CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

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2017 JUNE

Quarterly Newsletter

Green Taylor Partners

This addition

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2017/18 Federal Budget

David Hadley

On the 9th May 2017 the Federal Treasurer tabled the Budget for 2017-2018. The following summarises a number of relevant proposals put forward in this budget.

Personal income tax measures

- Limiting plant and equipment depreciation deductions to outlays actually incurred by investors – for residential investment properties acquired from Budget night on 9 May 2017
- No deduction for travel expenses to inspect residential rental properties

Medicare levy-related changes

- Increasing the Medicare levy low-income thresholds
  - The Government will increase the Medicare levy low-income thresholds for singles, families and seniors and pensioners from the 2017 income year
- The threshold for singles will be increased to $21,655
- The family threshold will be increased to $36,541 plus $3,356 for each dependent child or student
- For single seniors and pensioners, the threshold will be increased to $34,244
- The family threshold for seniors and pensioners will be increased to $47,670 plus $3,356 for each dependent child or student
- Increase in the Medicare levy from 1 July 2019
  - From 1 July 2019, the Government will increase the Medicare levy from 2% to 2.5% of taxable income
- Measures affecting small businesses
  - Extending the $20,000 immediate write-off for small business
  - Under current law, the $20,000 immediate write-off ends on 30 June 2017. However, the Government has proposed to extend the concession by 12 months to 30 June 2018 for businesses with an aggregated annual turnover less than $10 million.

Superannuation (See Page 6 for more information)

- First home superannuation saver scheme
  - The Government will encourage home ownership by allowing first homebuyers to 'build a deposit' inside their superannuation fund
- Limited recourse borrowing arrangements ('LRBAs')
  - From 1 July 2017, the Government will include the use of LRBAs in a member's total superannuation balance and transfer balance cap.
- Individuals aged 65 or over able to contribute the proceeds of downsizing into superannuation.
  - From 1 July 2018, the Government will allow a person aged 65 or over to make a NCC of up to $300,000 from the proceeds of selling their home if lived in for more than 10 years.
- Extending tax relief for merging superannuation funds

Measures affecting the GST regime

- Improving the integrity of GST on property transactions
  - From 1 July 2018, purchasers of newly constructed residential properties or new subdivisions will be required to remit the GST directly to the ATO as part of settlement.
  - Aligning the treatment of digital currency (e.g., bitcoin) with money

Encouraging investment into affordable housing

- Increased CGT discount for resident individuals investing in qualifying affordable housing
  - From 1 January 2018, the Government will increase the CGT discount from 50% to 60% for resident individuals who elect to invest in qualifying affordable housing. To qualify for the higher CGT discount, housing must be provided to low to moderate income tenants, with rent charged at a discount below the private rental market rate. The affordable housing must be managed through a registered community housing provider and the investment held for a minimum period of three years.

Black economy taskforce

- Extension of the taxable payments reporting system to contractors in the courier and cleaning industries.
  - The Government will extend the taxable payments reporting system ('TPRS') to contractors in the courier and cleaning industries with effect from 1 July 2018.
- One year extension of funding for ATO audit activities
- Prohibition on sales suppression technology & software
  - The Government will act to prohibit the manufacture, distribution, possession, use or sale of electronic point of sale ('POS') sales suppression technology and software.

Changes to the Higher Education Loan Program (HELP)

Kylie Millington

Recently there have been a few changes to the HECS/HELP loan program which will affect current and future students who take out this loan.

As of 1st January 2017 students will no longer receive a 10% discount when student contributions are paid upfront and will not be entitled to a further five percent discount when voluntary HELP repayments are made. This will affect students who are able to pay upfront and afford to make voluntary repayments above the required amount outlined in their annual tax return.

Recently announced in the 2017/18 federal budget, from 1st July 2018 income thresholds, repayments rates and indexation of the repayment thresholds are planned to be updated and revised.

