



TAX ALERT - AUGUST 2019

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 cuts measures announced in this year's 2019-20 Federal Budget. Starting immediately, low and middle income earners with an income up to \$126,000 will receive up to \$1,080 in 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.

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.

ATO statement on administration of the low and middle income tax offset (LMITO)

The ATO announced on 5 July 2019 that it is implementing the necessary system changes so taxpayers that have already lodged their 2018-19 tax returns will receive any increase to the low and middle income tax offset (LMITO) they are entitled to. Any tax refund will be deposited in the taxpayers nominated bank account.

The amount of the offset taxpayers may be entitled to, and the amount of any refund, will differ for everyone depending on individual circumstances such as income level and how much tax was paid throughout the year.

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.

Employees guide for work expenses: ATO

The ATO has released an employees guide for work expenses to help employees decide whether their expenses are deductible, and what records they need to keep to substantiate them. The Guide says that not all expenses associated with employment are deductible and also debunks some myths about work expense deductions.

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.

For Not-For-Profits, depending on the type of NFP organisation, certain benefits they provide to employees may receive concessional treatment from FBT. However, some benefits may be exempt from FBT altogether.

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 and downsize or move from homes that no longer meet their needs, to contribute the proceeds from the sale of their home into superannuation up to \$300,000.

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.

Important: This is not advice. Clients should not act solely on the basis of the material contained in this Tax Alert. 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 Tax Alert is issued as a helpful guide to clients and for their private information. Therefore it should be regarded as confidential and not be made available to any person without our prior approval.

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