

Dear Valued Client

The time has arrived for the lodgement of **2025 Tax Returns**.

We are fully staffed and working full time. We have found a large number of clients have preferred phone, email or Teams interviews as this avoids extended travel and wait time. We will be continuing to provide this, as well as personal interviews. Files can also be simply emailed to office@jwmann.com.au, drop off your documents at our office or upload to your Document Hub <https://documenthub.handisoft.com.au/ClientPortal/Account/Login/MANN0005>. **Please note that a time will be allocated in the diary of your tax agent for all returns regardless of whether you wish an actual appointment or not. This will be on a "next available": basis. It is imperative that, if you are sending your tax information directly to your tax agent, that you copy office@jwmann.com.au into the email to ensure a time is allocated.**

- **Additional Resources:**
 - **James W Mann Finance. Let us quote you on a better mortgage rate. No cost if we cannot save you money.**
 - **GST clients** It is essential that the Software is **set up correctly. We can assist you in setting this up** for you to save time in the future. We can help with the choice of software depending on your activity and volume of transactions. Call our office to ensure you do not miss out on your GST claims.
 - **Our web page, www.jwmann.com.au. Please refer to this resource for updated information, and current newsletters.**
- **Again we will have full access to PAYG Summary (Group certificates) and other ATO data, so therefore you do not need to deal with the MyGov Account. Due to the time employers have to finalize their year-end pays, data may not be available till the end of July.** Doing your return in July runs a **high risk** that it will be incomplete resulting in an amendment or an audit. As such the ATO are requesting people avoid July.
- **ATO Priorities this tax time**
 - **Rental properties** are getting a big focus this year. It will be important to ensure receipts for repairs are kept. Also **rental, holiday homes** and **Air BNB** are being closely watched, and independently reported to the ATO.
 - **Self Education Expense.** The ATO is focusing on self education claims this year with a more restrictive view of the direct connection to your current job description. Detailed records need to be kept.
 - **Crypto currency** continues to be closely watched and tracked by the ATO. Declare any sales or movements in wallets.
 - **Record Keeping** is the mantra of the ATO, and everything is required to be supported if the ATO ask for evidence.
- **Working from Home continues for many.** Under the revised fixed rate method at .70C, the ATO will no longer accept an estimate of hours worked. A diary **must** be kept for the hours worked to be able to use this claim method. The fixed rate method is **inclusive** of Light and power, phone use and internet usage. An excel template is available upon request. At least one expense bill must be kept.
- From 1.7.24 the **Super Contribution caps.** Concessional Cap was increased to \$30,000.00 and the Non-Concessional Cap remains at \$120,000.00.
- **From 1.7.25** the ATO will **deny** a tax deduction for any ATO interest charges, so it is an incentive to be on time.

Individual Returns:

- The Govt will deliver new tax cuts to Individuals commencing from 1.7.26.
 - The current 16% rate will reduce to **15% from 1.7.26**
 - The 15% rate will be further reduced to **14% from 1.7.27**
- **Private Health Cover:** While we will have access to your Private Health details from the ATO we will need to confirm the Number of days in the year you held Private Hospital Cover, and the family members covered.
- **Spouse Income:** Spouse income is needed for reporting purposes to enable your return to be completed.
- **New ATO Audit Methods.** Where a person is selected for Audit the ATO is now **contacting your employer directly** to confirm whether work related claims made are part of your job description and are necessary. I.e. Work travel, using home office etc.
- Rental expenses claimed are now submitted to the ATO with the return, making the need for substantiated claims even greater. **The ATO will give extra attention to Depreciation claims and Loan Refinancing!** Additional scrutiny for **holiday homes**, and repairs to **newly** acquired property.
- The ATO are also targeting claims for MV expense transporting **bulky tools and equipment**. The claim may need to be supported by the employer. The ATO is denying logbooks that do not have a detailed description of the trip, just "Work Trip" is insufficient.

Business Returns:

- **Superannuation compulsory contributions** from **1.7.25 goes to 12%**. Ensure your payroll software has been updated. This must still be **paid quarterly**, and within 28 days, or it will result in penalties and a denial of tax deduction.
- Any businesses that make payments to employees **without withholding, or contractors with no ABN quoted, will not get a Tax Deduction for the payment.**
- The instant Asset Write off will have a limit of **\$20,000.00** for 2025, It then reverts to **\$1000.00** for 2027 if enacted.
- **For the current 2024 year** the Company tax rate is **25%**. For SBEs. This will flow to the value of Franking Credits paid.
- **Single Touch Payroll Phase 2.** This is now in full operation requiring all employers to report to the ATO in an acceptable electronic format. If you are experiencing any difficulty with this, please give one of our consultants a call.
- **ATO** Has a new interpretation of **Div100A** looking to see if **Trust Distributions** have been actually paid to the beneficiaries.
- **Increased powers** to the ATO enable them to **report outstanding debt**, greater than \$10,000.00, for more than 90 days where no payment plan is in place, to **credit reporting agencies**. This could severely impact upon the day-to-day operations of the business.
- **ATO Audit Focus:** The ATO has flagged their audit activity to focus on businesses **outside their industry Benchmark ratios, PSI; Uber Drivers and Airbnb operators, Record Keeping** and will also focus on your liability to pay Super, PAYG and Workcover.
- **The ATO** will also be continuing an attack on **Div 7A** loans next year, so it is vital to clean up shareholder loan accounts.
- **Work related claims:** This year the ATO are requiring all descriptions of every work related claim be transmitted to the ATO allowing tight scrutiny. This will include attacking the claim for **work laundry and all Motor Vehicle Travel**. The ATO are hoping people will be put off from making a claim, however, do not be discouraged from making a valid claim. To ensure that you keep the claim in an audit, you will need to satisfy the substantiation requirements of the ATO and sign a declaration of your responsibility to the content of your return. **Work related claims must be substantiated** with receipts if their balance is over \$300.00. It would help our process if you compiled your receipts and other records of your deductible expenses before making your appointment. This may include Motor Vehicle logbooks, travel and usage diaries. Much more detail is required this year in the tax return, showing the types of claims made. We continually undergo training to keep abreast of these changes and strive to ensure that you receive the **maximum claims** you are entitled to.

Documents you need to email in or bring to the consultation may include, pension or benefit statements, documents related to all bank accounts or other financial investments such as Term Deposits or share dividends, details of family income, employee share details.

Personal Services Income, commonly called the New Contractor Law, will be a big issue this year and will significantly add to the complexity of affected returns. The rules are complex and need to be treated on an individual basis.

Return Charges: The fee for preparation and lodgement of your Basic Individual Return is \$190.00 GST inclusive. Additional charges apply for extra schedules and complex issues. These may include:

- | | | |
|------------------------------|--------------------------------------|---------------------------------------|
| ▪ Rental Property | ▪ Contractor Income | ▪ Business Losses and Deferred Losses |
| ▪ Capital Gains Calculations | ▪ Rebates for Pensions and Annuities | ▪ Employee Share Schemes |
| ▪ PSI Schedules | ▪ Low-Cost Pools | ▪ Depreciation Schedules |
| ▪ Termination Payments | ▪ Investments and Trust Income | |

We also provide a complete range of other services outside of tax preparation, such as: **Business Planning, Advice and Investment Strategies. Leasing and HP Finance** at competitive rates is also now available. We strive to have our system as up to date as possible, so please bring along your most current **email address**.

Appointment times are Monday to Friday between 10am – 4pm with later appointments being available on Tuesday and Wednesday evenings. We are also available for appointments on Saturdays during July through to the end of October.

Yours Faithfully,
Peter J. Smith – FCPA
James W Mann & Associates