The following table compares the current and new thresholds proposed for the 2018-19 financial year.

Repayment Rate	Current thresholds	New thresholds
1.00%	-	$42,000
1.50%	-	$44,520
2.00%	$51,957	$47,191
2.50%	-	$50,022
3.00%	-	$53,024
3.50%	-	$56,205
4.00%	$57,730	$59,577
4.50%	$64,307	$63,152
5.00%	$70,882	$66,941
5.50%	$74,608	$70,958
6.00%	$80,198	$75,215
6.50%	$86,856	$79,728
7.00%	$91,426	$84,512
7.50%	$100,614	$89,582
8.00%	$107,214	$94,957
8.50%	-	$100,655
9.00%	-	$106,694
9.50%	-	$113,096
10.00%	-	$119,882

Under the new thresholds graduates will be required to make HELP loan repayments when their income reaches $42,000 instead of $51,957, which is almost $10,000 earlier than the current thresholds.

The maximum repayment rate will also increase by an additional 2% which means that higher income earners earning more than $119,882 will pay 10% of their income instead of 8%.

The indexation method will also be changed meaning that repayment thresholds will keep their real values. The repayment thresholds from mid-2019 will grow in line with inflation instead of growing at the same rate as average weekly earnings.

Essentially, the changes to the Higher education loan program mean that graduates will start repaying sooner.

If you have any queries about the recent and proposed changes to the HELP loan program please contact us.

Travel Expense Claims

Karen Grainger

A recent Truck driver case highlighted the evidence requirements for claiming travel expenses against a travel allowance shown on the employee's payment summary.

In the Truck Driver case travel expenses were found to be overstated when the truck driver claimed more number of nights away than was actually the case.

A taxation ruling issued by the Tax Office provides guidance to evidence required for claiming travel expenses.

It states 'the receipt of a travel allowance or an overtime meal allowance does not automatically entitle an employee to a deduction, nor does the amount of an allowance received determine if the claim is reasonable. Only the actual amount incurred on work-related travel expenses or overtime meal allowance expenses can be claimed as a deduction".

When the travel expenses do not exceed the value of the travel allowance, received there is no requirement for written evidence for domestic travel.

When the travel expenses exceed the value of the travel allowance, written evidence is required for both domestic and overseas travel. When the overnight travel exceeds 5 nights, a travel diary is also required.

More importantly, when your expenses exceed the allowance received, you need written evidence for all your travel expenses not just the expenses that exceed the allowance.

The Tax Office provides reasonable travel and overtime meal allowance expense amounts each year for Taxpayers.

If you would like more information in claiming travel expenses in your tax return, please contact your trusted advisor at Green Taylor Partners

Year-End Tax Planning Tips for Investors

Daniel Blay

Investors have a number of tax planning tactics available to them throughout the year. At any point in time, investors can decide to sell off an investment, to make a new investment, or some combination of the two. These decisions are particularly relevant near the end of the year as investors begin to determine their net investment gains and losses and make any final investment decisions that will have an impact on their tax. It is important for investors to be mindful of potential capital gains and the associated tax implications.

You can plan your investments so they are tax-effective and you don't pay more tax than you need to. Tax planning might mean reducing your taxable income by negatively gearing an investment property or through a salary sacrifice arrangement, or increasing your claimable deductions by donating to a charity.

You might be able to claim a tax offset if you make a superannuation contribution on behalf of your spouse.(Eg. If your spouse works part-time or is a stay at home parent and the sum of your spouse's assessable income, total reportable fringe benefits amounts and reportable employer superannuation contributions was less than $13,800). The maximum spouse contributions eligible for the tax offset is $3,000. You might also decide to salary sacrifice into superannuation to reduce your individual taxable income and utilise the tax savings between your marginal tax rate and the 15% tax rate of the superannuation fund.

