employ "regular casual employees", defined as someone who has worked for you for 12 months, in a regular pattern of ongoing work, without significant adjustment, and who could continue as a part-time or full-time employee.

Within 12 months of your worker commencing regular casual employment or by 1 January 2019 for existing workers, you are required to provide your regular casual employee a copy of the casual conversion clause.

It is then up to your employee to request casual conversion. However, you must review the award that covers that specific employee, as if their award already had casual conversion clauses, your legal requirements may differ. You do not need to agree to a request for casual conversion, but you must have sound business reasons.

The government is likely to extend this requirement to all workers, through the Fair Work Act, (NES) so these provisions may apply to even non award casual workers in the future.

WHAT YOU SHOULD DO

- Consider options of offering permanency and how to document this offer, structure the wage aspect of permanent offers to facilitate business outcomes, record employee responses to your offer;

We make it happen!



**A DYNAMIC ASSOCIATION OF
EXPERIENCED PROFESSIONALS**

- Ensure you are using correct Contracts of Employment for casuals; clearly identify, casual loadings as being paid in compensation for the absence of NES entitlements – a requirement if you wish to offset these payments against any future claims.

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NOTE: This article has been prepared for general circulation, for general informational purposes only and should not be regarded as business or investment advice.

DFK AUSTRALIA NEW ZEALAND FINANCE ARTICLE BUSINESS ASSET FINANCE

MOTOR VEHICLE, BUSINESS EQUIPMENT & MACHINERY FINANCE

There are a number of different options to consider when financing a motor vehicle or business equipment and machinery, for which the most common used are;

Chattel Mortgage

The facility is a commercial finance product where the Lender assists a borrower to take ownership of an asset (motor vehicle, business equipment or machinery) and takes a mortgage over the asset.

GST is paid on the purchase price of the asset and the borrower, if registered for GST, can claim this payment back when they lodge their next BAS. If the vehicle is used for business purposes the finance and depreciation of the asset are generally both tax deductible.

Novated Lease

The Novated Lease is a method of salary packaging a motor vehicle.

The employee leases the vehicle and the employer pays the monthly lease payments to the Lender from the employee's pre-tax income (in other words, salary sacrificing this income). The GST paid can be claimed back by the employer who then passes the benefit on to the employee.

Finance Lease

The Finance Lease is where the Lender owns the asset (motor vehicle, business equipment or machinery) on behalf of the borrower and leases the asset back to the borrower over a fixed term.

There is a balloon/residual option for the borrower to purchase the asset at the end of the term. GST is paid on the monthly lease payments and the balloon/residual. The borrower, if registered for GST, can claim this payment back progressively over the term of the facility. Generally, the monthly lease payments are tax deductible.

TIPS WHEN CONSIDERING ASSET FINANCE

It is so important when considering different lender options that you compare apples with apples:

Loan Term – How many years is the loan term? You cannot accurately compare two lender quotes if different terms are quoted.

Amount – How much is being borrowed to purchase your vehicle? Does the finance include any capitalised fees? Are the repayments to be made in advance, or in arrears?

Balloon or Residual – A balloon (also called a residual) is a lump sum figure to be paid at the end of the loan term. The larger the balloon, the less the monthly repayments, so it's important to ensure the different lender quotes offer the same balloon figure. Often, to quote the lowest repayment possible, car dealerships may quote based on a larger balloon, which may result in a situation called negative equity. Negative equity means at the time your loan term is completed and your balloon payment becomes due, the value of the vehicle is lower than the balloon owing. This may mean you would need to contribute additional cash from your own savings to clear the loan balance if you sell or upgrade the car.

Once you are ready to consider buying a Vehicle, Equipment or Machinery for business purposes, our recommended process is:

- 1. Obtain a Pre-Approval;
- 2. Research the market for the most competitive quote, ensuring the loan terms meet your needs;
- 3. Then confidently negotiate the purchase of the Asset with the dealer/supplier.

Talk to us about your business needs today.

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

Email DFK Kidsons on

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■ **WE TREAT OUR
CLIENT'S BUSINESS AS IF
IT WERE OUR BUSINESS**

UPCOMING KEY DATES & DEADLINES

5 JUNE 2019	2018 Income Tax Return lodgement for all entities who are non-taxable or due a refund from current or prior year
5 JUNE 2019	2018 Income Tax Returns for individuals and trust due for lodgement and payment if not lodged earlier
21 JUNE 2019	May 2019 Monthly Activity Statement due for lodgement and payment
25 JUNE 2019	2019 Fringe Benefits Tax Return required for lodgement
30 JUNE 2019	Payment of all superannuation contributions prior to this date to be considered as 2018-2019 contributions
30 JUNE 2019	End of 2019 Financial year
1 JULY 2019	All employers required to be Single Touch Payroll compliant
15 JULY 2019	PAYG Payment Summary required to be provided to each employee (if paper)
22 JULY 2019	June Monthly Activity Statement due for lodgement and payment
22 JULY 2019	Quarterly PAYG Instalment Activity statement due for lodgement and payment for head companies of a consolidated group
29 JULY 2019	Superannuation Guarantee Contributions due for payment for April – June 2019 quarter
29 JULY 2019	April – June 2019 Business Activity Statement due for paper lodgement and payment
31 JULY 2019	TFN Report for closely held trusts for TFNs quoted by beneficiaries of the trust
31 JULY 2019	Complete Tax Reports in Single Touch Payroll software
14 AUGUST 2019	Due Date for lodging PAYG Withholding Payment Summary Annual Report for payers with no tax agent involved in preparation
21 AUGUST 2019	July 2019 Monthly Activity Statement due for lodgement and payment
26 AUGUST 2019	April – June 2019 Business Activity Statement due for electronic lodgement and payment
28 AUGUST 2019	Taxable Payments Report – Building and Construction Industry; Cleaning Services or Courier Services
21 SEPTEMBER 2019	August 2019 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 KIDSONS – NORTH CAIRNS & 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 Kidsons.

General Enquiries: brian.woods@dfkkidsons.com.au

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