

Tax Time 2021

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 2021 Income Tax Return, and for the new financial year (including some that are proposed changes only). Contact Burnett Business Centre to discuss any of these changes further.

Individual Tax thresholds have increased, the **Low Income Tax Offset** has increased to \$700, and the **Low and Middle Income Tax Offset** is extended until 30/6/2022.

Car deductions claimed on a KM basis increased to 72c/km. The **Depreciation Cost Limit** for more expensive cars has increased to \$59,136, or \$60,733 from 1 July 2021.

Home Office Expenses can continue to be claimed using the Covid 80c per hour rate, however that will limit certain other deductions. The original 52c per hour rate also remains and may be more beneficial.

Foreign Residents no longer have access to **Main Residence** CGT exemption, or the cost base reset rules when starting to earn income from their previous Main Residence, nor are they able to claim the CGT general 50% discount on capital gains. **Tax residency rules** are proposed to be reformed.

You will not receive a paper **Payment Summary** from an employer using **Single touch payroll (STP)**. **STP** is a system that requires all employers to report wages and super information electronically. STP is now mandatory for all employers, including for those that pay associated employees from 1 July 2021. Even more information will be reported to the ATO in "STP Phase 2" from 1 January 2022.

The Small Business instant asset write-off threshold of (LESS THAN) \$150,000 was superseded with a new Temporary Full Expensing of Depreciating Assets (FEDA) measure that has no limit for eligible assets. It will apply until 30 June 2023, when the prior Instant Asset threshold of \$1,000 will then apply. If that doesn't apply, a **Backing Business Investment Incentive (BBI)** for other new depreciating assets acquired and installed before 30 June 2021 will mean an up-front 50% deduction. You don't have to claim the FEDA or BBI deductions if they are disadvantageous to you, but you need to withdraw from all SB Depreciation to do so, and the full write-off of existing SB Pools can't be prevented.

Sole Traders and partners in a Partnership obtain the **Small Business Income Tax Offset** using a faster 13% rate, or 16% from 1 July 2021.

Super Contribution caps increased from 1 July 2021 to \$27,500 if being claimed as a deduction, or \$110,000 if not. The Transfer Balance Cap is increased to \$1.7m.

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Choice of Super rules updated to prevent the creation of multiple super accounts for new employees.

Superannuation Guarantee (SGC) rate increases by ½ a percent each year for a number of years starting with 10% for any eligible payments to employees from 1 July 2021, even if the pay period relates to before then. In some instances, employers will need to manually adjust these rates in their payroll systems. See www.bbuscentre.com.au/sgcratechange2021/ for more info

The transitional period for changed rules regarding **Casual Employees** ends 27 September 2021. Casuals are now defined more clearly, now have a right to convert to permanent employment in certain circumstances, and are no longer able to “double-dip” for permanent entitlements.

The Company Tax Rate is reduced for “Base Rate Entities” to 26%, and 25% from 1 July 2021. Companies can also access a **Loss Carry Back** to allow a refundable offset of tax paid for 2019 or 2020 if a loss was made in 2020 or 2021. A new **Director Identification Number** should start to phase in over the next 12 months or so.

Other

- **Private Health Insurance** can now cover dependents up to 31 years of age.
- A “3 strikes & you’re out” crackdown on **late lodgement of SMSF Super Fund** Tax Returns.
- Changed **QLD Drought Relief** measures will apply from late 2021.
- Formalised **Granny Flat** arrangements can be exempt from previous adverse CGT consequences
- **The minimum wage has increased** by 2.5% on all award wages, effective from 1 July 2021.
- **Portable Long Service Leave** will apply to QLD non-government community service workers.
- **Wage and super theft** (including underpayments) has been criminalised in QLD.
- **Covid Super Withdrawals** can be re-contributed to Super
- **Super Downsizer Contributions** proposed to be opened up to 60-year-olds onwards.
- **Super Pension drawdown minimum requirements** reduced by 50% until 30 June 2022.

There are many 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.

See www.bbuscentre.com.au/blog for any other important announcements.

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.

IMPORTANT NOTICES

SUPERANNUATION GUARANTEE RATE TO INCREASE TO 10% FROM 1 JULY 2021

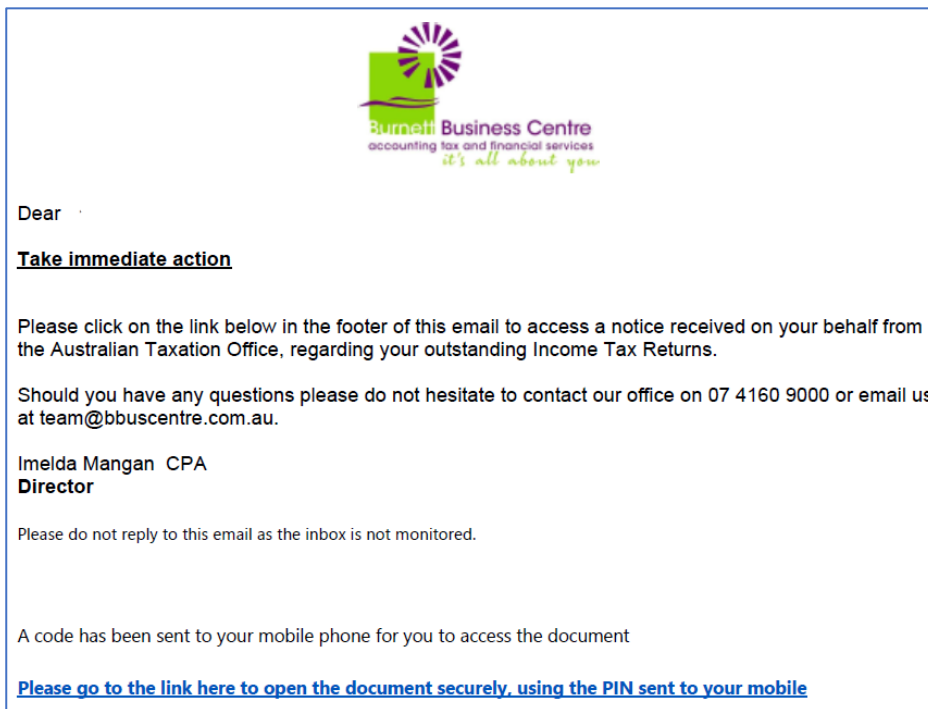
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A NEW WAY OF RECEIVING YOUR ATO MAIL

We have recently implemented a new way of processing ATO mail via a system called SmartDocs. This new system will allow us to deliver ATO correspondence to you digitally, quickly and most importantly securely, but because it looks different, we wanted to give you notification that it is not a scam.

An SMS will be sent to you with a security pin to access the email link for added security. If you do not wish to receive your ATO correspondence in this manner, please contact our office on 07 4160 9000.

This is what the email will look like:



Bigpond / Hotmail / Outlook Users

If you use a Bigpond email address in particular, and possibly also Hotmail/Outlook users, you may need to add this email address to your safe senders list:

hub.ddslive.center@ddslive.com.au

Instructions for how to do this if you are not sure are available on our website at www.bbuscentre.com.au/atomail