You can claim deductions for some expenses that are directly related to earning income from your investment for example, interest on money you borrow to buy shares. You might decide to employ the services of Quantity Surveyor to calculate the capital works deductions for an investment property (generally at a rate of 2.5%). If you acquired a rental property before 9/5/2017 substantial deductions may be available on chattels aquired with the property.

There are a number of ways to minimise your taxable income from investment, this article is just a short overview. If you need to seek advice about your investments, best to speak with your professional advisor before the end of a financial year.

ATO Crackdown on ABN registrations

Kylie Millington

The Australian Tax Office (ATO) is currently targeting Australian Business Number (ABN) registrations. With data matching software readily available, more resources have been devoted to cross checking data to confirm if ABNs are valid and whether GST has been correctly claimed on payments and receipts to and from entities.

Businesses should be conducting background checks to ensure that ABNs supplied on invoices are valid and that GST has been correctly claimed on payments and receipts.

Organisations are required to quote an ABN on invoices and other documents relating to sales made to other businesses. When an ABN isn't quoted when goods or services are supplied to other businesses, tax may have to be withheld from their payment at a rate of 49% under the PAYG withholding system. Businesses still need to verify that ABNs supplied on invoices are valid, otherwise the 49% PAYG withholding tax still applies.

Organisation are also required to outline GST (if any) payable on their tax invoices. Businesses are still required to confirm the GST status of suppliers to ensure they are claiming GST correctly.

The ABN Lookup webpage https://abr.business.gov.au is a useful tool which enables businesses to check whether a quoted ABN is valid and the GST status of organisations. This tool also provides users access to other publicly available information about organisations such as entity name/type, main business location and deductible gift recipient status. Accounting software such as XERO and MYOB also notify users if ABNs are Valid when inputted.

The consequences of businesses not confirming if ABNs are valid and the GST status of organisations is that the ATO may require businesses to pay back the 49% PAYG tax and GST claimed on payments.

Does small business need leadership or management?

David Hadley

The answer is both. Have you ever heard the expression "Too many generals and not enough soldiers?" Well it works both ways. Too many soldiers without a strong general will surely find themselves fighting the wrong battles.

Businesses with too many leaders fail from their inability to manage and implement day-to-day business issues. Likewise companies with excellent managers fail because they did not innovate, motivate, change nor watch for strategic threats.

It's important to develop managers who can lead and leaders who can manage. So what is the difference?

Think of it like this: you need to manage things and lead people.

For example great managers manage costs, stock levels, cash flow, processes, information systems, facilities and operations. When it comes to leadership, great businesses lead their people, drive the company vision, guide their employees and customer perceptions, and ultimately generate a positive and productive corporate mindset and culture.

As the business owner, you are responsible for leading your business to success and getting your people excited about your vision for the business.

Too often leadership is seen as defining a step-by-step business strategy and expecting people to follow the steps or suffer the consequences. Coming up with a strategy and relying on your position as business owner is not enough.

That model fails you, your employees and your business. People will learn to do just what they have to so that they can meet expectations and not lose their job. True leadership is the art of understanding and rewarding your employees' and customers' needs so that they are motivated to make your business a success. It's important to recruit competent people who can manage the day-to-day tasks and operations so that you can lead your organisation forward .

GTP Anniversaries

- 6th June - Kayla Hawker (6 years)
- 30th June - Rohan Brown (20 years)
- 1st July - Matt Richardson (21 years)
- 16th July - Ross Laycock (10 years)
- 29th July - Sally Hateley (15 years)
- 9th June - Tracy Richardson (18 years)

Seniors Cards

Ross Laycock

Have you reached the milestone age of 60??

Is there some benefit/s in reaching this age you ask ??

You may be eligible for a Victorian Seniors Card OR the Victorian Business Discount Card.

These cards have been introduced to encourage and assist us to continue being active and engaged in the community.

