

MOGG OSBORNE PTY LTD

Welcome to the End of Financial Year Edition of the Mogg Osborne Newsletter.

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Important Dates

Friday 9 August

Office Closure

Mogg Osborne
Training Day

The end of another financial year is fast approaching. At Mogg Osborne, we believe part of our client brief is to help you minimise your tax liability within the framework of the Australian taxation system.

We would like to highlight some end of year tax planning opportunities but you need to act quickly and we encourage you to schedule a meeting as soon as possible to assess your options and the steps you need to take before the 30th June, 2019.

Are you reporting through Single Touch Payroll (STP)? If so, your end of financial year process has changed.

Be wary of tax refund scams that target people around tax time, be vigilant and remember always exercise caution when clicking links or opening attachments in emails or SMS even if they are from someone you know.

End of Financial Year GIVEAWAY

**Mogg Osborne is giving you the chance to win \$500 off
your 2019/2020 Fees!**

**All you need to do is pay your outstanding account in
FULL before 30th June 2019 to go in the draw!**

Winner will be announced 5th July 2019



2019 Tax Planning Guide

CONSIDER THE FOLLOWING OPPORTUNITIES

Delay Deriving Assessable Income

One effective strategy is to delay deriving your income until after June 30, 2019 by:

- Delaying the Timing of the Derivation of Income until after June 30.
- Timing of Raising Invoices for Incomplete Work (Businesses)



Where this strategy will not adversely affect your cash flow, consideration should be given to deferring the recognition of income until after 30 June 2019. Please note, not banking amounts received before June 30 until after June 30 does not qualify because the income is deemed to have been earned when the money is received or the goods or services are provided (depending on whether you are on a cash or accruals basis of accounting).

- Cash Basis Income - Some income is taxable on a cash receipts basis rather than on an accrual's basis (e.g. rental income or interest income in certain cases). You should consider whether some income can be deferred in those instances.
- Consider delaying your invoices to customers until after July 1 – this will push the derivation of the income into the next financial year and defer the tax payable on that income. If you operate on the cash basis of accounting you simply need to delay receiving the money from your customers until after June 30.
- Lump Sum Amounts - Where a lump sum is likely to be received close to the end of a financial year, taxpayers should consider whether this amount (or part thereof) can be delayed or spread over future periods.

Bringing Forward Deductible Expenses or Losses

Prepayment of Expenses - In some circumstances, Small Business Entities (SBE) and individuals who derive passive type income (such as rental income and dividends) should consider pre-paying expenses prior to 30 June 2019. A tax deduction can be brought forward into this financial year for expenses like:



- Employee Superannuation Payments including the 9.5% Superannuation Guarantee Contributions for the June 2019 quarter (that have to be received by the Superannuation Fund by June 30, 2019 to claim a tax deduction).
- Superannuation for Business Owners, Directors and Associated Persons.
- Wages, bonuses, commissions and allowances
- Contractors
- Travel and accommodation expenses
- Trade creditors
- Rent for July 2019 (and possibly extra months)
- Insurances
- Printing, stationery and office supplies
- Advertising including directory listings
- Motor vehicle expenses - registration and insurance
- Accounting fees
- Subscriptions and memberships to professional associations and trade journals

A deduction for prepaid expenses will generally be allowed where the payment is made before 30 June 2019 for services to be rendered within a 12-month period. While this strategy can be effective for businesses operating on a cash basis (not accruals basis), we never recommend you spend money on items you don't need. However, paying expenses in June that are due in July could save you some tax this financial year and provided your cash flow permits, it makes good business sense.

Capital Gains/Losses – the timing of the sale of assets is critical and deferring the sale until after June 30 will defer the tax exposure on the profit. Of course, if you have made other capital gains during the financial year it could be worth bringing forward the sale and crystallizing the loss so you can offset it against the other capital gains. Note that the contract date is often the key date for when a sale has occurred for capital gains tax purposes, not the settlement date.



Accounts Payable - If you operate on an accruals basis and services have been provided to your business, ensure that you have an invoice dated June 30, 2019 or before so you can take up the expense in you accounts for the year ended 30th June 2019.

Superannuation Contributions - some low or middle-income earners who make personal (after-tax) contributions to a superannuation fund may be entitled to the government co-contribution. The amount of government co-contribution will depend on your income and how much you contribute.

Don't exceed the Superannuation Caps – The annual limit or “cap” for concessional contributions is \$25,000 per financial year – regardless of your age. If you are currently making salary sacrifice contributions or commencing salary sacrifice contributions, take care not to exceed these caps as contributions above these caps are taxed at your marginal tax rate plus an interest charge rather than at the concessional tax rate of 15%



Employsure is a leading expert in the field of workplace relations, offering a suite of services to support clients to succeed.

Do you know how much to pay your employees? Do you understand termination payments? Do you need support regarding issues with employees in the workplace? Do you know how to interview potential employees?

Mogg Osborne is able to assist in all these areas due to the support of a third-party company called Employsure. We have information at the ready and don't need to spend hours dealing with Fair Work.

If you require any assistance in relation to employees whether it be big or small, please contact Sharon or Sharra from our office for assistance.

