Partnerships

2019 Update

In brief

Date	Changes and actions

Pre 30 June 2019	• For any employees, pay superannuation to deduct contributions in the current financial year.
	• For business:
	  ◦ Complete a stocktake where required
	  ◦ Write off bad debts and scrap any obsolete stock.
	• Ensure any inter-entity management fees have been raised.

1 July 2019	• For business:
	  ◦ Single touch payroll is compulsory for ALL employers. Standard business reporting-enabled software must be used to report payments such as salaries and wages, PAYG withholding and superannuation information.
	  ◦ Taxable payments annual reporting extended to businesses providing courier services or cleaning services.
	  ◦ GST applies to overseas sales of low value goods to Australian consumers in Australia, where the goods have a customs value of less than or equal to AUD$1,000.
	  ◦ GST on property developments and residential subdivisions - the way GST is collected on sales of newly constructed residential properties or new subdivisions will change from 1 July.
	  ◦ The way Research & Development incentives are managed will change.
	  ◦ Wine equalisation tax changes – reduced caps and tightening of eligibility criteria.
	• Definition of significant global entities (SGE) broadened – some smaller entities related to large global entities may be brought into the SGE reporting requirements.

14 July 2019 (on or before)	• PAYG Payment Summaries provided to all of your staff.
28 July 2019	• Quarterly super guarantee payment due (1 April – 30 June).
14 August 2019	• Annual PAYG Payment Summary lodged with the ATO. Penalties apply for late lodgement.
28 August 2019	• Taxable payments annual report due for the building & construction industry.
23 May 2019	• Proposed super guarantee amnesty ends (not yet legislated).
1 July 2019	• Taxable payments annual reporting extended to security providers and investigation services; road freight transport; and computer system design and related services. • Single touch payroll – all employers will be required to use standard business reporting-enabled software from 1 July 2019 to report payments such as salaries and wages, PAYG withholding and superannuation information.

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What's new

For employers

Superannuation guarantee amnesty

The Government has announced an amnesty for employers that have fallen behind with superannuation guarantee (SG) payments to "self-correct". The amnesty applies to employers that have underpaid or not paid SG for any period from 1 July 1992 up to 31 March 2018. Under the amnesty, the penalties that normally apply to late payments are waived as is the administration fee, and the SG payment is deductible - normally employers lose the ability to deduct superannuation payments where SG is late.

While the legislation dealing with the amnesty is not yet law, the time period for taking advantage of the amnesty was due to end on 23 May 2019 and it will be important to identify any potential problem areas as soon as possible so that appropriate action can be taken.

If your business has engaged any contractors during the period covered by the amnesty, then the arrangements will need to be reviewed as it is common for workers to be classified as employees under the SG provisions even if the parties have agreed that the worker should be treated as a contractor. You cannot contract out of SG obligations.

If you have not undertaken a payroll audit or an audit of rates paid to employees, you should do this within the next 12 months.

The amnesty applies to voluntary disclosures. The amnesty does not apply to amounts that have already been identified as owing or where the employer is subject to an ATO audit.

Single touch payroll

Employers with 20 or more employees at 1 April 2018 must use standard business reporting-enabled software from 1 July 2018. The head count for '20 employees' includes full-time, part-time, casuals (who worked any time during March 2018), employees based overseas, or on paid or unpaid leave. Directors and independent contractors are excluded from the count. For businesses that are part of a wholly owned group, the total number of employees across the group is used (i.e., if the total number of employees employed by all member companies of the wholly-owned group is 20 or more, all group members must use STP).

STP is currently voluntary for businesses with less than 20 employees although proposed reforms seek to extend the reporting system to all employers by 1 July 2019, regardless of the number of employees.

Personal income tax bracket change

The Government has announced a seven year income tax plan. The plan benefits low and middle income earners in the first few years before expanding out to a broader restructure of the tax rates and brackets for everyone. From 1 July 2018, the top threshold of the 32.5% personal income tax bracket increased from $87,000 to $90,000.

The legislation enabling the personal income tax plan is currently before Parliament and is not yet law.

Payments to contractors

From 1 July 2019, security providers and investigation services, road freight transport, and computer system design and related services businesses will need to lodge additional reports to the Australian Taxation Office about payments made to contractors (individual payments and total for the year).

While this is a year away, if your business is affected by the change, think about what systems you will need to track and measure these payments and collect the required information from contractors.

From 1 July 2018, cleaning and courier businesses are required to lodge taxable payment reports with the first report due on 28 August 2019.

GST on low value imported goods

From 1 July 2018, GST applies to overseas sales of goods supplied to Australian consumers with a value under $1,000.

Australian businesses that purchase low value goods from overseas should check to make sure that overseas suppliers are not imposing GST on supplies of these goods unnecessarily.

The new rules are intended to apply to situations that are not captured by the existing GST importation rules because the goods are worth $1,000 or less. The rules are designed to only apply when goods are delivered to Australian consumers who are either not registered for GST in Australia or where the goods do not relate to an enterprise or business being carried on in Australia. If your business imports goods into Australia and is registered for GST, the tax should not apply to low value goods you import.

GST on property developments

From 1 July 2018, the way GST is collected on sales of newly constructed residential properties or new subdivisions will change. Rather than GST being collected when the vendor lodges their activity statement, the purchaser is required to pay a GST amount to the ATO, generally on or before settlement. The vendor must notify the purchaser in writing that the GST needs to be paid to the Commissioner and advise the amount that must be paid.

In most situations, the amount will be 1/11th of the contract price. Where the margin scheme is used, it is 7% of the contract price. Where the transaction is between associates, it is 10% of the GST-exclusive market value.

Notification rules will also apply to vendors who are selling residential dwellings or land, even if the transaction does not trigger a GST liability.

Wine equalisation tax

From 1 July 2018, the producer rebate for the wine equalisation tax (WET) will change. The rebate cap rebate cap for each financial year will reduce from $500,000 to $350,000, and the eligibility criteria tightened.

In addition, access to the WET credit has been tightened.

Significant global entity definition change

From 1 July 2018, the definition of an SGE will be expanded to include: members of large multinational groups headed by private companies, trusts and partnerships; and, members of groups headed by investment entities.

In very broad terms, at present, an entity is an SGE if:

- It is the parent entity of a group with annual global income of $1bn or more; or
- It is a member of a group that includes a parent entity with annual global income of $1bn or more and the group is consolidated for accounting purposes as a single group.

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These rules could potentially apply to Australian subsidiary companies or Australian branches of foreign companies, regardless of the turnover of the Australian operations.

If your trust is treated as an SGE then it is exposed to increased penalties for non-compliance, country-by-country reporting and additional ASIC obligations.

What we need from you

This is a general list of what to provide for your end of year accounts preparation:

- Accounts data file (MYOB, Quickbooks, access to Xero)
- Debtors & creditors reconciliation
- Stocktake if applicable
- 30 June bank statements on all relevant loan documents
- Documents on new assets bought or sold, including the date you entered the contract and the date the asset was first used or installed ready for use
- Payroll reconciliation
- Superannuation reconciliation
- 30 June statements on any investment or operating accounts