Victorian Seniors Card	Victorian Business Discount Card
Eligibility • Over 60 • Retired or working less than 35 hours per week • Resident of Australia and living in Victoria	**Eligibility** • Over 60 • Working less than 35 hours per week • Resident of Australia and living in Victoria
Benefits • 10% minimum discount at certain businesses (shops/services) • Some free and some concessional fares on public transport • Free Myki Card • Exemption from Victorian Recreational Fishing License • Discounts at certain Government run museums, zoos, arts and heritage centres	**Benefits** • 10% minimum discount at certain businesses (shops/services) • Discounts at certain Government run museums, zoos, arts and heritage centres

Fore more information visit https://www.seniorsonline.vic.gov.au/seniors-card

Changes to superannuation, are you ready?

Matt Richardson

There has been plenty of information on changes to superannuation flying around over the last few months and with 30 June 2017 closing in, it is appropriate to remind you of some ways of how you might be impacted.

Non-Concessional Contributions (NCCs)

30 June 2017 is the last chance to contribute $540,000 in brought forward NCCs. This is particularly important for members currently with an account balance of more than $1.6m, given that from 1 July 2017 any member with greater than $1.6m is not eligible to make any NCCs. The maximum annual NCC from 1 July 2017 is $100,000 (or $300,000 if you use the bring forward rule).

Member Pension Limits

From 1 July 2017 taxpayers will be limited to having a maximum of $1.6m in total superannuation pension accounts. Any excess will need to be either "rolled back" into accumulation mode (and pay 15% tax on earnings), or withdrawn from the superannuation fund if you have satisfied a condition of release. In many cases it will still make sense purely from a tax point of view, to retain the excess over $1.6m within the superannuation fund. This is especially so if you are generating significant levels of taxable income in your own name through business, employment or investment income. This will prevent the need to liquidate or transfer assets out of the Super Fund.

CGT relief

Trustees will have the ability to claim CGT relief on accrued capital gains on assets as at 30 June 2017. This will mean that Trustees can minimise the impact of now having to comply with the $1.6m pension limit which effectively will reduce the future income tax exemptions in the Super Fund. The CGT relief elections have to be lodged with the Super Fund's 2017 annual return. If you are impacted by these relief measures we will discuss with you your options prior to lodgement of your Super Fund's 2017 return.

Estate Planning

One of the biggest areas overlooked will be the impact on the payment of Death Benefits, particularly where the deceased pension member has a significant member balance and they are the first member of a couple to die. Previously, it was common for the deceased's pension to continue to be paid to the surviving spouse. In many cases now, there will be a requirement to pay a portion of the deceased's benefit outside the Super Fund, as there are limits as to how much will be able to be paid as a pension due to the $1.6m cap. You need to review your Estate Planning requirements with your adviser.

If you have any questions about how these changes will impact you, speak to Peter Cramer and/or Matt Richardson, members of the SMSF Professionals Association of Australia.

Changes to the issuing of Invoices & Statements

As part of our electronic communication at Green Taylor Partners, moving forward we will now deliver our invoices and statements via email.

For our office to access these details on your file could you please provide your current email address and contact details or if you simply need to update your details please call or email our office on 5382 4761 or advice@greentaylor.com.au

Important Dates

June

- 21st Lodge & pay May activity statement

July

- 21st Lodge & pay June activity statement
- 21st Lodge & pay 2015-16 Quarter 4 PAYG instalment activity statement for head companies of consolidated groups.
- Lodge & pay quarterly activity statement for quarter 4, 2015–16 – paper.
- Pay quarterly instalment notice (form R, S or T) for quarter 4, 2015–16. *(Lodgement only required if you vary the instalment amount)*

August

- 21st Lodge & pay July activity statement.

Top tips for buying & paying for a car

Tracy Richardson

Time is money. If you could save yourself some $'s by doing a little bit of research before hand would you? We have put together some tips on buying a car that could just save you enough for a holiday if you're prepared to follow through with the research.

