

Practice Update

NSW Emergency Drought Relief Package

To re-cap measures, on 30 July 2018 the NSW Government announced a \$500 million Emergency Drought Relief Package to help farmers manage the effects of the current drought.

Measures include:

- **Drought Transport Subsidy**

A transport subsidy of \$20,000 per eligible farm business per year equating to up to \$30,000 over 18 months from 1 January 2018 to 30 June 2019. The subsidy is back-dated so farmers can apply it for freight expenses incurred since 1 January 2018. It covers 50% of the full cost of freight up to a maximum of \$5 per kilometre and 1,500 kilometres per journey.

- **Waiver of NSW Land Local Services rates**

All LLS rates, including General Rates and Rates for Animal Health and Pests, the Meat Industry Levy, and costs of Routine Stock Moving Permit and Stock Identification will be waived for 2019. Contact Local Land Services for more information on **1300 795 299**.

- **Rebate on fixed charges for water licences**

A rebate of up to \$4,000 per licence will apply to the fixed component of bills for general security licence holders (and supplementary water access licence holders) in rural and regional NSW across surface and ground water systems, and to customers of irrigation Corporation Districts (ICDs) for water entitlement costs incurred. Contact Water NSW for more information on **1300 662 077**.

- **Waiver of Class 1 agricultural vehicle registration**

Class 1 agricultural vehicles will be exempt from the next annual registration charge.

- **Waiver of Farm Innovation Fund Interest charges**

All existing Farm Innovation Fund customers, and all applicants who submitted an application on or

Please read this update and contact this office if you have any queries

September 2018

before 30 July 2018, will have applicable interest charges for the 2017/2018 financial year and 2018/2019 financial year refunded and waived.

Financial Assistance

Support available:

- **Farm Innovation Fund**

A loan scheme for capital works to a value of \$250K (eg sheds, silos, water storage) for infrastructure works to prepare for dry conditions, to be more resilient and improve on-farm efficiency.

- **Drought Assistance Fund**

A one-off \$50,000 interest free loan to transport stock, fodder and water, and installing on-farm fodder and water infrastructure. Seven year interest free repayment terms. No repayment required in the first two years.

- **Farm Household Allowance**

Income Support for eligible farmers and their partners for up to three years. Contact the Rural Financial Counselling Service on **132 316**.

- **Taxation Measures**

Primary producers can immediately deduct the cost of fodder storage assets, such as silos and hay sheds used to store grain and other animal feed storage.

Personal Income Tax Cuts passed!

Parliament has passed the Government's Personal Income Tax plan, meaning that the first stage of the proposed income tax cuts will start to take effect from 1 July 2018.

The Government's plan has three steps:

1. The Government will introduce the Low and Middle Income Tax Offset (**in addition** to the Low Income Tax Offset) from **1 July 2018**,

being a non-refundable tax offset of up to \$530 per annum to Australian resident low and middle income taxpayers (apparently over 10 million taxpayers will get at least some tax

September 2018 - Practice Update

relief from this new offset in 2019 income year).

The offset will be available for the 2019, 2020, 2021 and 2022 income years and will be received as a lump sum on assessment after an individual lodges their tax return.

2. Lifting tax brackets, to protect Australians from the impact of 'bracket creep', as follows:
 - From **1 July 2018**, the top threshold of the 32.5% personal income tax bracket will increase from \$87,000 to \$90,000.
 - From 1 July 2022, the 19% personal income tax bracket will increase from \$37,000 to \$41,000, and the top threshold of the 32.5% personal income tax bracket will further increase from \$90,000 to \$120,000.

The low income tax offset will also be lifted to \$645.
3. The 37% tax bracket will be removed entirely from 1 July 2024, and the top threshold of the 32.5% personal income tax bracket will be increased from \$120,000 to \$200,000.

Single Touch Payroll Update

The ATO is writing to employers who started reporting through STP *before* 1 July 2018, providing them with information about how their employees' payment summary for 2017/18 may change with STP, including the following:

- They are not required to provide their employees with payment summaries for the information they report through STP (although they may *choose* to provide payment summaries for the first year of STP reporting).
- 'Income statements' will replace payment summaries.
- Employees' income statements are available through pre-filling and myGov.
- The income statement has three categories: 'Tax ready', 'Not tax ready' and 'Year-to-date'. Only 'Tax ready' income statements are complete and will be available through prefilling.
- Income statements may not be tax ready until 14 August this year. Employers have until this date to finalise their STP data.

- STP starts for employers with less than 20 staff, on 1 July 2019.

Proposed SG amnesty

The proposed superannuation guarantee ('SG') amnesty is a one-off opportunity for employers to self-correct past SG non-compliance.

The 'carrot' currently on the table is that any eligible voluntary disclosures with respect to an SG shortfall can be made without penalty.

Subject to the passage of legislation currently before the Senate, the SG amnesty will be available for the 12-month period from 24 May 2018 to 23 May 2019.

The proposed SG amnesty applies to previously undeclared SG shortfalls for any period from 1 July 1992 up to 31 March 2018.

It will not apply to a period starting on 1 April 2018 or subsequent periods.

Employers who voluntarily disclose previously undeclared SG shortfalls during the SG amnesty (i.e., importantly before the commencement of an ATO audit) will:

- **not be liable for the administration component and penalties** that may otherwise apply to late SG payments, and
- **be able to claim a deduction for catch-up payments** made during the relevant 12-month period.

This means that employers will still be required to pay all employee entitlements, including an unpaid SG amounts owed to employees and the nominal interest, as well as any associated general interest charge (i.e., GIC).

Employers who are not up-to-date with their SG payment obligations to their employees and who don't come forward during the proposed SG amnesty have been put on notice by the ATO that they may face higher penalties in the future.
