

TAX TIPS FOR INVESTORS



THE FIELD GROUP - ACCOUNTING
SUITE 10, 1 East Ridge Drive
3116 Chirnside Park
info@fieldgroup.com.au

MANV AUSTRIA SVEST | PUBLIC TV. | CABLE | KETTS | UTILITIES | ASSETS. POLICE |

RENTAL PROPERTIES

The ATO has received a large boost in funding to close the \$8.7 billion individuals tax gap. Part of its focus is to ensure taxpayers are returning all rental income as well as claiming only the rental property expenses to which they are entitled. Some of this additional funding will go to improving the checking of claims in real time, additional audits and prosecutions.

The ATO receives details from Airbnb and other providers which will be data matched against tax returns. From this year, the ATO will receive details of your deductions data from your tax agent or myTax, and a multi-property rental schedule for individuals may be available this year and will be mandatory in 2020.

The ATO's most recent random checks of rental claims found 90 per cent contained an error and it plans to double the number of audits on rental deductions.

Owners of rental properties that are being rented out or are ready and available for rent can claim immediate deductions for a range of expenses, such as:

- interest on investment loans
- land tax
- council and water rates
- body corporate charges
- insurance
- repairs and maintenance
- agent's commission
- gardening
- pest control
- leases (preparation, registration and stamp duty)
- advertising for tenants.

Landlords may be entitled to claim annual deductions for the declining value of depreciable assets (such as stoves, carpets and hot-water systems), and capital works deductions spread over a number of years (for structural improvements, like re-modelling a bathroom).

Remember that landlords are no longer allowed travel deductions relating to inspecting, maintaining or collecting rent for a rental property.

Further, deductions for the depreciation of plant and equipment for residential real estate properties are limited to outlays actually incurred on new items by investors in residential real estate properties. For example, for properties acquired from 9 May 2017, landlords can no longer depreciate assets that were in the property at the time of purchase. However, should they purchase a new (not used or refurbished) asset, they can depreciate that asset.

Plant and equipment forming part of residential investment properties as of 9 May 2017 will continue to give rise to deductions for depreciation until either the investor no longer owns the asset, or the asset reaches the end of its effective life.

Ensure that interest expense claims are correctly calculated, rental income is correctly apportioned between owners, claims for costs to repair damage and defects at time of purchase are depreciated and that holiday homes are genuinely available for rent.

You can contact your tax agent to clarify if your expenditure is repairs and maintenance and can be claimed immediately or improvements, which can be claimed over time.

RESIDENTIAL PROPERTY AND NON-RESIDENTS

The Treasury Laws Amendment (Reducing Pressure on Housing Affordability Measures No. 2) Bill 2018 proposed that the Australian home of a non-resident for tax purposes, including Australian expatriates, will no longer have access to the capital gains tax main residence exemption on disposal.

The Bill lapsed when the election was called and it is unclear whether it will be re-introduced.

MADE **ANY GAINS OR LOSSES FROM CRYPTOCURRENCIES?**

The ATO is now matching transaction data obtained from digital exchanges, so it is more important than ever that you ensure cryptocurrency gains and losses are correctly reported.

If you either currently are or have been involved in acquiring or disposing of cryptocurrencies in the past, you need to be aware of the income tax consequences. These vary depending on the nature of your circumstances.

One example of cryptocurrency is Bitcoin. The ATO's view is that Bitcoin is neither money nor Australian or foreign currency. Rather, it is property and is an asset for capital gains tax (CGT) purposes.

Other cryptocurrencies that have the same characteristics as Bitcoin will also be assets for CGT purposes and will be treated similarly for tax purposes. However, if you are considered to be trading cryptocurrency, the income will be ordinary income.

A person involved in cryptocurrency transactions needs to keep appropriate records for income tax purposes. If you have dealt with a foreign exchange or cryptocurrency, there may also be taxation consequences for your transactions in the foreign country.

If you are involved in cryptocurrencies, you should contact your tax agent for advice.

CAPITAL **GAINS TAX PLANNING**

Careful planning should be undertaken in planning the timing of the disposal of appreciating assets which may trigger a capital gain. In this context, it is important to recognise that CGT is triggered when you enter into a contract for the sale of a CGT asset rather than on its settlement.

This is particularly important where the entry and settlement of the contract straddle year-end. In these circumstances, it may be preferable from a cash flow perspective to defer the sale of the CGT asset to the subsequent year where other relief may be available, such as a capital loss sold on another asset.

Care should also be taken to ensure that an eligible asset is retained for the 12-month holding period required under the CGT discount, and to recognise that the CGT discount is not available to the extent that any capital gain accrued after 8 May 2012 and you were a foreign resident or temporary resident at any time after that date.

