

## AAT News

### Welcome to the June 2018 edition of the AAT Australia's eNews and Views. In this edition you'll find out all about:

- Breaking News – Proposed twelve-month amnesty on unpaid Superannuation Guarantee obligations
- Budget 2018 proposals for bookkeepers
- WET technical resource
- Get ready for EoFY with AAT's new resources
- QB Connect – a great success

## Proposed twelve-month amnesty on unpaid superannuation

On 24 May, the Government announced a compliment of the wider 'Superannuation Guarantee Integrity Package', in the form of a one-off 12-month amnesty on unpaid superannuation obligations. The proposal, yet to be presented to Parliament, would mean that employers could access the opportunity to voluntarily report and pay outstanding superannuation amounts without the Superannuation Guarantee Charge or administration fees applying. In a further significant bonus to businesses taking advantage of the proposed amnesty, they will also be able to claim an income tax deduction for these late payments that is otherwise not available.

The nominal interest charge would still be applicable to the late superannuation payments and would be calculated on all salary and wages payments, not just applied to Ordinary Times Earnings (OTE), as is the case, when superannuation is paid on time.

Employers who disclose and pay their outstanding superannuation payments within the amnesty period, that is prior to 23 May 2019, can access the tabled provisions if the legislation is successfully passed.

Employers can nominate to complete either the SG Amnesty Fund Payment Form when paying directly to the employee's fund or the SG Amnesty ATO Payment Form where a payment arrangement with the ATO is required (General Interest Charge is applicable for this option). Amnesty provisions only apply to superannuation amounts reported and paid in full by the end of the amnesty period.

## Budget 2018 proposals summarised for bookkeepers

The 2018 Federal Budget delivered on strategies appearing to be geared toward continuing support of Australian Small Business and increasing activities on stamping out the black economy and catching those doing the wrong thing.

It is important to note that these proposed budgetary provisions are yet to pass through the legislative process to receive Royal Assent.

### **Individual tax rate changes**

Essentially phased in over a 3-step implementation, tax brackets for individual taxpayers will shift:

- 1 July 2018 – the 32.5% marginal bracket top end will increase from \$87k to \$90k
- 1 July 2022 – the 19% upper limit will increase to \$41k and the 32.5% bracket top end will increase further to \$120k
- 1 July 2024 – the 32.5% bracket will again increase to \$200k

A one-off tax offset will apply to low and middle income tax earners, meaning up to an additional \$530 in the back pockets of these individuals at tax time. This is paid in addition to the existing Low Income Tax Offset (LITO).

### **TPB 3-year renewal fee increase for BAS agents**

The TPB are receiving an overall funding increase funded by a hike in fees paid by practitioners to register with the board. The 3-year renewal fee will increase from \$100 to \$135 and the renewal option for BAS agents who are 'not in business' to renew for \$50 will be removed, meaning all registrations will now cost \$135.

### **ATO to receive additional funding to support transition to the STP regime**

The ATO has been allocated an additional \$15M in funding to roll out education programs and support to small and micro-employers for the transition to the new STP reporting regime.

### **ATO extending activities related to non-compliance and the black economy**

Programs will be ramped up and extended, particularly in relation to reducing activities around:

- The Black Economy and initiatives continuing to be led by The Black Economy Taskforce
- Phoenixing
- Tax evasion
- Incorrect claims related to Work Related Expenses and private usage of assets
- Superannuation compliance

### **TPAR's reach extended**

The Taxable Payments Annual Reporting (TPAR) regime will extend to the cleaning

and courier industries from 1 July 2018 and further, to the security and road transport industries from 1 July 2019.

### **GST to apply to international web-based accommodation booking services**

From 1 July 2019 web-based booking services for accommodation supplied in Australia will be required to collect and remit GST, impacting services such as Hotels.com, tripadvisor, Airbnb etc.

### **Business payments in excess of \$10k restrictions**

All payments made for business purposes in excess of \$10k will be required to be made electronically or via cheque as of 1<sup>st</sup> July 2019.

