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THIS EDITION

- ATO Reminder – What’s New for Small Business
- Contractor Payments Data Matching Program

ATO Reminder – What’s New for Small Business

Instant Asset Write-Off – Simpler Depreciation Rules

Small businesses can immediately deduct the business portion of most (new or second hand) assets if they cost less than \$20,000 and were purchased between 7:30pm on 12 May 2015 and 30 June 2017. From 1 July 2017, the threshold will return to \$1,000.

Accelerated Depreciation for Primary Producers

From 12 May 2015, primary producers can immediately deduct the costs of:

- fencing – previously deducted over a period up to 30 years; and
- water facilities – previously deducted over three years.

They can also deduct the cost of fodder storage assets over three years, instead of 50 years.

Deductions for Professional Expenses for Start-ups

From 1 July 2015, small businesses are entitled to certain deductions when starting up a small business. The range of deductible start-up costs includes professional, legal and accounting advice, and government fees and charges.

Small Business Restructure Roll-over

From 1 July 2016, small businesses will be able to change the legal structure of their business without incurring any income tax liability when assets are transferred by one entity to another. This roll-over basically applies to:

- CGT assets;
- trading stock; and
- depreciating assets used, or held ready for use, in the course of carrying on a business.

FBT Changes for Work-related Devices

From 1 April 2016, small businesses will not incur an FBT liability if they provide their employees with multiple work-related portable electronic devices that have similar functions. These include devices that are primarily used for work, such as laptops, tablets, calculators, GPS navigation receivers and mobile phones.

Small Business Income Tax Offset

From the 2015/16 income year, an individual is entitled to a tax offset on the tax payable on the portion of their income that is from:

- net small business income from sole trading activities; and/or
- their share of net small business income from a partnership or trust.

The income tax offset can reduce the tax payable that relates to the individual's small business income by 5% (up to \$1,000) each year.

The ATO will work out the offset based on the total net small business income reported in a client's income tax return.

Company Tax Cut for Small Businesses

For income years commencing on or after 1 July 2015, the small business company tax rate has been reduced from 30% to 28.5%.

The maximum franking credit that can be allocated to a frankable distribution is unchanged at 30%, even if a small business is eligible for the 28.5% tax rate.

Contractor Payments Data Matching Program

The ATO has advised that it is continuing its Contractor payments data-matching program.

It will acquire data from businesses that it visits as part of its employer obligations compliance program during the 2016/17, 2017/18 and 2018/19 financial years.

The data collected from businesses is used to identify contractors that may not be meeting their taxation obligations through:

- not registering correctly with the ATO;
- non-lodgement of returns;
- failing to report payments received; and
- not paying amounts of tax due to the ATO.

This is an ongoing data matching program and has been conducted for more than five years.

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.

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