

Tax Time 2020

Changes You Might Need to Consider

As always, there are a number of tax changes that may affect you or your business. We have summarised a few of the key changes that you will need to take into account when thinking about your 2020 Income Tax Return, and for the new financial year. Contact Burnett Business Centre to discuss any of these changes further.

The COVID-19/Coronavirus response has a number of measures that apply this year. Employees can claim a new 80c per hour home office deduction this year, however the existing 52c rate may be more beneficial as it allows other claims to be made at the same time. Businesses also have JobKeeper, Cashboost, and other government stimulus measures to be accounted for.

Single touch payroll (STP) requires all employers to report wages and super information electronically. Penalties will now start to apply, however employers that employ associates such as family members have an extra 1-year extension in relation to those associated employees only.

You will not receive a paper Payment Summary from an employer using STP.

The Small Business instant asset write-off \$30,000 threshold has increased to (LESS THAN) \$150,000, as well as being extended to 31 December 2020. It will then revert to \$1,000. **An Investment Incentive** for other new depreciating assets acquired and installed before 30 June 2021 will mean an up-front 50% deduction for most businesses.

Super and Superannuation Guarantee

- If you salary sacrifice into super, your employer is now forced to pay the same amount of SGC as if you were not making the salary sacrifice.
- Don't forget employers now need to pay **SGC on Leave Loading** in most cases. Make sure your payroll system is updated
- The long awaited SGC Amnesty for employers for quarters up to March 2018 is now in place and ends 7 September 2020. If there are SGC shortfalls or late payments for those quarters and the amnesty is not utilised, on a later audit an automatic 100% penalty will apply and cannot be removed regardless of the circumstances. Don't miss out!
- The cap for deductible **super contributions** in any year may be more than the normal \$25,000 if you have unused contributions from 2019 onwards.

Employers also need to take note of new obligations for employees covered under Modern Awards for those employees receiving **annualised salaries**. More employees are now covered after changes to the **Miscellaneous Award**.

Road freight, security, investigation, surveillance or IT services businesses need to report payments made to contractors for the first time.

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Tax deductions are denied if payments are made to a supplier that does not have an ABN or provide a Statement by Supplier and the correct withholding procedures are not followed. This will also apply to payments to employees where the correct withholding and reporting procedures are not followed.

Changes for **vacant land**, that can also apply to what you would think of as non-vacant land such as when a building is under construction or renovation, can deny deductions this year.

Other

- Those with a **HELP/HECS debt** may be repaying more after significant changes to the repayment thresholds.
- **The minimum wage has increased** by 1.75% on all award wages, effective from various dates starting 1 July 2020.
- Eligible primary producers and tourism operators will be able to apply for a refund of any **luxury car tax** paid, up to a maximum of \$10,000.

There are other proposed changes that are yet to be legislated that we have not detailed here. These will become clearer as we progress through the year, but rest assured we keep a close eye on these changes so that we can keep you up to date.

You can find more detail about some of these measures at www.bbuscentre.com.au/blog

Please note that some of these measures are not yet law (as at the date of writing), and this is a greatly simplified summary of each measure. You should not solely rely on the information provided. Contact Burnett Business Centre to discuss these issues further.