### **No withholdings, no deduction!**

For businesses who are required to report and pay PAYGW to the ATO from employees or no ABN withholdings from their contractors where a valid ABN has not been supplied, deductions for these whole payments will be disallowed under the proposed new arrangements. More detail is required from a technical perspective around these preclusions as the policy develops in parliamentary discussions.

### **No deductions for expenses incurred from holding vacant land**

Proposed legislation changes will disallow deductions for holding vacant land, where the land is not genuinely held to earn assessable income. This is hoped to de-incentivise the holding of land for tax planning purposes and free up the land for housing and other commercial developments. Disallowed deductions will not be able to be carried forward for use in later income years where assessable income may begin to apply to the vacant land. Disallowed deductions for vacant land will not apply to cost base for CGT purposes if it is not ordinarily a cost base element.

## **BAS agent toolkit – WET and WEG**

### **What is it?**

Wine Equalisation Tax (WET) of 29% must be applied to all wholesale sales of wine in Australia, usually on the final sale. Typical examples include a restaurant or liquor store buying wine from a winery or distributor.

### **Who has to pay it?**

Retailers who buy the wine from wholesalers will pay the WET amount unless a valid ABN quotation is provided at or before the time of sale. The WET does not apply until the final sale of the wine to a retailer; eg a winery selling to a distributor would not apply WET. When the distributor on sells the wine to the restaurant it would have WET applied.

### **How to calculate WET or wholesaling.**

- 1)** 29% of WET is applied to the selling price of the wine. (ex GST)
- 2)** GST is then calculated on the total selling price including WET.

**Note** – If the selling price includes WET the seller must show the breakdown of GST and WET on the invoice.

**Example – how to work out the wholesale price**

Alison has a winemaking business. She sells grape wine to a bottle shop for \$120 a dozen before tax. This is how Alison works out the total wholesale selling price:

1 dozen wine	\$120.00
Plus WET @ 29% (\$120.00 × (29÷100))	\$34.80
<i>Sub-total</i>	<i>\$154.80</i>
Plus GST @ 10% (\$154.80 × (10÷100))	\$15.48
<b>Total wholesale selling price</b>	<b>\$170.28</b>

(Image source: [www.ato.gov.au](http://www.ato.gov.au))

**Registering for WET.**

Wholesalers or producers of wine must register with the ATO for WET. Once this is done the option to report on WET payable and WET credits will appear on the BAS. Note: this is not necessary for wine retailers.

**What is WEG?**

WEG is the tax code label for a price including GST & Wine Equalisation Tax. If the supplier issues a valid tax invoice with a detailed break-down of the GST and WET component then the buyer can claim the input tax credit.

ATO Links

<https://www.ato.gov.au/Business/Wine-equalisation-tax/>

## End of Financial Year Resources for Members

We are very pleased to have launched a set of EoFY tools for members in the resources area of the AAT website, jump in to check out:

- Information email to provoke important conversations with your clients pre June 30
- Reconciliation checklist and template worksheet for GST, PAYG, Superannuation
- Business compliance checklist – have we reviewed the client’s compliance and practical requirements?

- Accountants kit checklist – what to include

The recording of the EoFY workshop will be available over the next few weeks to help you get prepared for STP and EoFY. We will advise as soon as this is online.

## Join our Facebook Discussion Group

Feedback from members indicates that community is very important to accounting technicians. In response the AAT Team has established a Facebook group especially for AAT members to join in an online community and discuss your successes and your not-so-successes, ask questions, give support to your colleagues and enjoy networking with your peers. We will be posting articles, information pieces, event details plus more. Click through here to join in today:

[AAT Facebook Group](#)

## Continuing Professional Development

[Intermediate BAS Skills](#)  
[Excel PivotTables Essentials - Data Analytics & Presentation](#)

## Feedback

AAT welcomes your feedback. Please share your thoughts and ideas, let us know what your concerns are as well as the support and CPD that you need, so that we can deliver the best possible outcome for all of our AAT community. [Contact us](#)



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