

ATO warning regarding small business record-keeping

According to the ATO, of all of the things that can cause small businesses to fold, "high on that list is poor record keeping".

More than half of the businesses they visited in their *Protecting honest business* campaign needed to improve their record keeping.

Issues they found include businesses:

- estimating their sales and income;
- using the 'no sale' and 'void' button on cash registers when taking cash payments;
- not keeping cash register tapes and not reconciling at the end of the day; and
- paying their employees cash-in-hand.

They are writing to these businesses to recommend they attend one of the ATO's record keeping workshops, which cover why good record keeping is important and how it will save them time

SLS Accounting have a bookkeeping department that can assist you to address any record keeping concerns that you may have. Call us today to discuss your needs.

CONSULTATION ON 'PROTECTING SUPERANNUATION ENTITLEMENTS'

Following the recommendations of the Superannuation Guarantee Cross-Agency Working Group, the Government has released draft legislation "to protect workers' superannuation entitlements and modernise the enforcement of the superannuation guarantee".

The draft laws extend Single Touch Payroll to all employers from 1 July 2019, and will require superannuation funds to commence 'event-based' reporting to the ATO of payments they receive for employees from their employer from 1 July 2018.

Combined, these measures (if passed as drafted) should provide the ATO with more timely information to support earlier detection and proactive prevention of non-payment of superannuation owed to employees.

The ATO will have a suite of enforcement and collection tools for employers who break the law, including

- Strengthened arrangements for director penalty notices and security deposits for superannuation and other tax-related liabilities;
- The ability (for the first time) to apply for court-ordered penalties, including up to 12 months imprisonment; and
- The ability to require employers to undertake training.

PLEASE NOTE: Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek advice from SLS to independently verify their interpretation and the information's applicability to their particular circumstances.

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FURTHER 'AFFORDABLE HOUSING' MEASURES PASSED

Parliament has passed the legislation allowing first home buyers to save for a deposit inside superannuation through the First Home Super Saver Scheme (FHSSS), and also allowing older Australians to 'downsize' and then contribute the proceeds of the sale of their family home into superannuation.

From 1 July 2018, a first home buyer will be able to withdraw voluntary superannuation contributions they have made since 1 July 2017 (up to \$30,000 each, with individuals being able to contribute up to \$15,000 a year *within* existing caps), along with a deemed rate of earnings, to help buy their home.

Also, from 1 July 2018, when Australians aged 65 and over sell a home they have owned for at least 10 years, they may contribute up to \$300,000 from the proceeds into their superannuation accounts, over and above existing contribution restrictions. Both members of a couple may take advantage of this measure, together contributing up to \$600,000 from the proceeds of the sale into superannuation.

INTERESTING SMSF STATISTICS

The ATO has released its latest statistics on the SMSF sector with the publication of the annual *Self-Managed Superannuation Funds: A Statistical Overview 2015-16*.

According to Assistant Commissioner Kasey Macfarlane, "SMSFs account for 99.6% of all superannuation funds and 30% of the \$2.3 trillion in total superannuation assets in Australia."

"The annual statistics highlight the growth of the SMSF sector. In the five years to 2016/17 we have seen the number of SMSFs grow by 26% to 597,000, with total assets worth \$697 billion."

"In 2015/16, SMSFs also experienced a positive return on assets of 2.9%. SMSFs have experienced annual positive growth for the five years to 2016 and are in line with the return on investment achieved by APRA funds of more than four members. In 2015/16 both SMSFs and APRA funds report the same return of 2.9%."

The ATO also revised their data set used to determine 'SMSF trustee structure' this year. Last year they reported 77% of SMSFs had an individual trustee structure; however, moving to this more reliable data set has resulted in significant changes, such that, at 30 June 2017, apparently 57% of SMSFs had a corporate trustee.

Ms Macfarlane said the data shows some interesting trends in relation to SMSF borrowings.

"The annual overview also reports that in 2015/16, 7% of SMSFs held assets under limited recourse borrowing arrangements (LRBAs), slightly higher than the prior year of 6%."

"The value of estimated assets held under LRBAs as a proportion of total SMSF assets remained relatively low in 2015/16 at approximately 4%. Additionally we continue to see that real property assets make up over 90% of the total value of LRBA investments by SMSFs."

At June 2016, the estimated value of total SMSF borrowings were equivalent to 3% of total SMSF assets, and the proportion of SMSFs with total borrowings increased from 4% in 2012 to 9% of funds in 2016.

Ref: ATO media release, 18 January 2018

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