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WE COUNT AND SO DO YOU

Tax time is fast approaching and after a 2 day Tax Conference in Melbourne, we are ready to kick start this tax year.

### Tax Cuts

The Government is reducing the tax rate for the more than 90 per cent of incorporated businesses with annual turnover less than \$2 million. The company tax rate for these businesses will be reduced by 1.5% to 28.5%.

To help all Australian small businesses grow, the Government will also provide a 5 per cent tax discount to unincorporated businesses with annual turnover less than \$2 million from 1 July 2015. This delivers a tax cut of \$1.8 billion over the next four years.

More information on the Small Business Tax cuts is available on the ATO website.

### Change to the asset test threshold for the Age Pension

The government will increase the asset test thresholds at which pensions are reduced once the threshold is exceeded, as follows:

- **For single person** – a full pension may be received if the relevant value of included assets (i.e., assets other than excluded assets) is less than \$250,000 for a homeowner (currently \$202,000)
- **For a pensioner couple** – a full pension may be received if the relevant combined value of included assets is less than \$375,000 for a homeowner (currently \$286,500)

Non-home owner pensioners will also benefit by an increase in their threshold to \$200,000 more than homeowner pensioners.

However, the current 'taper rate' at which the age pension begins to phase out will be increased from \$1.50 to \$3 for every \$1,000 of assets over the relevant assets test threshold.

Pensioners who lose pension entitlements on 1 January 2017 as a result of these changes will automatically be issued with a Commonwealth Seniors Health Card or a Health Care Card for those under Age Pension age.

### 2015 Budget Recap

#### Instant Asset Write Off

From 12 May 2015, Primary Producers will be able to immediately deduct capital expenditure on:

- Fencing
- Water Facilities
- Depreciate over three years, capital expenditure on fodder storage assets (silos and tanks used for grain storage)

Businesses with annual turnover of <\$2 million can claim a full tax deduction on assets purchased costing up to \$20,000. There is no limit to the number of assets purchased, provided they are for business use

### OFFICE HOURS

From 1<sup>st</sup> July 2015

**Monday - Thursday**  
9am - 6pm

**Friday**  
9am - 5pm



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## Changes to the Farm Management Deposits Scheme

The FMD Scheme provides eligible primary producers with an ability to shift assessable income (and, therefore their income tax exposure), from good to bad years. This tax concession is principally provided in order to deal with seasonal economic fluctuations that can often impact these types of businesses.

The following checklist identifies the key conditions required to claim an FMD deduction.

### FMD deduction conditions for the 2015 income year

1.	The individual must be the <b>'owner'</b> of the deposit
2.	The individual was carrying on a <b>primary production business</b> at the time of the deposit (including a business carried on as a partner in a partnership or as a beneficiary of a trust who is presently entitled to a share of the trust's income)
3.	The individual's <b>taxable non-primary production income</b> (excluding net capital gains) for the year is no more than <b>\$100,000</b> (increased for the 2015 income year from \$65,000)
4.	The deposit is held for at least <b>12 months</b>
5.	The individual did not cease to carry on a primary production business after the relevant deposit was made for 120 days or more
6.	The individual did not die or become bankrupt during the year
7.	The deposit does not cause the individual to exceed the <b>cap on total FMDs of \$400,000</b>

### TAX WARNING – FMDs repaid within 12 months not deductible

Basically, any part of an FMD that is repaid (or withdrawn) within 12 months of being made is never taken to have been an eligible FMD.

However there are a number of exceptions to this 12-month rule, which allow an FMD to be partly or even wholly repaid within 12 months (i.e., without losing deductibility) including where:

- The repayment is made in the event of an applicable **natural disaster** that is covered under the government's natural disaster relief recovery arrangements; and/or
- The repayment is made in the case of **death, bankruptcy** or **ceasing to carry on a primary production business**.

## ATO phone calls alleging fake arrest warrants

In April and May this year, we received multiple calls from clients saying they'd been contacted by someone claiming to be from the ATO, demanding payment for outstanding tax debts.

Scammers requested urgent payment via wire transfer because it's nearly impossible to recover money sent this way.

**Be on guard, if you receive a phone call from someone saying you have an arrest warrant and asking you to pay a fee, hang up and do not respond. If in doubt, don't use the contact details provided - look up the government department or organisation yourself in the phone book or online and phone or email them or phone our office.**



Visit our website [www.dmatax.com.au](http://www.dmatax.com.au) for more information, including our 2015 Tax Checklists

