March Newsletter

As we are 2 months into 2016 already, our team here at Mark Trovato Chartered Accountants are preparing for the fast approaching end of financial year. Below are some of the topical issues in the news that may be of interest:

Proposed Negative Gearing Changes

Any taxpayer with investment properties could be worse off under the Labor Party's plans to limit negative gearing.

Does that mean property investors should be running for the hills, or that potential investors should buy before the changes?

Read more...

ATO Update

The Australian Taxation Office have made a number of changes to work and business related expenses as well as car deductions for 2016 tax year onwards, including increasing their data matching activities.

Please **click here** for more information..

SUPER STREAM REMINDER

SuperStream is a standard that requires employers to provide payments and the associated data to super funds in a specific electronic format.

If you have 19 or fewer employees you must start using the SuperStream standard for your contributions from 1 July 2015. Larger employers should already be using SuperStream.

Potential benefits for you include:

- the opportunity to use a single channel when dealing with super funds, no matter how many funds your employees contribute to
- less time spent dealing with employee data issues and fund queries

HOT TOPIC THIS MONTH: SUPERANNUATION

Potential changes to Super - Pre Budget Planning

Super Grab - Pre emptive steps you can take

XERO UPDATE

xero SILVER PARTNER

Xero Me employee dashboard

The Xero Me dashboard will now display a summary of important information to get an overview in a single view.

The dashboard will now show:

- Summary of current timesheet (hours).
- Status and summary of the previous timesheet.
- Next pay day and previous pay day.
- List all upcoming leave for a given employee / user.

- reduced cost of processing contributions and payments
- more timely flow of information and money in meeting your superannuation obligations

Please **contact us** if you would like more information.

For any other enquiries, please find our contact details below.

Contact Us....

Kind Regards

The Team
Mark Trovato Chartered Accountants

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Potential changes to Super - Pre Budget planning

It appears Federal Treasure Scott Morrison is hinting that in lieu of GST changes, that superannuation tax concessions would be rejigged.

Industry groups expect to be briefed on proposed changes in the coming week.

The government appears to be considering taxing super contributions at people's marginal tax rates minus a discount of 15% or 20%.

At present super contributions are taxed at a flat 15%.

The discount approach would result in a drop in benefits for the highest-income earners and deliver a larger tax break for those who earn the least.

For example, those earning between $80k and $180k are taxed at marginal rate of 37%, so they would pay 22% rather than 15% tax on super contributions.

Alternatively to the above, the government may (once again) reduce the amount that can be contributed into super, and thus reducing the total savings one has in super which attract concessional tax treatment.

Those under 50yrs can put in $30,000 a year as deductible super contributions. Over 50yr olds can put in $35,000. Some have speculated that the limit could be set at $20,000.

The above is not law, but merely an estimate of possible changes.

It is highly unlikely that any tax changes will be retrospective. So if you are considering planning with super, it may be wise to bring those decisions forward pre May 2016 budget night.

Please contact this **office** to discuss this further.

Disclaimer - The information featured in our newsletter is general in nature and does not take into account your objectives, financial situation or needs. You should consider the appropriateness of the information to your own circumstances. Before making an investment, insurance or financial planning decision, you should consult a licensed professional who can advise you of whether your decision is appropriate.

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Super Grab - Pre emptive steps you can take

All signs are pointing to a crackdown on super tax breaks as part of the 10 May 2016 Federal Budget

Now is the time to make the most of the benefits allowed under the current rules.

Here are 5 things to think about acting on before that date.

1. Maximise super contributions

- There have been suggestions to limit how much people can save within the favourable tax settings of super, including for example:
  - creating a lifetime limit of $2.5m
  - capping concessional contributions to as low as $11,000 per year
  - a progressive contributions tax
- People on high marginal rates of tax would benefit from topping up their super ahead of the Budget, if these changes occur.
- Understand your eligibility to contribute to super, and plan before Budget night.

2. Review pension arrangements

- Super fund members who are eligible to start a super pension, anyone over age 56, should consider getting this setup before Budget night 10 May 2016.
- Pensions setup after that date may have less flexibility, with the area of Transition to Retirement pensions at biggest risk of changes.
- Under existing TTR rules you can start drawing a super pension even if working full time. What you do with that extra income is up to you, so if you don't need it you can deposit it straight back into super to keep growing your balance.
- The key attraction of a super pension is that the investment earnings are tax free in the super fund.
- It is tipped the government may seek to tighten up the TTR rules by limiting the hours people can work before they setup one.
- If you are over 56 on or before Budget night, understand your eligibility and plan to setup a TTR before any changes.

3. Even up super balance between spouses

- This is easier to implement for those over 60, but can work at other ages to.
- A super splitting mechanism allows to annual redistribution between spouses.
- Evening up super balances between spouses could give couples more flexibility to adapt to future super tax reforms.
- Also, remember the $500 government low income co-contribution still exists, which is a great return on a $1,000 investment.
- Understand your eligibility and consider the co-contribution before Budget night.

4. Time asset sales

- Will there be potential changes to CGT rules?
- If you are planning on selling some property or shares you own through your SMSF at a profit, it may be beneficial to do this sooner, so you can be sure of pushing the profits back into super without incurring CGT.

- This may also apply for asset sales outside of super, where you were planning on putting a lump into your super to avoid CGT on profits
- But, don't rush into asset sales.

5. Seek professional advice

- Super rules are complicated, and everyone's circumstances are different.
- Ahead of expected changes it could be valuable for those aged over 55 - the ones likely to be the most directly affected - to seek professional advice to take advantage of incentives that are in place at the moment.
- For those under 55, additional contributions should be considered based on affordability.

Contact us to steer you in the right direction.

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