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# THE CP CATCHUP

WELCOME TO THE TWENTY-SECOND EDITION OF THE CP CATCHUP

AUGUST 2016

Happy New Financial Year! As we say every year, make sure you send your information in early & stay on top!

The last few months have been particularly busy here at CP, and we have seen a couple of staff changes. After 11 years at CP, we said goodbye to Simone who has sadly left us for her new exciting adventures in Geelong - we wish you all the best Sim! We have now welcomed Erina to the team, who is taking over from Simone.

Please check out our website at [www.cpnnumbers.com.au](http://www.cpnnumbers.com.au) and don't forget to follow us:



## ATO Focuses on Rental Property Owners

With Tax Time 2016 upon us, the ATO is encouraging rental property owners to check out the information on their website to better understand their obligations and get their claims right, where they have some how-to videos as well as a comprehensive rental property guide – go to: [www.ato.gov.au/rental](http://www.ato.gov.au/rental) and [www.ato.gov.au/rentalvideos](http://www.ato.gov.au/rentalvideos).

The ATO has stated they will be paying close attention to excessive interest expense claims and incorrect apportionment of rental income and expenses between owners. It is also looking at holiday homes that are not genuinely available for rent, and incorrect claims for newly purchased rental properties. They said their ability to identify incorrect rental property claims is becoming more sophisticated due to enhancements in technology and the extensive use of data.

Source: Ref: NTAA Voice – Edition 260

## New Simpler BAS on the Way

The ATO has been working with small businesses, tax professionals, industry associations and software providers on ways to deliver a simpler business activity statement (BAS) to make GST record keeping easier and less costly. To achieve this, several GST labels will be removed from the BAS, with small businesses only required to report:

- GST on sales (1A)
- GST on purchases (1B); and
- Total sales (G1)

This will simplify account set-up, record keeping, BAS preparation and lodgement for agents and their clients. The ATO will begin user testing from 1 July 2016 and it is intended that a simpler BAS will be the standard option for all small businesses from 1 July 2017.

Source: Ref: NTAA Voice – Edition 259



## Reducing the Company Tax Rate Over 10 Years

The Government will reduce the company tax rate to 25% over 10 years (i.e. by 1 July 2026). This measure will commence from **1 July 2016**, whereby the government will cut the small business company tax rate to 27.5%, and make this tax rate available to small companies with an annual aggregated turnover of less than \$10 million.

This turnover threshold will then be progressively increased to ultimately have all companies eligible for the 27.5% tax rate in 2023/2024. The progressive increase in the annual aggregated turnover thresholds for companies eligible for the 27.5% tax rate will be as follows:

- \$25.0 million in the 2017/2018 income year;
- \$50.0 million in the 2018/2019 income year;
- \$100.0 million in the 2019/2020 income year;
- \$250.0 million in the 2020/2021 income year;
- \$500.0 million in the 2021/2022 income year; and
- \$1 billion in the 2022/2023 income year.

In the 2024/2025 income year, the company tax rate will be reduced to 27% and then be reduced progressively by 1 percentage point per year until it reaches 25% in the 2026/2027 income year.

Franking credits will be distributed in line with the rate of tax paid by the company.

Source: NTAA 2016/2017 Budget

## ASIC Fee Changes as at 1 July 2016

ASIC fees under the corporations, credit and business name regulations were increased on 1 July 2016 based on the Consumer Price Index (CPI) for the March quarter 2016. Here are examples of some common company fees:

➤ Change of company name	\$ 387
➤ <b>Late payment fee for up to one month late</b>	<b>\$ 76</b>
➤ <b>Late payment fee more than one month late</b>	<b>\$ 316</b>
➤ <b>Annual review fee for a proprietary company</b>	<b>\$ 249</b>
➤ Annual review fee for a registered scheme or a public company	\$ 1,176
➤ Business name registration or renewal – 1 year	\$ 34
➤ Business name registration or renewal – 3 years	\$ 80

**The increase in late payment fees is a timely reminder to ensure you know when your annual review fee due date is each year. We recommend you put this as a yearly reminder in your diary/phone/calendar two months earlier than the due date to avoid late payment.**

Did you know: Companies and schemes can choose to pay their annual review fees in advance for a period of ten years by a single payment at a discounted rate. Advance payment will protect a company or scheme from future fee increases for the term of the payment. Here are examples of the difference in fees when paid in advance for 10 years:

Type of Company or Scheme	Annual Review Fee	Advance Payment for 10 Years
A registered scheme or a public company	\$1,176	\$9,008
A proprietary company	\$249	\$1,871
A special purpose company	\$47	\$352