



ATO reminder about fines

BAS and any payment for Quarter 4 June 2002 are due by Monday, 29 July 2002. The ATO says that for those reporting GST monthly, their quarterly activity statement and any payment are due by Monday, 22 July 2002.

For small business this FTL fine is \$110 for every 28 days that returns are lodged late with a maximum of \$550. For medium and large businesses it is \$220 and \$550 plus the GIC, the general interest charge.

Even for those who have no obligations to report, the ATO says it must receive the completed activity statement by the due date. If the only obligation is PAYG installments and the installment amount (option 1) is used, it is only necessary to pay the amount advised. The form does not need to be lodged unless it is desired to vary the installment amount.

The ATO says any outstanding activity statements must be lodged now. The ATO says it must receive all activity statements before the taxpayer completes their income tax return or annual GST return (GST installment option 3) for the financial year.

BAS Deadline

Mon 12 August

Super 9% from 1 July

The Superannuation Guarantee (SG) is the compulsory superannuation contribution employers must make on behalf of eligible employees.

From 1 July 2002, these tax-deductible contributions will be nine per cent of an eligible employee's ordinary time earnings.

The Commissioner considers that **ordinary time earnings** include directors' fees; sick, annual and long service leave; allowances; bonuses calculated by reference to work undertaken; casual loadings; top-up payments or accident make up payments when the employee works; and Government wage subsidies such as the Job Start Allowance. Ordinary time earnings, however, do not include: overtime pays; Christmas bonuses; ex gratia payments; redundancy and other payments made on termination of employment not connected with ordinary hours of work; payments made in respect of parenthood; lump sum termination payments for accrued leave; workers' compensation payments; top-up payments or accident make up payments when the employee does not work; top up payments (eg when on jury duty or reserve forces); taxable fringe benefits; restraint of trade payments; reimbursements; and annual leave loadings.

Employers who don't contribute this amount by the due date (28 July each year) to a complying

superannuation fund or Retirement Savings Account (RSA), must provide the Tax Office with a SG statement and pay the Superannuation Guarantee Charge (SGC).

SGC includes administration and interest charges, is not tax-deductible, and must be paid to the Tax Office by 14 August.

The rate rise does not affect contributions for 2001/02 financial year, even those made after 30 June 2002.

While over 99 per cent of employers pay the SG on time, up to 28 per cent are not getting it right.

Special Superannuation

Payments made to "temporary residents" permanently departing Australia to be classified as "departing Australia superannuation payments" under sec 27A(1) of ITAA 1936 and will be subject to the special taxation treatment that applies to such payments (taxed at 30% in most cases).

Reductions in NSW payroll tax

From 01 July 2002 payroll tax on apprentices will be abolished and payroll tax cut from 6.2% to 6%

NSW Stamp duty on general insurance

From 01 August 2002 stamp duty on general insurance including public liability policies will be cut from 10% to 5%

Reimbursement or not ?

The ATO distinguishes employee reimbursements from employee allowances for GST purposes. So if an employee is reimbursed for an expense, the employer can claim an input tax credit for the portion of the expense incurred. However if an employee is paid an allowance instead, the employer will not be entitled to an input tax credit for the payment of the allowance.

Entitlement to an input tax credit for a reimbursement only applies for an employer if :

- ◆ The expense directly relates to employment duties
- ◆ GST was payable when the employee incurred the expense
- ◆ The employee is not entitled to an input tax credit for the expense being reimbursed
- ◆ The expense is itself deductible
- ◆ The employee provides the employer with receipts/tax invoices for the expenses incurred.

Personal Services Entities

The Tax Commissioner has decided to **extend until 30 June 2003, the simplified methods for personal services entities to calculate their PAYG(W).**

Either of the following options may be used: 70% of the gross personal service income or a percentage based on the entity's net personal service income the previous year.

Increase for Families

Family Tax Benefit (FTB) rates will be increased from 1 July 2002.

The new rates for the period 1 July to 19 September 2002 are as follows.

Family Tax Benefit (Part A): The maximum payment rates per fortnight for each child are \$126.70pf (child under 13); \$160.72pf (child 13-15); \$40.74pf (child 16-17) and \$54.74pf (child 18-24).

Income Test: The family income limit for a maximum payment is \$30,806. The basic rates of payment are \$39.48pf (each child under 18) and \$53.06pf (each child 18-24). The basic rate begins to reduce at \$79,643 (one child) and \$3212 for each additional child.

Family Tax Benefit (Part B): The maximum payment rates per fortnight for each child are \$108.78pf (youngest child under 5) and \$75.88pf (youngest child 5-18).

Income Test: For 2-parent families, a secondary earner (i.e. the partner earning the lesser amount) with an income up to \$1752pa will receive the maximum payment rate. A part-entitlement applies where the secondary earner's income is below \$11,206pa (youngest child under 5) and \$8347pa (youngest child 5-18).

Other rate increases and threshold test changes will apply to the multiple birth allowance, large family supplement and maintenance income test.

Increase for Pensioners

From 1 July 2002, pension assets test, income test thresholds and deeming rate thresholds will increase.

Income Test Thresholds: The maximum pension rate will apply

for pensioners with fortnightly incomes up to \$116pf (single); \$204pf (couple combined and illness separated couple combined). The pension disqualifying income limits are \$1185pf (single); \$1979pf (couple combined); and \$2342pf (illness separated couple combined).

Assets Test Thresholds: The maximum pension rate will apply for homeowners with assets up to \$145,250 (single) and \$206,500 (couple combined); and non-homeowners with assets up to \$249,750 (single) and \$311,000 (couple combined). The pension disqualifying assets limits for homeowners are \$288,000 (single); \$443,500 (couple combined); and non-homeowners \$392,500 (single); \$548,000 (couple combined);

Deeming Rate Thresholds: The deeming rate thresholds will also been adjusted from 1 July 2002, so that the 2.5% deeming rate applies for the first \$34,400 of financial investments for a single (\$57,400 for a pensioner couple) and the 4% rate applies for the balance over these amounts. The primary production attribution threshold will also increase to \$818,000.

Baby Bonus

In addition to other family benefits to compensate families who have had a loss of income following the birth of a child.

Tax up ?

ABS figures reveal that in 2000-01 the amount of tax per head of resident population rose from \$10,239 in 1999-2000 to \$11,026. Except in WA, States had a decrease in revenue from stamp duties. Always seek advice on your tax matters.