

Tax Update April 2003



AVENIR

FBT returns are due

By 21 May 2003

If you have an FBT liability for the year ending 31 March 2003 you will need to lodge an FBT return unless your fringe benefits taxable amount for this year is nil. If it is nil, then you don't need to lodge though you will still need to send in the 'Non-Lodgement' notice. If your BAS for this year still has an FBT instalment amount on it, you will need to revise your statement to show a nil statement amount before sending in the Non Lodgement notice.

A penalty for being late applies of \$110 for each 28 day period to a maximum of \$550.

Deducting the Car Park

A deduction is allowed for expenses incurred in earning rental income from the lease of a car park which is attached to a private residence.

The taxpayer incurs interest expenses, body corporate fees and council rates in relation to their main residence. Where

only part of a property is rented out or is available for

rent the deductions will be limited to that proportion that equates to the proportion of the rental property rented out or available for rent, that is, the car park.

Source: ATO ID 2003/85

We add a cautionary note that the above may give rise to a CGT liability on sale of the private residence.

Nexus needed for Self-Ed expenses

The taxpayer is entitled to a deduction for expenses incurred in attending a personal development course in the taxpayer's circumstances as it has a sufficient nexus with their current income earning activities.

The core duties of their employment were of a 'management nature' and included the provision of written submissions, negotiation and liaison, facilitation and public speaking.

The course offered tuition in human psychology and motivation, change management, emotional intelligence, health, wellbeing and self-regulation, stress

management, communication and assertiveness, conflict resolution and interpersonal skills and values, integrity and self-responsibility.

The taxpayer's attendance at the course was approved and subsidised by their employer. In a later performance appraisal, the taxpayer's employer made an assessment that the course attendance had directly contributed to an improvement in the taxpayer's skills
Source: ATO ID 2003/84

Mattress gift deductible

A taxpayer placed an order after 1 July 2000 with a company for the manufacture of a cotton mattress for his spouse who suffered from certain allergies. Subsequent specialist medical advice was given against the use of all cotton mattresses. However the ordered mattress was delivered the day after the advice was given.

The taxpayer decided to donate the unused mattress to a charity registered as a deductible gift recipient, within 12 months of its purchase.
Source: ATO ID 2003/92

Debt Waived but FBT incurred

An employee was loaned \$1 000 by their employer in 1998. In February 2001, for commercial reasons, the employer waived the obligation for the employee to repay the loan. Waiving of the loan constituted a debt waiver fringe benefit under the FBT Act. Source: ATO ID 2003/41

10 BAS Tips from the ATO

(or why it helps to have your accountant do it for you)

- * Try and keep paperwork up to date so statements can easily be prepared.
- * Try not to leave it to the last minute to prepare activity statements.
- * Even if there is nothing to report, a statement needs to be lodged by the due date. This can be by phoning 24 hours a day, 7 days a week on 13 72 26. Callers need to have at hand the ABN or TFN and the document identification number from the statement.
- * To avoid a late or non-lodgement penalty and general interest charges, lodge the activity statement and pay by the due dates.
- * Sign and date the statement before lodging it with the ATO by the due date.
- * Provide a contact name and daytime phone number.
- * Lodge one copy only of the activity statement for each reporting period.

* If a mistake is made filling out a statement, contact the ATO to get a new one sent out.

* Keep a copy of the activity statement in a safe place.

* Let the ATO know of any recent change of address.

Source: ATO media release, 24 February 2003

Pensions increase from 20 March 2003

The Minister for Family and Community Services, Senator Amanda Vanstone, has announced that, from 20 March 2003, the maximum single rate of pension will rise by \$10.90 to \$440.30 a fortnight while the maximum partnered pension will be increased by \$9.10 to \$367.50 a fortnight for each member of a couple.

As a result of these indexation increases, income and assets cut-off amounts will also be increased. From 20 March 2003, the pension disqualifying income limit for single pensioners will increase to \$1231.25 per fortnight and for partnered couples (combined) to \$2056.00 per fortnight. The pension disqualifying assets limit for single homeowners will also rise to \$294,000 and for partnered homeowners to \$453,500. For non-homeowners, the pension disqualifying assets limits will be increased to \$398,500 (single) and \$558,000 (couple combined).

Other rates and income/asset tests to rise include Rent Assistance, Newstart

Allowance, Widow Allowance, Mature Age Allowance, Parenting Payment, Partner Allowance, Special Benefit and Sickness Allowance, Maternity Allowance and Health Care Cards. Source: Minister for Family and Community Services media release, 14 March 2003

Austrac is watching you

A coffee shop owner in Queensland failed to prove that an amended tax assessment was excessive even though it added over \$106,000 to his assessable income.

Austrac became aware that a large number of cash deposits were made on a regular basis to a bank account and the coffee shop owner was identified as the depositor. When the ATO then investigated the coffee shop owner's tax affairs and issued an amended assessments that included the extra income, the owner said the deposits came from the sale of antiques and other items left to him by his late father and his in-laws.

The explanation seemed "unbelievable", and the owner "appeared evasive". Accordingly, the AAT held that the taxpayer had not discharged the onus of proving that the amended assessment was excessive. Source: AAT Case [2002] AATA 1254, Re Mircev and FCT, AAT, McCabe M, Ref No: QT2001/460, 6 December 2002.