TAX LODGEMENT DUE DATES

Please note that the last deadline for the lodgement of 2017 income tax returns is 15 May 2018. Unless we request your information prior, could all clients who have not yet dropped in their business information please do so by 31 March 2018.

The BAS for the December 2017 quarter will be due on 28 February 2018. There are no extensions available to us for this BAS. If we are responsible for the preparation of your BAS, please provide the relevant information at the earliest opportunity.

INSTANT ASSET WRITE OFF

The small business (turnover less than $10M) instant asset write off of plant costing less than $20,000 (GST exclusive if your entity is registered for GST) will end on 30 June 2018.

The instant write off available to Primary Producers for water and fencing, and three year write off period for fodder storage assets, looks set to continue for the foreseeable future.

LOG BOOKS

When claiming motor vehicle expenses via the log method, a log book must be maintained for a full 12 weeks every 5 years. Log books should be recompleted whenever a change in the pattern of business use of a motor vehicle occurs. Electronic log books (such as the ATO app myDeductions) are acceptable.

PROPERTY SALES & CLEARANCE CERTIFICATES

Please contact us if you are undertaking a property sale with a value above $750,000. A clearance certificate needs to be obtained from the ATO; otherwise 12.5% of the sale price will be withheld and forwarded to the ATO. Do not assume that the clearance certificate will be applied for as part of the settlement process.

Should you be subjected to the withholding, provided you are not a non-resident, the amount will be refunded to you (less any tax obligations) when your next tax return is lodged.

OFFICE HOURS

We will be closing at 5.30pm on Friday, 22 December 2017 and reopening on Monday, 8 January 2018.

For urgent matters the partners can be contacted on the following numbers;

Adrienne Cross 0427 620 216
John Finnis 0407 799 113
Kellie Bald 0427 620 460
Michael Parker 0400 296 362
Trent Waters 0428 815 838

MOTT FINNIS & CO

66 Smith Street Naracoorte SA 5271
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Email: admin@mottfinnis.com.au
www.mottfinnis.com.au
also visiting Bordertown by appointment

WISHING YOU A VERY

Merry Christmas

AND A HAPPY NEW YEAR

MOTT FINNIS & CO

John, Trent, Michael, Kellie and Adrienne would like to take this opportunity to thank you for your support this year and extend our best wishes to you and your family for the festive season.

It has been an exciting six months for our practice with the introduction of our financial planning division, Mott Finnis Wealth Management. The decision to introduce financial services followed on from the Government's pronouncement to repeal the Accountants' exemption in relation to SMSF advice. The removal of the exemption meant that accountants who provide advice in relation to SMSF's have to hold either an Australian Financial Services Licence (AFS) or be an authorised representative of an AFS Licensee.

Broadly speaking, by satisfying these requirements, we also have the necessary qualifications to provide advice on investment products such as listed shares and managed funds. Further to this, we have found that the demand for financial advice from our clients has been increasing and several of our partners have a particular interest in the industry. Consequently, we made the decision to expand our business to incorporate a financial planning division from 1 July 2017.

Over the last six months, we have found that we are now in a better position to not only provide investment advice but to also provide more effective tax planning and asset protection advice to our accounting clients who have transferred their financial planning business to us. We are now working with these clients in real time and not at the end of the financial year as can often occur otherwise.

In addition, the benefits our SMSF financial planning clients are already experiencing will increase due to the introduction of event based reporting for SMSFs on 1 July 2018. More detail is provided later in this newsletter but, in summary, event based reporting will mean that tax minimisation strategies such as pension commencements, pension commutations and withdrawal and re-contribution strategies, which have historically been implemented upon the completion of the SMSFs financial statements, must now be documented at the time they occur and not when the financial statements are being prepared.

Given these recent changes, we feel that clients who take the opportunity to avail themselves of both our accounting and financial services will be well placed to continue to receive optimal taxation outcomes. Clients who elect to continue to use external financial planning services will be required to notify us of all fund transactions such as contributions, pension payments and lump sum withdrawals as the transactions occur to ensure that both the reporting legislation is complied with and optimal tax outcomes can be achieved.

WINE EQUALISATION TAX

In late August the expected WET reforms passed Federal Parliament. The reforms not only reduce the WET rebate from $500,000 to $350,000 from 1 July 2018, but also tighten the eligibility criteria for accessing the rebate.

From 1 July 2018 (or from 1 January 2018 for 2018 vintage wines), to access the rebate;

- The seller must be the producer of the wine
- The seller must have owned 85% of the source product (grapes) throughout the winemaking process
- The seller must be liable to pay WET or sell to a purchaser under quote who indicates that they will be liable for WET on a subsequent dealing (ie such as wine distributors)
- The wine must be sold in a container of 5 litres or less, suitable for retail sale and branded by the seller's trademark.

The most obvious change from the existing legislation is that bulk wine will no longer be eligible for the rebate. There is also concern that grape supply contracts may need to be reviewed to ensure that wine producers who buy grapes have ownership of the fruit from the time of crushing to meet the 85% source product requirement.

It is important to note that transitional arrangements apply for 2017 vintage wines (and older) and that quoting documentation will be changing. Further information can be found by contacting our office, or online via the ATO website. The Winemakers Federation of Australia (WFA) website provides an overview of the changes and will be offering a webinar shortly. The WFA website also provides comments regarding record keeping and grape contracts.

SMSFs AND EVENT BASED REPORTING

Event based reporting is a new regime implemented by the ATO that requires super funds to report certain events which impact on a person's transfer balance cap (TBC).

The TBC is the total value of assets that can be transferred to retirement phase and is currently set at $1.6M.

An SMSF is only required to report if one of its members has an event that impacts their TBC. Events which will impact a TBC include;

- The commencement of a new superannuation income stream
- Pension commutations
- The cessation of a superannuation income stream
- Structured settlement contributions received from 1 July 2017

SMSFs will be required to report the relevant events to the ATO using a transfer balance account report (TBAR). Reporting is only required when a fund has a member commencing a retirement phase pension, or the fund already has retirement phase pensions in place.

For SMSFs required to report, the lodgement date will depend on whether the fund is an annual or quarterly reporter which is determined by the members super fund balances. Where member's balances exceed $1M or more at 30 June 2017, reporting will be required quarterly, otherwise the report will be due at the same time as the SMSF's tax return.

It will be imperative that members of SMSFs that are quarterly reporters regularly update us with their SMSFs transactions if they are not a client of Mott Finnis Wealth Management. We will be in contact with those clients that we expect to be affected by this new reporting measure in the New Year.

HOLIDAY HIRING

If you are hiring extra workers for the busy holiday season, it's important to get a few things sorted before they start so that you're not left with any unexpected expenses in the New Year.

You will need to determine if your workers are employees or contractors to make sure you meet all of your tax, super and RTWSA obligations.
Both employees and contractors can be hired for;

- Casual, temporary, on call and infrequent work
- Busy periods
- Short-term jobs, specific tasks and projects.

If your workers are here on a working holiday visa (subclass 417 or 462) you'll need to:

- Register with the ATO as an employer of working holiday makers
- Withhold tax at 15% from the first dollar earned, regardless of their residency status.