



TAX GUIDE 2022 & 2023

INDIVIDUAL RESIDENT TAX RATES 2022/23

2022/2023 Taxable income \$	Rate (%)*	Effective Tax Rate (%)
0 - 18,200	0	0
18,201 - 45,000	19	0—11.32%
45,001 - 120,000	32.5	11.32—24.57%
120,001 - 180,000	37	24.57—28.71%
180,001 +	45	28.71—45%

*This does not include Medicare Levy of 2%

MEDICARE LEVY AND SURCHARGE 2022/2023

For 2021/2022, 2% of taxable income with no upper limit. No Medicare Levy where taxable income is \$23,226 (single) or \$29,032 (family) or less. 1% Surcharge or greater where taxable income is greater than \$90,000 (single) or \$180,000 (family) and no private health insurance hospital cover.

	Base tier	Tier 1	Tier 2	Tier 3
Singles	\$90,000 or less	\$90,001-105,000	\$105,001-140,000	\$140,001 or more
Families	\$180,000 or less	\$180,001-210,000	\$210,001-280,000	\$280,001 or more
Rates	0.0%	1.0%	1.25%	1.5%

MOTOR VEHICLE PER KILOMETRE RATES 2022/2023

Maximum claim 5,000 km p.a. per vehicle

Conventional cars	Rate (cents) per km
All size of engines	78

The 2022/2023 motor vehicle depreciation cost limit is \$64,741.

This booklet contains concise information only. If there are any issues raised in this brochure of anything relating to your taxation and financial affairs you wish to discuss, please do not hesitate to contact us.

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LAND TAX — NSW

If you own property at 31st December of any year (other than your main residence) with unimproved land value (at 31.12.2021) of \$822,000 or more, you must lodge a land tax return. The rate of land tax above the threshold is 1.6% + \$100.

SUPERANNUATION

Superannuation Guarantee Payment is to be made quarterly (28th October, January, April and July). Rate: 10.5% of earnings of each of your eligible employees. If amount not paid by due date, the contributions are not tax deductible and fines apply. Maximum contribution base is set at \$60,220 per quarter. An employee who earns above \$275,000 from one employer can apply to other employers to not have the compulsory 10.5% paid to super.

SUPERANNUATION CO-CONTRIBUTION 2022/2023

If your assessable income plus reportable fringe benefits & superannuation contributions is less than \$42,016 and you make personal (max. \$500) super contributions, the Government will match your contributions with a Super Co-contribution up to certain limits.

SUPERANNUATION CONTRIBUTION LIMITS 2023* *EMPLOYED OR SELF EMPLOYED

All ages	\$27,500
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CAPITAL GAINS TAX (CGT) CONCESSION

On assets held for at least 12 months (non-trading stock): Applicable for Assets purchased after 20th September 1985;

- Nominal gain is taxed, subject to concession;
- Concession available is 50% of nominal gain for individuals and trusts, 1/3 for superannuation funds and nil for companies.

For asset purchased prior to 21st September, 1999:

- Choice of frozen indexed cost base method or concession method.

- Foreign resident individuals - no 50% concession for sales after 8 May 2012

CGT CONCESSIONS

Small business have access to four concessions which generally apply irrespective of the type of the entity used for operating the business (e.g. sole trader, partnership, trust or company). The capital gain must relate to an active asset (generally an asset used in carrying on the business including goodwill).

The concessions are:

• The CGT 15-year exemption

A 100% exemption on active assets continually held for 15 years. The disposal is related to the retirement or permanent incapacity of individuals or controlling individual of company or trust.

• The CGT active asset 50% reduction

This is in addition to the 50% CGT general discount that applies to individuals and trusts.

• The CGT retirement exemption

Provides a lifetime CGT exemption of \$500,000 per individual if the disposal of an active asset is used in connection with retirement.

• The CGT roll-over

Allows taxpayer to defer a capital gain from the disposal of an active asset by "rolling it" into a replacement active asset up to the total of the acquisition costs and the incidental costs of the replacement asset. This delays any CGT until the replacement assets are sold.

DEDUCTIBILITY OF INTEREST

Interest payable for a business loan is deductible even after cessation of the business. Certain conditions must be met.

PERSONAL SERVICES INCOME (PSI)

Legislation was introduced to prevent individuals from reducing their tax liability by channeling their PSI to another entity (e.g. company, partnership or trust) and/or by claiming in that entity business deductions which might not be readily available to an individual, unless that individual meets certain specific tests. Splitting of PSI will be denied unless the result test, the 80% income rule test, unrelated client test, employment test or the business premises test is satisfied. Taxpayers are allowed to claim net PSI losses against other income for that year from 1st July 2000.

LOSSES FROM NON-COMMERCIAL BUSINESS ACTIVITY

Such losses cannot be offset against other assessable income, such as salary or wages. They have to be carried forward unless the business activity passes certain tests:

- Assessable income of at least \$20,000 but less than \$250,000
- Profit in 3 of the past 5 years (incl. current year)
- Real property of at least \$500,000
- Other assets (excluding passenger motor vehicles) of at least \$100,000
- Commissioner's discretion obtained.

PROPERTY TRANSACTIONS

GST, CAPITAL GAINS AND INCOME TAX:

When dealing in real estate consider:

- Residential property?
- Commercial property?
- Adjustments for change in creditable purposes - partly private?
- Pre - Capital Gains Tax property
- The margin scheme
- The "going concern" concept—no GST is payable
- Assessable income

BUSINESS STRUCTURES

When you are in business, the following structures can be considered:

- Sole traders
 - Companies (be aware of PSI, Division 7A)
 - Unit trusts
 - Discretionary trusts (be aware of 109UB)
 - Hybrid trusts
 - Partnerships (be aware of PSI)
 - Limited partnerships
- If a company or a Trust is used, also consider who should be the most appropriate share or unit holder. Choices include: Individuals, Companies, Discretionary Trusts, or Self Managed Superannuation Funds (Caution to be exercised if a self managed super fund). Businesses will be allowed immediate write-off for a range of professional expenses associated with starting a new business, such as professional, legal and accounting advice.