Review the costs of a new car vs. a second hand car

Cars are estimated to lose 19% in year 1, 15% in year 2, 15% in year 3.

For a $50k vehicle that means that you have lost $25k on your investment in 3 years.

Why not check out redbook.com.au for used car valuations

Project your finance costs

Look at online loan calculators to estimate the cost of your repayments for the term of your car loan. A car costing an initial $15k at 11% interest rate could over 4 years cost you $29k (If you had saved a little longer for a bigger deposit, the cost may be a lot less).

Project initial purchase costs

Stamp duty is an easily forgotten cost. Refer to sro.vic.gov.au and don't forget luxury car tax thresholds may come into play.

Project holding costs

The RACQ website lists the standard running costs for multiple cars over 15,000 km's. The average cost for running a car ranges from $116 for a micro car to $332 per week for a SUV all terrain. ($6,032 - $17,264 per annum).

Negotiation points

Dealer delivery fees cost on average $2294 but are fully negotiable ABN holders may be eligible for fleet discounts

Conduct background checks

A quick application and minor fee with VicRoads could ensure that the vehicle you are purchasing does:

- Belong to the current seller (ie. not a stolen vehicle being sold off)
- Not have debt owing on it – you don't want to be lumped with paying out someone else's debt if the correct paperwork is not signed off on.
- Not have any records of being previously written off by an insurer

We would also recommend that you:

- obtain a safety report no more than 42 days old
- check the cars service book to ensure that the odometer reading at time of sale has not been tampered with.

Changes for Victorian First Home Buyers

Peter Cramer

The Vic Government recently announced it intends to increase the First Home Owner Grant from $10,000 to $20,000 for first home owners buying or building a new home in regional Victoria. Good news!

Further good news is the abolishing of stamp duty for first home buyers purchasing new or established properties for a price less than $600,000. (with a sliding scale applying for properties between $600,000 and $750,000). The commencement date is 1 July 2017. If considering the purchase of a 'first home' currently, make sure you fit within the proposed changes!

Bad news for Off-the-Plan purchasers

The off-the-plan stamp duty concession will only continue to be available for those buyers who intend to live in the property or who are eligible for the first home buyer stamp duty concession. This means that investors (ie rental property purchasers) will no longer be able to benefit from the off-the-plan concession and the amount of stamp duty payable on investment properties purchased off-the-plan will therefore significantly increase! This commences 1 July 2017 …. so you still have some time up your sleeve! Contracts entered into before 30/6/17 should be ok.

Transfers between spouses of investment properties will be subject to stamp duty from 1/7/17. (The exclusion for transfers of principal place of residence properties will remain in place).

From 1 January 2018, there will be a Victorian Vacancy tax on residential property that is vacant for 6 months or more in a calendar year. However this will not apply to holiday homes, deceased estates and where owners travel overseas.

As always – seek advice before entering into purchasing decisions – you must research your stamp duty position – maybe you will save more…or maybe it will cost more than you were budgeting for!

GTP Birthdays

- 16th June - Sally Hateley
- 5th July - Kathryn Bowles
- 13th July - Shane Bryan
- 3rd August - Peter Cramer
- 10th August - Rohan Brown

Why customer feedback is so important

Daniel Blay

Customer feedback is a marketing term that describes the process of obtaining a customer's opinion about a business, product or service.

Its important because it provides the business owners with insight that they can use to improve their business, products and/or overall customer experience.

The following are six reasons why customer feedback is important to your business.

It can help improve a product or service

Customer feedback is commonly used throughout the product development process to ensure that the end product is something that solves a customer's problem or fulfils a need.

The most innovative companies in the world are the best at creating products that meet their customers' needs and exceed their expectations. Think of Apple, Virgin and Dell.

In today's competitive business world, these companies who can intertwine product development and customer feedback will be the ones that reap strong competitive advantages, have sticky customer loyalty and earn raving customer advocates.

