SOFY NEWSLETTER

Sutherland Tse & Co Pty Ltd



$20,000 INSTANT ASSET WRITE OFF

On the 14th May 2024 the Government announced that it would extend the instant asset write off of $20,000 to 30th June 2025. Eligible small business entities are able to immediately deduct the full cost of eligible depreciating assets costing less than $20,000 that were first used or installed ready for use for a taxable purpose between 1 July 2023 and 30 June 2025. This applies on a per asset basis. The measure is now law.

https://www.ato.gov.au/Business/Depreciation-and-capital-expenses-and-allowances/Simpler-depreciation-for-small-business/Instant-asset-write-off/#Currenttemporarytaxdepreciationincentive

COMPANY RATES

The company tax rates remained at 25% for the 2024 financial year for Base Rate Entities and 30% for companies who are not eligible for the lower company rate.

THE SCOPE OF PART IVA

In the 2023/24 budget, the government previously announced plans to broaden the application of Part IVA of the ITAA 1936, the general anti-avoidance rule for income tax). This expansion aims to encompass schemes that lower tax liabilities in Australia by accessing reduced withholding tax rates on income paid to foreign residents, as well as schemes that secure Australian tax benefits even if primarily intended to reduce foreign income tax. These changes are scheduled to take effect from the income years starting 1 July 2024.



SMALL BUSINESS ENERGY INCENTIVE

As part of the May 2023 Federal Budget, the Government introduced a initiative aimed at helping businesses with an aggregated annual turnover of under $50 million to reduce their energy expenses. This involves encouraging the electrification of assets and enhancing energy efficiency measures.

Under this initiative, qualifying businesses can receive an extra 20% deduction, capped at $20,000, for eligible depreciating assets or enhancements to current assets.

Eligible assets will need to be first used or installed ready for use, or the improvement cost incurred, between 1 July 2023 and 30 June 2024.

A range of assets (and improvements) will be eligible for the bonus deduction, including upgrading to more energy-efficient electrical goods, assets supporting electrification (e.g., electric heating or cooling systems) and demand management assets (e.g., batteries and thermal energy storage).

However, certain assets such as electric vehicles, renewable electricity generation assets, capital works and assets using fossil fuels will be ineligible for the bonus deduction.

Note that, at the time of writing, this measure was not yet law, although it was expected that the measure would receive Royal Assent before 2024 business tax return lodgments would be required.

The Government has also announced that households will receive $300 and small businesses will receive up to $325 to assist with their energy bills.

SUPERANNUATION GUARANTEE

From 1st July 2024 the superannuation guarantee percentage has increased 11% to 11.5%. If you have employees, you will need to ensure your payroll and accounting systems are updated to incorporate the increase to the super rate.

The super rate is scheduled to progressively increase to 12% by July 2025. You can find the scheduled rate increases and dates on ATO website.

From 1 July 2022, eligible employees who earn less than $450 per month will be paid super guarantee by their employer if they satisfy the other eligibility requirements.

https://www.ato.gov.au/Rates/Key-superannuation-rates-and-thresholds/?=redirected_SuperRate&anchor=Superguaranteepercentage#Superguaranteepercentage

PAYING SUPER BY THE DUE DATE

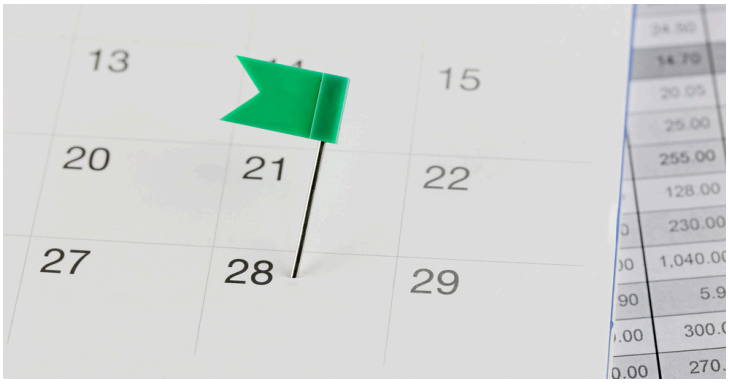
As an employer, you must pay super contributions for your eligible employees to a complying fund or retirement savings account to avoid the super guarantee charge. The due dates for quarterly superannuation obligations are as follows:

Quarter	Period	Payment due date
1	1 July – 30 September	28 October
2	1 October – 31 December	28 January
3	1 January – 31 March	28 April
4	1 April – 30 June	28 July

If you do not pay an employee's super guarantee on time and to the right fund, you must lodge the superannuation guarantee charge (SGC) statement and pay the SGC to the ATO. If you do not lodge the SGC statement by the due date, a Part 7 penalty which starts at 200% penalty on the SGC shortfall amount.

Non payment of superannuation obligations can also result in a director penalty notice being issued.

Please contact our office if you are aware of any late superannuation payments made.



SUPERANNUATION ON PAID PARENTAL LEAVE

The Government has confirmed that it will pay superannuation on the paid parental leave funded by the Commonwealth for births and adoptions on or after 1 July 2025. The superannuation rate will be 12% and contributed to the individuals superannuation fund.



CYBER RESILIENCE FOR SMALL BUSINESSES

The government is aiding small businesses in enhancing their online security while they embrace and leverage digital opportunities.

This support includes funding for the following initiatives:

- Cyber Wardens Program: Offers free online training for small businesses.

- Small Business Cyber Resilience Service: Assists small businesses in strengthening their cyber resilience.

- Cyber Health Check: An interactive online tool that enables small businesses to self-assess their cybersecurity maturity.

LONG SERVICE LEAVE

Employers who are in the Building or Construction industry must lodge an Employer Annual Return by the 31st July 2023. This return confirms the service for each employee to ensure that their LSL is accurate.

TAXABLE ANNUAL REPORTING

If you make payments to contractors, you may need to report the payments to the ATO using the Taxable Annual Report (TPAR).

The TPAR is due to be lodged by the 28 August each year.

https://www.ato.gov.au/business/reports-and-returns/taxable-payments-annual-report/work-out-if-you-need-to-lodge-a-tpar/

END OF YEAR STOCKTAKE REQUIREMENTS

A stocktake must be performed if the stock is expected to be above $5,000. If the stock is below $5,000 no stock take is required.

Don't forget to account for any trading stock you use for private purposes. If you take an item of your business's trading stock for your private use, you need to:
· account for it as if you had sold it.
· include the value of the item in your business's assessable income.

https://business.gov.au/products-and-services/inventory-management/prepare-for-stocktake



DEDUCTIBILITY OF PAYMENTS WHERE PAYG WITHHOLDING DISREGARDED

From 1 July 2019, businesses will no longer be able to claim a deduction for the following payments:

- Payments to their employee such as wages where they have not withheld any amount of PAYG from these payments (i.e., despite the facts the PAYG withholding requirements apply). This includes Director Fees.

- Payments made by businesses to contractor where the contractor does not provide an ABN and the business does not withhold any amount of PAYG (despite the withholding requirements applying).

https://www.ato.gov.au/General/Gen/Removing-tax-deductibility-of-non-compliant-payments/#Typesofpaymentsaffected1