Keep proper records for all of your investments and ensure that you keep them for at least five years after a capital gains tax event occurred.

FOREIGN **INVESTMENTS?**

If you are an Australian resident with overseas assets, you need to include any capital gains or capital losses you make on those assets in your tax return and may have to include income you receive from overseas interests in your tax return. You can 'receive income' even if it is held overseas for you.

If you receive foreign income that is taxable in Australia and you paid foreign tax on that income, you may be entitled to an Australian foreign income tax offset.

Please be aware that the ATO has information exchange agreements with revenue authorities in many foreign jurisdictions, and therefore is likely to receive data on any of your overseas investments and income.

Speak to your tax agent about your offshore investments and income.

INVESTMENT **PRODUCTS PROMOTED AS TAX EFFECTIVE**

The end of the financial year often sees the promotion of investment products that may claim to be tax effective. If you are considering such an investment, seek independent advice before making a decision, particularly from your tax agent.

This document contains general advice only and is prepared without taking into account your particular objectives, financial circumstances and needs. The information provided is not a substitute for legal, tax and financial product advice. Before making any decision based on this information, you should speak to a licensed financial advisor who should assess its relevance to your individual circumstances. While The Field Group believes the information is accurate, no warranty is given as to its accuracy and persons who rely on this information do so at their own risk. The information provided in this bulletin is not considered financial product advice for the purposes of the corporations Act 2001.

OUR SERVICES

POPULAR

SME Business Accounting

POPULAR

Tax Consulting

Audit & Assurance

The Field Group – Accounting has expertise in providing a full range of Audit and Assurance Services including:

- Corporate financial statement audits
- Self Managed Superannuation fund audits
- Not-for-profit organisation audits
- Real estate and Solicitors trust account audits
- Fraud investigations
- Internal control reviews

- Asset protection advice
- Business name registrations
- Business structuring advice
- Preparation of business plans
- Advice and assistance in buying and selling a business
- Business valuations
- Business key data analysis
- Benchmarking
- Business consultancy
- Business succession planning
- Annual or periodical financial statements
- ABN, GST and other Australian Tax Office registrations

Payroll Services

From timesheets to the preparation of pay slips and payment of salaries and superannuation, payroll is a time consuming activity.

Accrual and recording of annual and sick leave is a headache most employers can do without.

The Field Group Accounting processes your payroll on time and accurately. We offer a reliable time saving service that keeps your company compliant with all relevant legislation.

SMSF Administra-

We currently manage approximately 250 SMSF's with our scope limited to :

- Administrative and compliance assistance including preparation of financial statements, tax returns and lodgements
- Facilitating the annual independent audit

Start-up Setup & Advice

If you're in a startup, it can be an exciting time full of creativity and innovation. But while it's great to do something you're passionate, you also need to make a living.

The Field Group accounting has helped thousands of small business get the best start by guiding entrepreneurs and founders with their accounting needs.

From basic tax compliance to complex budgeting & forecasting, we can put the processes in place to keep your start up business running smoothly.

OUR COMPANY



OUR VISION

Our Vision is to be the undisputed first choice financial services group in Melbourne's outer east providing the highest quality strategic advice and service to our clients.

OUR EXPERTISE

Our expertise in accounting has come from working with large corporations but we've found a way to introduce accounting to Small-Medium Enterprises (SME) that turned small into BIG. By specialising in providing our services to SMEs, we are able to offer accessible rates and a growth-oriented approach that is hard to come by in the market.

"We exist to help our clients grow, manage and protect their financial position."

OUR VALUES



In today's evolving financial environment, personal and business interests frequently overlap. Taxation and wealth creation used to belong to the world of commerce, but we now see, more than ever, the complexities that exist between our personal and business relationships.

The Field Group's origins date back to 1951. From those humble beginnings the firm has established a culture of personal service and advice that goes beyond simply preparing a tax return or buying some shares.

We endeavour to build a strong trusting relationship with our clients & aim to help our clients achieve their long-term wealth, business and personal goals.



PROFESSIONAL TEAM

Our experienced and friendly team of small business accounting professionals are ready to help you achieve your personal & business goals. We love to support the local community & help small businesses grow!



ON TIME SERVICE

We understand that time is valuable. With your help we guarantee to perform our work on time and before ATO deadlines. The Field Group provides experienced professional advice and services that you can always rely on.



PASSIONATE WORK

We don't sit behind computers and throw numbers through the same process each time. We don't believe in one solution for every small business. Our service is personalised and will help your business experience a one-of-a-kind accounting solution that fits your (and only your) parameters perfectly.