It offers the best way to measure customer satisfaction

Measuring customer satisfaction helps you determine whether your product or service meets or surpasses customer expectations. Customer feedback surveys help you measure customer satisfaction.

These can be done in person, via email, via the phone or even inside a website or mobile app. Using rating-based questions when you are measuring customer satisfaction will help you track and monitor how happy (or unhappy) your customers are over time.

It provides actionable insight to create a better customer experience

Improving the customer experience should be the primary reason you gather customer feedback. The process of winning new business and retaining existing customers is getting harder and harder. Offering an amazing experience that keeps your customers coming back and referring their friends to you is the best way you can stand out from your competition.

To create an amazing experience, you need to ask your customers what they want and use the insight to create a consistent, personalized experience. If you can create an experience that is better than your competitors, your customers will remain loyal and ignore tempting competitive offers.

It can help improve customer retention

Customer feedback offers a direct line of communication with your customer so you can determine if they are not happy with the product or service you are delivering before you lose their business.

A happy customer is a retained customer. By requesting customer feedback surveys regularly, you can ensure that you keep the finger on the pulse. If a customer becomes frustrated or perceives a competitive offer to be better, they will start exploring their options and may cancel their contract or stop doing business with you. By listening to your unhappy customers, you can use the feedback to ensure all customers have a better experience and continue wanting to do business with you.

It delivers tangible data that can be used to make better business decisions

The best business decisions are based off data, not hunches. Too many times business owners make big calls based off inaccurate data. Customer feedback is the holy grail of tangible data. You can gather real insight into how your customers really feel about the product or service you deliver.

Use this feedback to guide your business and marketing decisions. If a large percentage of customers suggest a product feature or want an additional customer service channel, listen to them! Your customers are your livelihood.

It can be used to identify customer advocates

Customer advocates are your best marketing campaigns. They offer tremendous value at very little cost. But how do you identify advocates?

Customer feedback. When you gather feedback from your customers, advocates are the ones who give you high scores. Contact these customers and build stronger, mutually-beneficial relationships.

Don't be afraid to ask for a testimonial or referral– more times than not, these advocates want to help you.

Gather customer feedback to improve your business, product, service and experience

Customer feedback provides you with valuable insight into what your customers think about your product or service. This insight can help you create a product that customers want to buy and create an experience that exceeds expectations and keeps customers coming back for more.

Remember, there's never too much feedback – the more the better!

Changes to penalty rates in some awards

Shane Bryan

On 23 February 2017, the Fair Work Commission (FWC) handed down a decision to vary certain penalty rate provisions in some awards for the hospitality, restaurant and retail industries.

The decision affects penalty rate provisions for some permanent and casual employees working on Sundays, public holidays, evenings or after midnight in these industries.

These changes don't apply yet. The starting date for these changes depends on the award that applies and what the change is.

Who do the changes affect?

The changes are different for each award, so they affect employers and employees differently depending on the award they're covered by.

Changes will apply to the:

- General Retail Industry Award 2010 [MA000004] (the Retail Award)
- Fast Food Industry Award 2010 [MA000003] (the Fast Food Award)
- Restaurant Industry Award 2010 [MA000119] (the Restaurant Award)
- Pharmacy Industry Award 2010 [MA000012] (the Pharmacy Award)
- Hospitality Industry (General) Award 2010 [MA000009] (the Hospitality Award).

The FWC is still reviewing the Registered and Licensed Clubs Award 2010 (the Clubs Award) but haven't made any changes at this stage.

What are the changes?

Retail Award

Sunday penalty rates will change from:

- 200% to 150% for full-time and part-time employees
- 200% to 175% for casuals.
- Public holiday penalty rates will change from:
- 250% to 225% for full-time and part-time employees
- 275/250% to 250% for casuals.

Fast Food Award

Sunday penalty rates will change for Level 1 employees from:

- 150% to 125% for full-time and part-time employees
- 175% to 150% for casuals.