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SELF—MANAGED SUPERANNUATION FUNDS

Care must be taken to ensure that:

- A documented investment strategy exists
- The fund adheres to its investment strategy
- The fund meets the sole purpose test
- No benefits have been paid prior to the retirement of members
- Investments are at arms length and appropriate to the fund
- The fund is meeting its compliance and reporting obligations

COMPANIES

Company tax rate

Company tax rate for 2022/2023 is 30%. (25% for small businesses)

Loans to Directors / Shareholders / Associates

The Corporation Law Division 7A can apply where a company's after tax accumulated profits are directed into the hands of shareholders, directors or their associates in the form of a loan. A written agreement needs to be in place and executed prior to the making of the loan to avoid the amount of the loan being deemed a unfranked dividend. Benchmark interest rate is 4.77% for 2022/2023 financial year.

Annual returns (CLERP 7)

Statement of Particulars for the company will be sent within 2 weeks of the Annual Review Date, which is the date of the incorporation. The Statement of Particulars and Annual Review Fee have to be sent to the ASIC within 60 days of the Annual Review Date.

Consolidation

If your business structure consists of a company that owns 100% of another company, trust or partnership, you may be able to consolidate for income tax.

SMALL BUSINESS CONCESSIONS (SBC)

The SBC is an alternative method of determining taxable income for eligible small business entities. To be eligible for the SBC you must satisfy the following tests:

- you are carrying on a business;
- your "aggregated" business turnover is less than \$10 million;

Following is some key features to SBC that can benefit small business:

- Accounting method—income and expenses are included based on your industry—cash or accruals.
- GST is accounted for on a cash or accruals basis
- A simplified depreciation system—assets less than \$150,000 written off immediately. Most other depreciation assets would be pooled and depreciated at an accelerated rate (30 to June 2021).
- Temporary full expensing from 6 October 2020 to 30 June 2023—new or second hand
- Immediate deduction for certain prepaid expenses.
- Allow small businesses to change legal structure without attracting a CGT liability.

FRINGE BENEFITS TAX (FBT)

- FBT is payable by employers that provide fringe benefits to employees and their associates. The FBT year commences 1st April and ends 31st March the following year. The FBT rate is 47%.
- FBT deemed depreciation rate for cars acquired after 1st July 2002 is 25.00%
- FBT benchmark interest rate is 4.77% from 1 April 2022.

GST

- GST rate is 10%.

LODGMET DATES OF TAX RETURNS

- No tax agent involvement - 31st October.
- Tax agent involvement - up to 5th June the year after the financial year end, depending on type of the client and their lodgment compliance history, annual turnover, their tax level in current and prior years.

LODGMET DATES OF BUSINESS ACTIVITY STATEMENTS (BAS)

- Quarterly activity statements are due on the 28th day of July, October, February and April. This is for manual lodgments only.

LODGMET DATES OF MONTHLY ACTIVITY STATEMENTS

- Monthly activity statements are due on the 21st of the following month.

TAXATION PLANNING

Tax planning can be described as the various ways to reduce one's tax liabilities without engaging in tax evasion. For tax planning to be effective, it should be considered throughout the year, rather than the end of the year. Moreover, effective tax planning should be considered throughout the taxpayer's business or investment cycle. For example, determining an appropriate business structure should take into account asset protection issues and the likely tax outcomes of eventually exiting the business. Examples of effective tax planning strategies include:

- Reducing or deferring assessable income
- Accelerating allowable deductions
- Distributing income
- Increasing tax offsets
- Reducing the rate of tax
- Timing a capital gains tax event
- Contributing superannuation for family members

ATO AUDIT TARGETS

Each year the tax office releases its compliance program for the following year. For the 2022/2023 year it expects to target the following:

- Work related expenses for individual such as: motor vehicle expenses for traveling between home and work, overnight travel, home office expenses, work-related portion of computers, phones and other devices.
- Rental property expenses such as: deductions on holiday home, inappropriately splitting rental income and deductions for jointly owned properties, interest deduction being claimed for the private portion on loans.
- Cash economy: the building and construction industry.



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SERVICES OFFERED

TAXATION

Preparation and electronic lodgment of all types of tax returns for

individuals, partnerships, companies, trusts and superannuation funds.

Taxation planning and consulting
Business Structures and Tax Implications

GOODS AND SERVICES TAX (GST)

Application for ABN and Registration for GST
Preparation and lodgment of BAS & IAS

General advice re implication of GST on business transactions

AUDITING

We audit SMSF's and we arrange Statutory Audits with Registered Company Auditors.

ACCOUNTING AND BUSINESS ADVISORY

Cash Flow Analysis and Projections
Budgets and Forecasts / KPI Analysis Profit improvement reviews

SUPERANNUATION

General Advice
Formation and Registration of complying Self Managed / Superannuation Funds

COMPUTER SYSTEMS

Review of accounting software systems.

CORPORATE MATTERS

Statement of Particulars (Annual Returns)
Company Formation and Deregistration
Company Searches

FINANCE

Recommendations for Business and Home Loans
Loan analysis
Leasing/Hire Purchase

FINANCIAL PLANNING

In conjunction with Licensed Financial Advisors

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