



Tax agent
24624674



Tax Tree

239 Thomas St Dandenong Vic 3175

Email: taxtreeoz@gmail.com

www.taxtree.com.au

Phone 0400 633 220



Tax and Accounting Solutions



NEWSLETTER JUNE 2015

BUDGET 2015.... FOR SMALL BUSINESS

A **TAX CUT** if your business's aggregated turnover is less than \$2m, regardless of entity type.

For companies (Pty), company tax rate will be reduced by 1.5% to 28.5%.

For taxpayers operating an unincorporated business structure (Sole Trader) receive a **5% TAX DISCOUNT** on the income tax payable on business income, discount is capped at \$1,000 per individual.

It's important to remember that you need to make a profit to benefit from these changes.



Accelerated depreciation on purchases up to \$20,000

Businesses with a turnover of under \$2m can now immediately deduct assets costing less than \$20,000 apply this tax rule to as many times to items bought under \$20,000. **If your cash flow can afford it, you may wish to buy it, but DON'T invest for the sake of a deduction without considering cash flow.**

Example:

Ibrahim owns a small bakery that he runs as a sole trader. Ibrahim's taxable income in 2015-16 is \$35,460. In 2015-16, Ibrahim will purchase a baking oven costing \$13,750.

Ibrahim will receive a tax cut of \$30. Ibrahim will be able to immediately deduct the full \$13,750 cost of the baking oven leaving him an extra \$2,645 better off in the first year. In addition, any other assets that are purchased for a price below \$20,000 will be eligible for immediate deductibility. Altogether, Ibrahim will pay \$2,675 less tax in 2015-16.

Tax Compliance and Cash Disclosure

The Tax Office Taskforce is taking unprecedented action where cash income is not being disclosed correctly. Restaurants, Grocery Stores, Takeaways, Taxi Operators, Trade and other cash dealing entities and operators are under the spotlight.



GST Goods and Services Tax Integrity

The Tax Office is closely monitoring the integrity of data used to prepare your GST lodgements. You may receive a "Please explain" (Review/Audit) letter from the Tax Office if they find reason to further validate your lodged GST where you fall outside the benchmark.



Contractor or Employee

There is a significant difference between an employee and a contractor, however this gets more complicated where different authorities, such as Your Superannuation fund, WorkCover, Tax Office, State Revenue Office to name a few use entirely varying factors to determine what is a contractor or employee. Basically, apart from other considerations the overall power of control must rest with the contractor to be a contractor, and where the power of control lies with the employer then you are by this definition an employee.

All businesses in the Building and Construction MUST lodge with the TAX Office a Taxable Payment Summary listing the names of Contractors paid together with details of the contractors e.g. ABN, Amounts and withholding including GST amounts.



ABN Australian Business Number

You are entitled to have an ABN if you are carrying on an enterprise in Australia, or in the course or furtherance of carrying on an enterprise.

Tax Threshold – Individual

The tax free threshold for individual including Sole Traders is \$18200 for the financial year 2014-2015.



Individual Income Tax Rates 2014 -2015

The table does not include Medicare Levy or the effect of any Low Income Tax Offset

0- \$18,000	Nil
\$18,201- \$37,000	19c for each \$ over \$18,200
\$37001- \$80,000	\$3572 plus 32.5c for each \$ over \$37,000
\$80,001 - \$180,000	\$17,547 plus 37c for each \$ over \$80,000
\$180,001 and over	\$54,547 plus 47c for each \$ over \$180,000

Weekly Gross wages with Tax Free Holding no tax at \$356 per week. Superannuation payable at 9.5% if monthly gross wage over \$450.

TAX TREE – Business Insights

GST, in this newsletter I shall talk about how to manage GST collection. For businesses that are registered for GST, 1/11th of every dollar of income that is subject to GST, BELONGS to the Government. **This is not your money**, the Tax Office requires you to collect the GST and remit these at nominated intervals. These monies are to be kept separate from your cash flow and paid on time to the tax office. Tax Tree has seen many businesses unable to pay large sums of GST collected for the government, as these businesses have spent the cash on buying 4 wheel drives, cars or on holidays. As a consequence interest, penalties, orders for recovery and finally garnishee orders are made. This reflects badly on your

business and your ability to acquire cash for managing daily affairs get harder to manage. **Tax Tree highly recommends** that you open a Business GST Bank Account and deposit 1/11th of all income that is subject to GST into this account, you can talk to your bank manager to arrange this. When TAX TREE has completed your GST for the quarter you can immediately pay the Tax Office from this account and any balance advised by your accountant can then be transferred into your Current Business Account.



REGISTRATION SERVICES AT TAX TREE

- ABN Application
- GST Registration
- Tax File Number Application
- Company registration
- Business Name registration
- Second Hand Dealer License Application
- LMCT License Application
- Financial Preparation for Business visas
- Change Business Name
- AUSTRAC Registration for Money exchange

GENERAL SERVICES AT TAX TREE

- Accounting
 - GST Preparation
 - Tax Planning
 - Tax Return, for Individuals, Sole Traders Partnership, Companies
 - Manage all Tax Affairs
 - Tax Debt management solutions
 - Tax Audit and review assistance and representation
 - Payroll services
 - Business Plans, Cash Flow, Budgets
 - Business Appraisal – buying a business
 - Management Consultancy
 - Cost Management Accounting services
- Call us for more services that are available.**

**At Tax Tree we aim to put more money
back into your pocket.**