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Practice Update

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MAY 2015

Employers and SMSFs must prepare for SuperStream

With the 30 June 2015 deadline fast approaching for **medium to large employers** to be SuperStream compliant, the ATO is urging these employers to act now to ensure they are SuperStream ready.

Editor: For 'small employers' with 19 or fewer employees, SuperStream starts from 1 July 2015 and they have until 30 June 2016 to be ready (though they can start using SuperStream earlier, if possible).

The ATO has also reminded employees of these taxpayers who are members of a **self-managed super fund** (SMSF), that they have the **same deadline**.

For SuperStream to work efficiently, employees with SMSFs must provide relevant e-commerce details to their employer so they can update their payroll system.

This information includes the SMSF's:

- ◆ Australian Business Number (ABN);
- ◆ bank account details; and
- ◆ electronic service address.

Editor: By 30 June 2015, SMSFs must be able to receive employer contributions electronically in the SuperStream format if their members work for a medium or large employer.

In the event that an SMSF member fails to provide this information to their employer in time for the employer to get ready, the employer may request that the employee completes a **new choice form**.

Therefore, the ATO recommends that SMSFs provide these details to their employer at least 30 days prior to the date the employer will start sending contributions using SuperStream, to allow enough time for the employer to manage the changes and ensure the SMSF has no interruption in maintaining their contributions flow.

Editor: If you need any assistance with this, including the requirement to obtain an electronic service address, please contact our office.

Government ends benefits for parents who do not vaccinate

The government has confirmed that eligibility for taxpayer-funded payments (including Child Care Benefit, Child Care Rebate and the Family Tax Benefit Part A end of year supplement) will be dependent on children having met early childhood immunisation requirements.

The government will end the one religious exemption on children's vaccinations (for the Church of Christ, Scientist, which apparently doesn't advise against vaccinating children anyway!) for access to these payments from 1 January 2016.

The conscientious objector exemption on children's vaccination has also ended, so the only authorised exemption from being required to have children immunised in order to receive benefits will be on **medical grounds**.

Therefore, parents may still decide to not vaccinate their children (as a 'vaccination objector'), but they are no longer eligible for assistance from the Australian Government.

2014 online selling data matching program

The ATO will request and collect, from eBay Australia & New Zealand Pty Ltd (which operates www.ebay.com.au), online selling data relating to between 15,000 and 25,000 individuals that sold goods and services of a total value of \$10,000 or more for the period from 1 July 2013 to 30 June 2014.

This acquired data will be electronically matched with certain sections of ATO data holdings to:

- ❑ identify individuals and businesses selling goods and services via the online selling site who may not be complying with registration, reporting, lodgment and payment obligations under taxation law, particularly those with **undeclared income**, and incorrect lodgment and reporting for **GST**; and
- ❑ enable the ATO to be more strategic in its approach to determine appropriate educational and compliance strategies to encourage voluntary compliance for taxpayers in the online selling market.

IGT to take on tax complaint handling function from 1 May

From 1 May 2015, the Inspector-General of Taxation (IGT) will be able to consider and assist taxpayers with their complaints about the ATO.

The integration of the complaint handling function with the IGT's existing role will provide a single port of call for all taxpayers and tax practitioners for their complaints or broader concerns about the tax system as administered by the ATO.

The IGT will consider all complaints, from the simple to the complex, including those arising during audits, objections and litigation.

Further information regarding the IGT's new functions and how complaints may be lodged will be available on the IGT's website at www.igt.gov.au.

FBT: Record keeping exemption threshold

The small business record keeping exemption threshold for the 2015/16 FBT year is \$8,164, replacing the amount of \$7,965 that applied in the 2014/15 FBT year.

FBT: Benchmark interest rate

The benchmark interest rate for the 2015/16 FBT year is 5.65% p.a. (replacing the rate of 5.95% that applied for the 2014/15 FBT year).

The rate of 5.65% is used to calculate the taxable value of:

- a loan fringe benefit; and
- a car fringe benefit where an employer chooses to value the benefit using the operating cost method.

Example

On 1 April 2015 an employer lends an employee \$50,000 for five years at an interest rate of 5% p.a., with interest being charged and paid 6 monthly, and no principal repaid until the end of the loan.

The actual interest payable by the employee for the current year is \$2,500 (\$50,000 × 5%). The notional interest, with a 5.65% benchmark rate, is \$2,825. Therefore, the taxable value of the loan fringe benefit is \$325 (i.e., \$2,825 – \$2,500).

FBT: Cents per kilometre basis

The rates to be applied where the cents per kilometre basis is used for the 2015/16 FBT year in respect of the private use of a vehicle (other than a car) are:

Engine capacity	Rate per kilometre
0 – 2,500cc	51 cents
Over 2,500cc	61 cents
Motorcycles	15 cents

Teacher denied deduction for business management course

Editor: A recent case before the AAT highlights how careful taxpayers must be when claiming deductions for self-education expenses.

The taxpayer was a classroom teacher (teaching psychology, chemistry, mathematics and science). He was also enrolled as a part-time student in a 'Postgraduate Diploma in Management,' and he claimed a deduction of \$19,779 for "work related self-education expenses".

The AAT concluded that the course expenses, when considered as a whole, were not "sufficiently connected" with the taxpayer's employment as a classroom teacher so as to warrant deductibility.

Please Note: Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances.