



WERRIBEE ACCOUNTING SERVICE

ABN: 69 910 497 391
Practice Update

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23 DUNCANS ROAD
WERRIBEE VIC 3030
(03) 9742 6235
info@wynpower.com.au
www.wynpower.com.au



Appointments for 2021 Income Tax Returns

Appointments are now available to complete your 2021 Income Tax Returns.

We are open and available for appointments during the following hours:

Monday: 10.00AM - 5.00PM
Tuesday: 10.00AM - 5.00PM
Wednesday: 10.00AM - 7.00PM
Thursday: 10.00AM - 7.00PM
Friday: 10.00AM - 5.00PM
Saturday: 10.00AM - 3.00PM

Appointments are available in office, over the phone or via Zoom. Please contact us on (03) 9742 6235 to arrange an appointment.

WHAT'S NEW

TAX TABLES

SUPERANNUATION
GUARANTEE INCREASE

VICTORIAN CIRCUIT
BREAKER GRANTS NANE
INCOME

AUDIT EXPERIENCES

RECORD KEEPING
OBLIGATIONS AND
COMMON DEDUCTIONS

Tax Tables

Tax Rates for the financial year commencing 01 July 2021 have now changed.

Employers are required to ensure they are withholding the correct amount of PAYG amounts for the employees.

There are minimal changes to tax rates but threshold amounts have changed. So please check the tax tables to ensure you are being taxing and/or being taxed at the correct amount.

Amounts can be determined through the Australian Taxation Office's website which can be found below.

<https://www.ato.gov.au/Rates/Tax-tables/>

Superannuation Guarantee increase

The super guarantee rate has been 9.5% since 2014, however as of 01 July 2021 rates have increased to 10% of gross standard income.

It is crucial as a business owner that you have changed the superannuation guarantee rate to reflect the current change.

If superannuation accruals are being calculated incorrectly you will be liable to pay interest and penalties for not paying the mandatory amount.

The Australian Taxation Office are cracking down on employers not paying superannuation to their employees.

If you require assistance or not sure of your obligations, please do not hesitate to contact Juliana on (03) 9742 6235.

Victorian Circuit Breaker Grants NANE Income



The Victoria Government introduced a number of grants to assist Victorian businesses with expenses during COVID related lockdowns.

The Federal Government has subsequently introduced legislation to class a number of the grants as non-assessable non-exempt (NANE) income. The grants include the Alpine Support Program; the Business Costs Assistance Program Round Two; the Impacted Public Events Support Program; the Independent Cinema Support Program; the Licensed Hospitality Venue Fund 2021; the Live Performance Support Program; and the Sustainable Event Business Program.

For business who have received these grants, the amounts are not assessable in any way. Current and prior losses of a business are also not reduced because of the payments. The tax effect of these amounts is inherently neutral.

However, if the NANE amounts were distributed to shareholders of a company, shareholders will be assessed on the amount as an unfranked dividend. When distributed to beneficiaries of a trust, the beneficiaries are not assessed on the NANE amounts as beneficiaries are only assessed on taxable income of the trust of which they are presently entitled.

<https://taxandsupernewsroom.com.au/consequences-of-covid-business-grants-being-nane/>

Audit Experiences

How do the ATO choose who to audit?

The Australian Taxation Office have invested in software which works out the average deduction amount of people in a similar job and similar income.

If your deductions are above the average deduction amount in your occupation and salary bracket this could raise an alert and lead to a potential review and/or audit.

Record Keeping Obligations

You are reminded that you are required to have substantiation documentation for each claim made and that the documents must be kept for five years as at the date the tax return was lodged.

It is expected that receipts and/or journals are legible and show the name of the supplier, date purchased, the \$amount paid, and must detail the goods purchased.

Overtime Meals

If you are claiming above your 'allowance' amounts for overtime meals, but up to the gazetted reasonable amount, it is recommended that you retain a minimum of four weeks of receipts and/or a diary over a four-week period, recording the date, type of meals purchased and the cost of **each** item purchased. If you are claiming up to your allowance amount, keep a record of the name of venues that you frequent, and retain a menu/pricelist from that menu.

If you receive an allowance, but are claiming above the gazetted amount, you must keep receipts.

Working from Home

A 4-week diary of hours worked from home should be kept. This diary can then be used to extrapolate working-from-home hours for the full year.

There are three methods of claiming:

- Number of hours x 52cents per hour
- Number of hours x 80cents per hour (this precludes claiming any other home office expenses such as equipment, internet or telephone)
- % of home utilities, calculated by reference to the proportionate size of a dedicated office to the size of the house.

Motor Vehicle Expenses

Cents Per Kilometer Method:

Documents required to substantiate motor vehicle travel include:

- A record of how the kilometers were worked out per car
- Copies of purchase or lease documents
- Copies of car registration
- Details of travel undertaken
- Any other evidence which confirms travelled claimed was undertaken in your car such as, a copy of your job description, employment contract or the relevant award or workplace/enterprise bargaining agreement.

Logbook Method:

- purchase or lease documents for your car
 - car registration certificate or ownership papers for the income year/s you are claiming car expenses
 - copies of your logbook and odometer records.

The logbook must contain:

- the dates that the logbook period begins and ends
- the car's odometer readings at the start and end of the logbook period
- the total number of kilometres the car travelled during the logbook period
- the number of kilometres travelled for each journey recorded in the logbook.

You will need to record the:

- odometer readings at the start and end of each journey
- business kilometres travelled
- reason for the journey or the business-use percentage for the logbook period.
- the odometer readings at the start and end of each income year you use the logbook method
- copies of original receipts for all car expenses claimed:
 - except for fuel and oil receipts if you have used odometer records to estimate your fuel and oil expenses including all fuel and oil receipts if you have not used odometer records to estimate your fuel and oil expenses.

Laundry Expenses

Where laundry expenses are less than \$150.00 no receipts or records are required. However, that does not mean you should claim the \$150.00 if you did not incur the expense. If your laundry is greater than \$150.00 you are required to keep a 4 week diary detailing when you washed your uniform and whether it was washed with ordinary clothing items, or separately, and whether in hot or cold water.



Small Item Claims

Small items claimed costing less than \$10 but less than \$200 in total require written evidence showing the suppliers name, the amount spent, the nature of the goods or service, the date of the expense and the date of the document. You are able to write the nature of the goods or service on the document yourself if it is missing. You may record the evidence yourself in the event you are unable to obtain written evidence and the total of the expenses does not exceed \$200.

Telephone/Mobile Expenses

You need to provide:

- an explanation of how the phone was used for work and how you calculated your claim
- evidence of the total cost of the service for the year of income
- one itemised bill with either the outgoing private and outgoing work-related calls clearly and distinctly marked and tallied

OR

- a diary covering a representative four-week period showing your work-related and private use of the service.

The ATO have now published occupation guidelines for what you can and cannot claim for your occupation. The link can be found below.

<https://www.ato.gov.au/Individuals/Income-and-deductions/Occupation-and-industry-specific-guides/>

Internet

You need to provide:

- an explanation of how the internet was used for work and how you calculated your claim, including allowing for usage of other members of your household
- evidence of the total cost of the service for the year of income
 - evidence of how you established the work-related portion. This could be: ○ a diary covering a representative four-week period showing your work-related and private use of the service
 - a record of the amount of data downloaded for work as a percentage of the total data downloaded by all members of your household
 - any additional costs incurred as a result of your work-related use,

Purchase of Equipment and Depreciation

You need to provide:

- an explanation for how each item relates to your employment duties
- copies of purchase invoices or receipts for all items
- an explanation of how you calculated the work-related portion for each item

Work-related items with a purchase price above the immediate deduction threshold of \$300 require a depreciation calculation and only the deductible portion for the relevant income year may be claimed.