

- TD 2016/14 states that business taxpayers are entitled to a tax deduction for the outgoing incurred for a gift made to a former or current client, if the gift is made for the purpose of producing future assessable income. The gift is not deductible if the outgoing is capital, relates to gaining “non-assessable, non-exempt” income, or is non-deductible under another provision.
- TD 2016/15 states that employer taxpayers are entitled to a tax deduction for annual fees incurred on an airport lounge membership for use by employees, if that membership is provided because of the employment relationship.

Changes to \$500,000 lifetime super cap confirmed

The Federal Treasurer has confirmed that there will be some changes to the Government’s proposal for a lifetime cap of \$500,000 on non-concessional superannuation contributions. A number of exemptions will be available.

Scott Morrison said in a radio interview that he had previously spoken about the changes and that draft legislation on the measures, to be released soon, will contain a number of changes. He said if someone gets a pay-out “as a result of an accident or something like that, then that is exempted from the \$500,000 cap”. He also said that if someone had entered into a contract before Budget night to settle on a property asset out of their SMSF and they use after-tax contributions to settle that contract, “that won’t be included” in the \$500,000 cap. Mr Morrison said there also would be “other measures” in the exposure draft legislation.

He effectively ruled out lifting the \$500,000 cap amount, saying “the only people that would benefit are people who [...] already on average have \$2 million in their superannuation scheme, have already put \$700,000 in after tax contributions”.

TIP: The ATO can only calculate the amount of your non-concessional contributions available based on the information it has. You may wish to review your own history of contributions. Please contact our office for more information.

Home exempt from land tax for “world-traveller”

An individual has been successful before the Victorian Civil and Administrative Tribunal (VCAT) in seeking the principal place of residence land tax exemption for his home located in Shoreham, Victoria, despite being a “world-traveller” whose wife lives overseas.

In 2003, the taxpayer was left the property in Shoreham in his mother’s will. After moving into the property, he continued his interest of overseas travel, meeting and marrying his now wife, who continues to live in Canada. Broadly, for each of the five tax years in question, the taxpayer spent a couple of months in Australia at the property, with the balance spent mostly in Canada and other overseas destinations. He submitted that he considered the Shoreham property his “home”, where he kept “all his personal treasures”, among other things. He also noted “significant and communal family ties” in Victoria (including his three children and eight grandchildren in Melbourne) and “financial ties” to Australia.

In finding in favour of the taxpayer, VCAT said that in this day and age people are far more mobile than in the past, and it is not unreasonable that someone would have a base at a particular place to which they intend to return and resume occupation. In this regard, the Tribunal was of the view that the land tax exemption applied to the taxpayer’s circumstances.

TIP: Land tax regimes differ from state to state. Please contact our office for assistance or more information.

Important: Clients should not act solely on the basis of the material contained in Client Alert. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. Client Alert is issued as a helpful guide to clients and for their private information. Therefore it should be regarded as confidential and not be made available to any person without our prior approval.