Public holiday penalty rates will change from:

- 250% to 225% for full-time and part-time employees
- 275% to 250% for casuals.

The 10% evening work penalty will apply from 10.00pm (instead of 9.00pm) until midnight. The 15% after midnight penalty will apply to hours worked between midnight and 6.00am.

Restaurant Award

The public holiday penalty rates for full-time and part-time employees will change from 250% to 225%. The casual public holiday penalty will remain as 250%.

The 15% after midnight penalty will apply to hours worked between midnight and 6.00am (instead of 7.00am).

Pharmacy Award

For work between 7.00am and 9.00pm, Sunday penalty rates will change from:

- 200% to 150% for full-time and part-time employees
- 225% to 175% for casuals.
- Public holiday penalty rates will change from:
- 250% to 225% for full-time and part-time employees
- 275% to 250% for casuals.

Hospitality Award

Sunday penalty rates will change from 175% to 150% for full-time and part-time employees. The casual Sunday penalty will remain as 175%.

Public holiday penalty rates will change from:

- 250% to 225% for full-time and part-time employees
- 275% to 250% for casuals.

When do the changes apply?

The FWC has decided that changes to public holiday penalty rates will take effect on 1 July 2017. These changes will apply in full.

The FWC has not made a final decision on how or when the changes to Sunday penalty rates will implemented. The FWC has expressed a preliminary view that these changes will be subject to transitional arrangements which may commence on 1 July 2017. However, the FWC has asked interested parties to make submissions on how the Sunday penalty rates should be implemented and it will then make its decision about how the new rates will be introduced.

The changes to the evening work and after midnight penalties (in the Restaurant and Fast Food Awards) will start on 1 July 2017.

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Superannuation year end planning for the 2016/17 financial year

The end of the financial year always seems to crop up faster than it should. Given the impending July 2017 superannuation changes, being on top of your end of financial year planning is as important as it has ever been.

This year it is essential that you consider maximising the existing contribution limits for superannuation before they decrease on 1 July 2017. While maximising contributions should be front of mind it is imperative you don't forget your other obligations as trustee of your SMSF and ensure that your SMSF stays on track!

Decreased concessional contributions cap

For anyone who was under 49 years of age on 30 June 2016 the maximum amount of concessional (tax deductible) contributions that can be made to superannuation without penalty is $30,000. However, for anyone who is at least 49 years of age or older on 30 June 2016 the maximum amount is $35,000. This includes amounts your employer may make as compulsory super and salary sacrifice contributions as well as any personal deductible contributions you may have made if you qualify.

From 1 July 2017, this cap will fall to $25,000 for everyone, so ensure any reserving and salary sacrifice strategies are appropriate. If you wish to maximise your contributions before June 30 make sure you talk to your professional advisor so that your salary sacrifice agreement with your employer allows the maximum to be salary sacrificed. Also ensure that all contributions are deposited with enough time so they are received by your fund before Friday 30 June 2017.

If you are older than 65 you will need to meet a work test to contribute to super in most cases. You need to work for at least 40 hours during 30 consecutive days at any time during this financial year to make tax deductible and non-deductible contributions to super.

Claiming a tax deduction for personal superannuation contributions

If you are self-employed, an investor or in receipt of a pension and receive less than 10% of your income, fringe benefits and other related payments as an employee you may be eligible for a tax deduction for personal contributions to superannuation. If you intend to claim a tax deduction make sure you are eligible to claim a deduction and seek advice if you are unsure. You need to notify your fund of the amount you wish to claim as a deduction before the end of the next financial year, that is, before 30 June 2018. Make sure you keep all relevant paperwork to save stress when the time comes to see your SMSF advisor.

From 1 July 2017, everyone who is eligible to make a contribution will be able to claim a tax deduction for personal superannuation contributions without needing to satisfy the 10% rule.

