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Changes to GST at settlement forms

The Australian Taxation Office (ATO) has announced changes to the way GST is collected at settlement.

According to the ATO, those purchasing new residential premises or potential residential land who are required to withhold part of the purchase price for payment (to the ATO) must submit a number of online forms. These forms include:

GST property settlement withholding notification: this form covers various areas including contact details, property details, purchaser details, supplier details and an overall summary. The form can be submitted any time after you have entered into the contract and before the date of the withholding obligation is due. Generally, the due date of the withholding obligation is due on the settlement day; unless you are using an instalment contract. In this instance, the due date will be the date the first instalment is paid.

GST property settlement date confirmation: this form is quite straightforward and requires you to check a yes or no box to the following questions:

- Have you completed the GST property settlement withholding notification form
- Are you submitting the form as a purchaser or as a representative for the purchaser?
- Have the purchaser and/or supplier details changed since the GST withholding notification form was lodged?

The form can be submitted at the due date of the withholding obligation. This will be at the time of settlement or when the first instalment is paid.

In addition to understanding when the forms are due, you must also consider the following:

- Those who hire a representative need to complete a signed declaration and send it to their conveyancer or solicitor. This will allow for the two forms to be submitted on the purchaser's behalf.
- In regards to a standard land contract, it is required that the withholding amount is paid on the day of settlement unless an instalment contract is used. In this case, it is due when the first instalment (other than a deposit) is paid.
- Payment reference number should be included on all payments made.

If you have any questions around these changes, or how you should best hold your property for the most effective tax strategies, please give us a call.



Claiming the \$20,000 instant asset write-off

Businesses with an annual turnover less than \$10 million (from 1 July 2016) can claim the \$20,000 instant asset write-off.

Eligible businesses can take advantage of the instant asset write-off for the business portion of their assets, providing they bought and installed the assets for less than \$20,000 each.

Avoid underclaiming by applying the simplified depreciation rules. Always ensure to write-off eligible assets costing less than \$20,000 each and were bought, used and installed ready to use, from 7:30pm (AEST) on 12 May 2015 – 30 June 2018. Pool the majority of other depreciating assets that cost \$20,000 or higher and claim a 15 per cent deduction in the first year and a 30 per cent deduction every following year.

Write-off the small business pool balance providing it is less than \$20,000 before applying any other depreciation deduction at the end of the income year and make sure to only claim a deduction for the portion of the asset that is used for business or other taxable purposes.

The current instant asset write-off was meant to apply until 30 June 2018, however the Government has proposed extending until 30 June 2019.



Do you have big dreams, but no real plan to get you there? Do you need someone to help guide you in the right direction? We're here to help. Give us a call on 07 4927 4588 and let us help you make your dreams a reality.



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