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Eligible Assets for Immediate Expensing

From 7.30pm (AEDT) on 6 October 2020 until 30 June 2022, businesses with turnover up to $5 billion will be able to deduct the full cost of eligible depreciable assets of any value in the year they are installed. The cost of improvements to existing eligible depreciable assets made during this period can also be fully deducted. It should also be noted that all existing general depreciation pools must be written off in the 2020-21 tax year.

The Government will also allow companies with turnover up to $5 billion to offset losses against previous profits on which tax has been paid, to generate a refund. Losses incurred up to 2021-22 can be carried back against profits made in or after 2018-19. Eligible companies may elect to receive a tax refund when they lodge 2020-21 and 2021-22 tax returns. With the fully expensing of depreciation pools and new plant, it will become likely that businesses will be able to utilize the loss carry-back provisions.

Superannuation Changes

The superannuation guarantee (SG) is set to increase from 9.5% to 10% from 1 July 2021. SG is payable on an employee's ordinary time earnings and has been 9.5% for a number of years.

The maximum amount you can contribute to super is due to increase from 1st July 2021. From this date the concessional (i.e. tax deductible) and non-concessional (not tax deductible) contribution caps, which are indexed by average weekly ordinary time earnings (AWOTE), are set to increase to new levels, as follows:

- The annual concessional contributions cap – currently $25,000 will increase to $27,500
- The annual non-concessional contributions cap – currently $100,000 will increase to $110,000

The "bring forward rule" enables you to contribute up to three years' worth of non-concessional contributions in one year. From 1 July 2021, eligible individuals may contribute up to $330,000 to superannuation in one year. Individuals can use the bring forward rule if they are 64 or younger on 1 July of the relevant financial year of the contribution, and the contribution will not increase their total super balance by more than their transfer balance account cap (currently $1.6 million moving to $1.7 million from 01 July 2021). If you utilised the "bring forward rule" in previous years, your non-concessional cap will not change. You will need to wait until your three years has expired before utilising the new cap limit.

For concessional contributions (tax deductible plus super guarantee contributions), 2018/19 was the first financial year you could accrue unused cap amounts and these amounts can be used from 1 July 2019. Unused cap amounts can be carried forward for up to five years before they expire. To be eligible to make catch-up concessional contributions, your total super balance at the prior 30 June must be below $500,000.

Single Touch Payroll

Small employers – closely held (related) payees

Small employers (19 or fewer payees) are exempt from reporting amounts to closely held payees through Single Touch Payroll (STP) until 30 June 2021. You don't need to apply for this exemption.

From 1 July 2021, amounts paid to closely held payees will need to be reported through STP. If you are a small employer you can report these amounts on or before each payday, or you can choose to report this information quarterly.

If you have any other payees (also known as arm's length employees) they must be reported on or before each payday.

STP reporting for closely held payees

A closely held payee is an individual directly related to the entity from which they receive payments.

For example:

- family members of a family business
- directors or shareholders of a company
- beneficiaries of a trust

You must continue to report information about all of your other employees (known as arm's length employees) via STP on or before each payday (the statutory due date).

If you only have closely help payees, you are not required to start STP reporting until 1 July 2021. You do not need to tell the ATO that you only have closely held payees.

Ways to report amounts paid to your closely held payees

From 1 July 2021, amounts paid to closely held payees can be reported through STP in any of the following ways:

- Report actual payments on or before the date of payment – whenever you make a payment to a closely held payee, report the information on or before each pay event.
- Report actual payments quarterly – report your actual payments to closely held payees quarterly. Each quarter, when your activity statement is due, report all payments made in that quarter.
- Report a reasonable estimate quarterly – report amounts equal to or greater than a percentage of gross payments and tax withheld from the latest year, across each quarter.

If you have any queries on the abovementioned articles, please call the team at Con Galvin & Associates on 4922 5856.