Making after tax contributions to super

You can make after tax contributions to super which could come from your personal savings, transferring personal investments, an inheritance or from the sale of investments. This financial year the maximum personal after tax contribution is $180,000, however, if you are under 65 years of age you can contribute up to $540,000 over a fixed three year period. This allows you to make substantial contributions to super and build up your retirement savings. The way it works is that if you are under 65 and make total after tax contributions of more than $180,000 in a financial year the bring forward rule is triggered. This allows you to make non-deductible contributions of up to $540,000 in total over a fixed three year period commencing in the year in which you contributed more than $180,000.

From 1 July 2017, this cap will fall to $100,000 per annum with a $300,000 fixed year bring forward. This also means if you triggered the bring forward rule before 2016/17 but the full $540,000 was not contributed, you will be limited to a transitional bring forward cap.

Those with a total superannuation balance of $1.6 million or more will not be able to make after tax contributions past 1 July 2017.

Beware of excess contributions tax

Anyone making large superannuation contributions should exercise extreme care for any type of contributions to avoid excess contributions penalties. This can apply to any tax deductible and non-tax deductible contributions made to super. Making sure you do not exceed the contribution caps will save you both the money and time of dealing with excess contributions tax.

Drawing superannuation pensions

If you are in pension phase make sure the minimum pension has been paid to you for this financial year. If you do not take your minimum pension, the pension account is to cease and the assets that supporting this pension are deemed to not be in retirement phase for the whole year meaning your fund will lose its tax exemption on earnings!

Drawing superannuation lump sums

Once you reach 60 years of age all lump sums from superannuation are tax free. However, before age 60 any lump sums that include a taxable component can be taxable. The taxable component includes the tax deductible contributions plus any income that has accumulated on your superannuation benefit. No tax currently is payable on taxable amounts of up to $195,000, in total, you receive prior to age 60.

If you are eligible to draw amounts from superannuation you may like to defer receiving the amount until after reaching the age of 60 or until a later financial year when you may end up paying a lower rate of tax.

SMSF fund expenses

For SMSF members in the accumulation phase, tax deductions for expenses are usually not significant, but it's important to ensure expenses are actually incurred or paid before 30 June to be deductible in the current financial year.

Preparing for the $1.6 million transfer balance cap and capital gains tax (CGT) relief

Be aware of the new $1.6 million transfer balance cap that will limit the amount you can keep in the pension phase of superannuation from 1 July 2017. This new cap will limit the assets you can have supporting superannuation pensions to $1.6 million.

You should make sure that as of 1 July 2017 you only have $1.6 million in pension phase. This may require you to roll some assets currently supporting a pension back to accumulation phase where their earnings are taxed at 15 per cent. You may be eligible for CGT relief on assets affected by the new rules.

It is essential that your plan to comply with the transfer balance cap and all relevant documentation is formulated by 30 June 2017. Minutes should be created detailing the fund members' intent to transfer assets out of retirement phase to avoid breaching the new transfer balance cap. Minutes documenting how CGT relief is intended to be undertaken should also be produced.

Rebalancing accounts between spouses

The end of financial year is also the perfect opportunity to rebalance pension accounts between spouses before the new superannuation rules take effect on 1 July 2017. As long as you have available contribution space and are eligible to withdraw, rebalancing will ensure that super balances are as even as possible and the $1.6 million transfer balance cap is maximised per member.

Transition to retirement income streams losing their tax-exempt earnings status

From 1 July 2017, superannuation fund members will lose the tax-exempt treatment of earnings on assets that support a transition to retirement pension (TTR). Members will still be able to start new or maintain existing TTRs, but they should be reviewed before 30 June in accordance with their SMSF's objective.

How can we help?

If you have any questions, require assistance or would like further clarification with any aspect of your end of year superannuation tax planning, please feel free to give Green Taylore Partners a call to arrange a time to meet so that we can discuss your particular requirements in more detail.

SMSF SPECIALIST

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