

JULY 2017 TAX UPDATE

ANNOUNCEMENTS

- Tax Time 2017 – forms available, reminders and updates from the ATO
- Simpler BAS from 1 July 2017 - ATO reminder
- ATO FAQ re fleet cars and FBT
- 100 charities risk revocation-failing to report
- SMSF annual return and instructions - key changes for 2016-17 include CGT, early stage concessions and LRBA
- ATO data-matching extended- ride-sourcing providers
- ATO expects to issue \$4 billion in tax liabilities to MNEs and public groups, mainly transfer pricing
- GIC and SIC rates for first quarter of 2017-18:
 - o GIC annual rate 8.73%.
 - o GIC daily rate 0.02391781%.
 - o SIC annual rate 4.73%.
 - o SIC daily rate 0.01295890%.
- ATO warning: use of holiday homes – again!
- ATO warning: scams at tax time 48,000 last year
- Report –recommendations from inquiry into tax deductibility
- What attracts ATO attention re privately owned and wealthy groups
- ATO Business Portal-changes to help SMEs with activity statements
- Deductible Gift Recipient reform – discussion paper released
- Improving ATO private advice

RULINGS

- LCT threshold and fuel-efficient car limit for 2017-18 - Luxury Car Tax Determination
 - o LCTD 2017/1 \$65,094 for the 2017-18 (up from \$64,132).
 - o The fuel-efficient car limit for 2017-18 is \$75,526 (unchanged)
- GST “Netflix” tax: determining if a recipient is an Australian consumer - GST Ruling GSTR 2017/1
- GST: supplies through electronic distribution platforms - “Netflix” and low value imported goods measures - Draft Law Companion Guideline LCG 2017/D4
- GST: redeliverers and supplies of low-value imported goods - Draft Law Companion Guideline LCG 2017/D5
- Trust loss rules: Trust distribution to a non-beneficiary - Draft Taxation Determination TD 2017/D1
- Assessability of a dividend equivalent payment under an ESS - Draft Taxation Determination TD 2017/D2
- Application of tax laws to employee remuneration trusts outside Div 83A - Draft Taxation Ruling TR 2017/D5
- Dividend equivalent payments made by a trustee under an employee share scheme - Draft Practical Compliance Guideline PCG 2017/D9

- CGT improvement threshold for 2017-18 - Taxation Determination TD -\$147,582 (up from \$145,401).

CASES

- Part IVA assessments confirmed - Hart v FCT (No 4); Hart v FCT (No 3)
- Evidence and work-related deductions - Re Hamilton and FCT [2017] AATA 734
- Accruals basis accounting for interest income correct - News Australia Holdings Pty Ltd v FCT
- GST assessment upheld - Morgan and FCT [2017] AATA 811
- Private ruling system administration “miscarried”: - Hacon v FCT

LEGISLATION

- Bills pass Senate, await Assent: \$20,000 instant asset write-off extension; super amdts; ASIC cost recovery
- GST low-value goods Bill passes Reps; Labor to move for 12-month delay
- Foreign Resident Capital Gains Withholding Bill passes Reps;
- Other tax Bills pass Reps: GST and precious metals; Medicare levy thresholds
- Bills referred to Senate committees

TOP 10 TIPS FOR TRUST LOSSES

1. Make sure the losses exist
2. Make sure the losses have the right character
3. Know the difference between a fixed trust and a non-fixed trust
4. Make sure you have appropriately executed documentation
5. Be aware of the income injection test
6. Be aware of the potential for family trusts distribution tax
7. Be cognisant of Part IVA
8. Ensure relevant parties seek approvals
9. Be aware of the scope of eligible beneficiary clauses
10. Be aware of the trustee general distribution powers

TOP 10 TIPS FOR RESIDENTIAL PROPERTY

1. Ensure all components of purchase and sale consideration are identified
2. Ensure capital costs/proceeds are allocated correctly across the relevant assets (land and buildings vs depreciables)
3. Make sure you distinguish between capital works and repairs and maintenance
4. Do not claim private expenses
5. Allocation expenses for period during which property is not available for rental
6. Remember to add holding costs to CGT cost base where property not rented out
7. Remember to pro rate capital gain for period not used as PPR
8. Watch out for 2 year holding period for Deceased estates
9. Remember proceeds from Subdividing backyard is not eligible for PPR exemption
10. Watch out for Interest deductions on change of use and replacement PPR