

OCTOBER 2015

Client eBrief



ATO Lodgement Dates

ATO - Making it Easier to take on Employees

Taking on an Employee

The recent ATO Small Business Fix-it Squad on "Making it easier to take on an Employee" was finalised in July. The ATO are now developing a strategy to progress the following priority recommendations:

- A whole of government checklist covering the regulation requirements that apply when taking on an employee will be developed. It will provide links to related agency reference material to make it easier and quicker for employers to find supporting content. It will be hosted on www.business.gov.au
- Improvements to awards are underway, the Fair Work Ombudsman has recently released the Pay and Conditions tool - PACT - which replaced the previous PayCheck Plus tool. The tool assists users in determining awards, classifications, rates of pay (including penalty rates/overtime etc), leave and termination entitlements. Further refinements will be made to help differentiate awards and the right classification.

These dates are from the ATO website and do not take into account possible extensions.

You remain responsible for ensuring that the necessary information is with us in time.

BAS/IAS Monthly Lodgement –
August Activity Statement: 21st
September, 2015 final date for
lodgement and payment.

BAS/IAS Monthly Lodgement –
September Activity Statement: 21st
October, 2015 final date for
lodgement and payment.

BAS/IAS Monthly Lodgement –
October Activity Statement: 21st
November, 2015 final date for
lodgement and payment.

- Improvements will be made to the ATO's employee/contractor decision tool to improve usability and support employers wanting to understand if they are required to make Pay-as-You-Go Withholding payments and/or Super Guarantee payments for their worker.

- Improvements will be made to the way the ATO presents information on how to treat specific employee entitlements (whether Pay as You Go withholding or Super Guarantee charge is to be applied to the entitlement).

ICB have requested these recommendations be made known to the teams developing the Single Touch Payroll program

1st Quarter of FY 2016: BAS Lodgement – September Quarter 2015 (including PAYGI) 28th October, 2015 final date for lodgement & payment

When a due date falls on a Saturday, Sunday or Public Holiday, you can lodge or pay on the next business day.

A public holiday is a day that is a public holiday for the whole of any state or territory in Australia

Due date for super guarantee contributions, for **1st Quarter of FY 2016**, July to September 2015 - contributions to be made to the fund by 28th October, 2015.

The super guarantee charge is not a tax deduction if not paid by these dates.

Refer to the ATO for details regarding any SGC charges applicable if not paid by due date.



Warped Versions of GST

Wouldn't it be great if GST applied equally to all goods and services? Here are some examples of where the rules are different.

Taxis Drivers, Chauffeurs and other 'Ride-Sourcing' Providers

If you provide "ride sourcing or sharing services" (taxi etc) then you **MUST** register for GST. No \$75k threshold – you are in!
ATO - Ride Sourcing and GST

Pre-Establishment Costs (before the company exists)

Any costs that a person incurs before setting up the legal company may include GST. You can claim that GST back (in the company) after registering the company for GST once it is registered.
ATO - Special Rules for Pre-Establishment Costs

Second Hand Goods

Perhaps it's not fair to call it warped because to me it sort of makes sense. If you buy second hand goods to then on-sell, you can (in effect) claim back GST on the purchase even if the person you bought them off didn't charge you GST.

Grants

If you are registered for GST and another entity is registered for GST and they "grant" you funds then there is no GST on that transaction if you do not supply anything to the giver.

ATO - Grants and Sponsorship

Insurance Settlements

If you are able to claim GST credits for the item of insurance you are now being paid for, i.e., it was all related to your GST turnover business activities, and you have informed the insurer that you are able to claim GST credits THEN you DO NOT have to pay GST on the amount of the insurance settlement

ATO - Insurance Settlements

Car Insurance Settlements/Payments

It depends on who the insurer pays and whether the insurer has a contract with the repairer. Generally, no GST is claimable for payments the insurer makes directly to the repairer when they have a contract with that provider, as the policy holder has not made any payment. BUT if the insurer pays a provider on your behalf, then you can claim GST.

ATO - Car Insurance Settlements

GST Groups

If your entities are in a GST group then transactions between them do not have GST on them

ATO - GST Groups

Non-profit Sub-Entities

A non-profit entity can have one set of GST registrations and set up a GST sub-entity which is NOT treated the same for GST. That is, the sub-entity might choose not to be registered and therefore NOT charge GST.

ATO - NFP Sub-Entities

Concessional GST for Commercial Accommodation

If an individual stays 28 days or more in eligible commercial accommodation, they pay 5% GST instead of 10%.

ATO - GST and Property

Restaurant Tips

Voluntary tips do not attract GST if the tips are passed on to the staff...if they are not paid to the staff, then GST must be declared.

Non-voluntary tips do attract GST.

ATO - GST and Restaurant Tips

Water and Bread Sold in Restaurant or Venue

Water and bread are normally GST free items, but if sold in a restaurant they attract GST. In fact all food that is normally GST free attracts GST if it is consumed in the place of purchase. BUT if the place of sale is a not-for-profit entity involved in fundraising or similar activities, GST does not need to be charged.

ATO - GST and Food

GST Free Food Delivered

Similarly, retail food that is normally GST free if it is delivered with prepared food, attracts GST. The whole supply is considered to be catering and therefore the whole order attracts GST. This does not apply to wholesale deliveries, where mixed supply may be delivered.

ATO - GST and Food

Voluntary Withholding for Contractors

If the contractor is registered for GST, then whether they charge GST or not is governed by whether or not the paying business is entitled to a GST credit. If the business IS entitled to a GST credit then the contractor should NOT charge GST.

ATO - PAYGW Voluntary Agreements

Property Bought Before GST

If you are selling property that was bought before 1 July 2000, GST applies, even though it didn't when you bought it. What's more, there are two different methods you can choose between in calculating the GST amount.

ATO - Margin Scheme

Expenses On-Charged to Client or Reimbursed

Financial supplies, property water and rates are generally GST free, but may have GST added if another entity pays for these services. Office supplies, contractors, materials and travel costs may already have GST in the price, and may have GST added again on top if it is deemed that a service has been supplied. BUT is it a reimbursement or is it an oncost? Have you paid for something on behalf of another (reimbursement), or have you provided a service, (oncost)? Often the decision will come down to the agreement between the parties.

Agents Charging for Performing Artists

Even though a performing artist may engage an agent to bill on their behalf, the artist is still the entity who is making the supply to the end user and can therefore charge and claim GST if registered, assuming the supply is not subject to PAYG withholding. If PAYG withholding applies then GST does not apply. BUT the name on and ABN on the tax invoice to the customer can be either the agent's or the artist's.

ATO - Performing Artists

Simplified Accounting Method

The simplified accounting method (SAM) for food retailers is meant to be simple...but we're not so sure. There are five methods to choose from, based on an average percentage, "snapshot" sample of business, or standardised percentages ("business norms"). But you have to know whether you are a "reseller" or a "converter" or both. What's more, the SAM can only be used for the food part of the business, so if the business has other aspects to it then GST must be calculated as usual; SAM does not apply. Whichever method you choose, you must stick to it for a year, so if it turns out you pay more GST too bad.

ATO - Simplified Accounting Methods for Food Retailers

Disclaimer: All or any advice contained in this newsletter is of a general nature only and may not apply to your individual business circumstances.

For specific advice relating to your specific situation, please contact your accountant or contact me for further discussion.

SJ BOOKKEEPING PTY LTD

SHEREE DAVIES

Telephone: 0478 086 008

Email: sheree@sjbookkeeping.com.au

WEB: www.sjbookkeeping.com.au

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