Single Touch Payroll: changes to your EOFY reporting

Are you reporting through Single Touch Payroll (STP)? If so, your end of financial year process has changed.

These changes mean you are no longer required to provide a payment summary to your employees or lodge a payment summary annual report for any information that has already been reported and finalised through STP.

If you won't be providing a payment summary to your employees this year, you should let them know. Your employees will be able to see their information reported through STP in their ATO online account via myGov. This information will now be referred to as an income statement. If your employees don't have a myGov account, they create one and link it to the ATO.

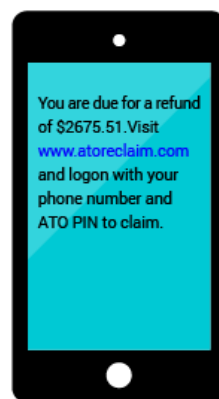
If you started reporting through STP during the 2018–19 financial year, you will have until 31 July 2019 to make the finalisation declaration within your software solution.

We encourage you to finalise all employee records as soon as they are ready. The sooner information is finalised, the sooner it will display as 'tax ready' in your employees' ATO online accounts and be ready to use in their tax return.

Be wary of tax refund scams

There are a number of scams that target individuals and small business around tax time. Common tax time scams include:

- tax refund scams where the scammer will claim you have overpaid your taxes and are eligible for a refund. However, in order for you to receive this refund, they will claim that you need to pay a fee for administration or transfer costs.
- tax owed scams where the scammer will claim that you've underpaid your tax and will need to repay the amount you owe immediately. In order to make this payment, they request your credit or debit card details, or ask you to send money through a money transfer.
- Scammers are texting people, asking them to click on a link and provide personal identifying information to receive a tax refund. This image is one example format this scam can take. If you click on the link it will take you to a fake 'Tax Refund' form in order to steal your personal information
- Never call a scammer back on the number they provide.
- If you are in any doubt about an ATO call, hang up and phone the ATO on 1800 008 540 to check if the call was legitimate or report a scam.



Direct Deposits into NAB for Mogg Osborne Fees

We appreciate our clients paying directly into our NAB bank account, please remember to add your Client Code or Name in the reference box to ensure your payments can be allocated to your account promptly

Tax



Individuals

- Income tax cuts for low- and middle-income earners doubled from last year's budget up to \$1,080 per annum – proposed to still have a commencement date of 1 July 2018 so if legislated can be received when tax returns are lodged for the current financial year.
- A plan that by 2024/25, the marginal tax rate for incomes between \$45,000 and \$180,000 will be 30% plus Medicare levy.

Business

- Extension, and increase to \$30,000, for the asset write off provisions for small business. Also extended to medium sized business with annual turnover of less than \$50 million.
- Commitment to cut the corporate tax rate to 25% for small and medium sized companies by 2021/22.

Medicare levy and surcharge income threshold increase

- The Medicare levy low income thresholds for singles, families, and seniors and pensioners will increase from the 2018-19 income year, meaning more people will be excluded from paying the levy.



One-off energy assistance payments

- A one-off energy assistance payment of \$75 for singles and \$62.50 for each eligible member of a couple, will be made to predominantly pension and social welfare recipients who were residing in Australia on 2 April 2019. The payments are expected to be completed by 30 June 2019.

Super

- Increasing the age from 65 to 67 where a work test is applied to make super contributions.
- Also extending the non-concessional bring-forward rule to 67.
- Increasing the age limit for spouse contributions from 69 to 74 years of age.



Is your life insurance through super tax deductible?

You may not be aware but your life insurance maybe paid via a super fund. If this is the case the amounts paid into the fund are considered contributions not an insurance premium payment.

This means you may be able to claim a tax deduction for payments made. If you are paying Life insurance please provide your client manager with an annual statement to clarify if you may be eligible for a super tax deduction.



Date	Action Required
<p>BEFORE 30 June 2019</p>	<ul style="list-style-type: none"> • Ensure your employee superannuation payments are received and allocated by your employees' super fund prior to 30 June 2019 to ensure a tax deduction for this year. • Any payments made between 1 July 2019 and 28 July 2019 will count towards your Superannuation Guarantee requirement but will not be tax deductible until the next financial year.
<p>1 July 2019</p>	<ul style="list-style-type: none"> • Superannuation guarantee rate is still 9.5% • Review regular concessional contributions (including salary sacrifice arrangements) as the maximum contribution is \$25,000 for everyone
<p>14 July 2019 or before</p>	<p>Provide 2019 PAYG Payment Summaries to all employees (if not on STP)</p>
<p>28 July 2019</p>	<p>Quarterly Superannuation contributions due for employees (for the period 1 April 2019 to 30 June 2019).</p> <p>THIS IS A KEY DEADLINE!</p> <p>If using a SuperStream service other than the ATO, there can be significant delays in amounts being received by the superannuation fund. Contact your SuperStream service for processing times.</p> <p><i>(Note: If your contributions are not received by the Superannuation Fund by 28 July 2019, you must complete a Superannuation Guarantee Charge Statement and forward it to the ATO together with underpaid superannuation plus administration fees and interest by 14 August 2019. Superannuation Guarantee Charge payments are NOT tax deductible.)</i></p>

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