JUNE 2023 EDITION

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WWW.MARTELWHEATLEY.COM.AU
P: 02 6813 0799

LOW TO MIDDLE INCOME TAX OFFSET

The Low to Middle income Tax Offset (LMITO) ended on 30 June 2022. You may have received all or some of this offset in your 2022 tax return if your taxable income was below $126,000.

As a result, your refund for your 2023 tax return, may be $1,500 less in some instances due to it's removal.

QUOTE OF THE MONTH

"THE BIGGEST PROBLEM IS NOT LETTING PEOPLE ACCEPT NEW IDEAS, BUT TO LET THEM FORGET THE OLD ONES"

JOHN MAYNARD KEYNES

$20,000 SMALL BUSINESS INSTANT ASSET WRITE OFF

Small businesses, with an aggregated turnover of less than $10 million, will be able to immediately deduct the full cost of eligible depreciating assets costing less than $20,000 that are first used or installed ready for use between 1 July 2023 and 30 June 2024.

“Immediately deductible” means a tax deduction for the asset can be claimed in the same income year that the asset was purchased and used (or installed ready for use).

If the business is registered for GST, the cost of the asset needs to be less than $20,000 after subtracting the GST credits that can be claimed for the asset. If the business is not registered for GST, it is $20,000 including GST.

The write-off applies per asset, so a small business can deduct the cost of multiple assets. The rules only apply to assets that fall within the scope of the depreciation provisions. Expenditure on capital improvements to buildings that falls within the scope of the capital works rules is not expected to qualify.

Assets valued at $20,000 or more (which cannot be immediately deducted) can continue to be placed into the small business simplified depreciation pool and depreciated at 15% in the first income year and 30% each income year thereafter.

This announcement effectively confirms that the temporary full expensing rules, which have provided an immediate deduction for the full cost of assets will come to an end on 30 June 2023.

INTRODUCING SMITH & CO BOOKKEEPING

Most of you will have spoken to Sarah for software support, payroll and BAS queries or a just general chit chat. She has always had a keen eye for bookkeeping and wanted to take the next step in her career. Recognising the importance of a bookkeeping service that collaborates effectively with accountants and understands their specific needs, Smith & Co was established in 2022 with the support of Martel Wheatley. As a registered BAS agent and specialising in MYOB and Xero, Smith & Co covers a wide variety of tasks including bank reconciliations, BAS preparation, payroll and superannuation.

For further information, check out her website at www.smithandcobookkeeping.com.au

LUXURY CAR TAX REFUND

Primary producers can claim a refund of luxury car tax (LCT) they have paid on one eligible vehicle per Financial Year, up to a maximum of $10,000, for vehicles delivered to them on are after 1 July 2019.

The vehicle must be a four wheel drive or all wheeled drive and is:

- a 'passenger car' with a ground clearance of at least 175mm
- an 'off-road passenger' vehicle.

To make an application for this refund, visit the ATO website for an approved form or contact us.

WELCOME JESS!

Jess is our new receptionist.

Jess grew up in South Africa before moving to Australia in 2018. Jess has recently moved from the coast to Dubbo and is enjoying the country lifestyle!

Jess is the first face you will see when you enter our office, with a warm smile and friendly attitude.

In her free time Jess likes to paint and enjoys reading a classical sci-fi.

SUPERANNUATION GUARANTEE INCREASE

The rate is set to rise to 11% as of 1 July 2023, meaning employers will be required to pay the minimum superannuation contribution calculated at 11% of the employee's ordinary time earnings.

Failure to do so may result in penalties being imposed on the employer.

TAX SAVINGS FOR YOU

There are some simple things you can do to reduce your personal tax:

Claim the cost of working from home - If you work from home some days, keep a diary of the hours you have worked at home to claim the 67 cents per hour shortcut rate. Other methods apply for home based businesses and where your expenses are higher and claimed separately.

Costs connected to your job - If you spent money related to your work that was not reimbursed by your employer – e.g., meals while you were away overnight, etc. - you can generally claim these (make sure you have receipts).

Donations reduce your tax - Donations made to a deductible gift recipient (DGR) charity before 30 June are tax deductible.

Top up your super – If you made contributions personally to super from after-tax income this can be claimed as a deduction. You need to lodge a notice of intent to claim with your super fund.

Studying for work – Self education expenses that are related to the work you do are often tax deductible, although there are some parameters around this. So, if you have been taking short courses to improve your knowledge, you can often claim the cost of the course and some other related expenses. Just be aware that study costs to obtain new work or to start a new business are not covered. The study needs to be related to how you earn your income now.

Building and managing your investments – The costs of earning interest, share dividends and income from your investments is generally deductible. This includes the account fees for investment accounts, interest on loans for investments you earn income from, the cost of investment seminars if they are directly related to investments you have made (not intending to make), fees for investment advice relating to existing investments, ongoing investment management fees, and specialist journals and subscriptions related to your investments. But, brokerage fees, an initial investment plan, transaction fees, etc are not generally deductible.

GETTING RENTAL PROPERTIES RIGHT

If you are earning income from an investment property, you can claim deductions for your expenses. the expenses fit into two categories; what you can claim now, and what is claimed over time.

You can claim interest on loans, council rates, repairs and maintenance and depreciating assets (costing $300 or less,) in the year that you paid for them. Other items, like structural improvements, ovens adding fences and retaining walls, are depreciated over time.

Rental properties are a major target for ATO this year:

Rental income: Declare all rental income (including short term stays or boarding

Rental Expenses: Rental expenses can only be claimed for the portion of time that the property was rented or genuinely available for rent.

Interest and redraws: If you have refinanced or redrawn on your rental property loan for personal expenses like holidays or a car the will impact on interest you can claim.

Sale of assets: if you earned income from a residential property then its likely you will pay capital gains on any gain you make on the sale of the property.