

Capital gains tax withholding: updated information for trustees

The foreign resident capital gains tax (CGT) withholding regime requires purchasers of Australian property to withhold an amount from the purchase price (for remission to the ATO) if the vendor is a foreign resident. This regime is designed to assist the ATO in collecting CGT payable by foreign residents.

If the vendor is an Australian resident, they must provide an ATO-issued clearance certificate to the purchaser on or before the day of settlement to ensure no withholding occurs. The ATO has released some guidance for trusts and superannuation funds about specific information they must provide when applying to the ATO for a clearance certificate. Contact our office for further assistance.

Goods and services tax on low-value imported goods

From 1 July 2018, goods and services tax (GST) will apply to some offshore supplies of goods valued at \$1,000 or less that are purchased by consumers and brought into Australia. The new rules are designed to create a more “level playing field” for local retailers.

The ATO has released a ruling covering GST registration issues for suppliers and other technical aspects of the new legislation. Notably, the existing rules about GST on imports valued above \$1,000 are unchanged.

Superannuation rates and thresholds for 2018–2019

We summarise some of the key superannuation rates and thresholds for the upcoming financial year:

Contributions

Concessional contributions cap	\$25,000
Non-concessional contributions cap	\$100,000*
CGT cap amount	\$1,480,000
Super guarantee percentage	9.5%
Maximum contribution base (per quarter)	\$54,030

* 300,000 for a “bring forward” arrangement

Government co-contributions

Lower income threshold	\$37,697
Higher income threshold	\$52,697

Superannuation payments

Lump sum low rate cap	\$205,000
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Untaxed plan cap	\$1,480,000
ETP cap amount	\$205,000
Genuine redundancy and early retirement payments – tax-free amounts:	
• base amount	\$10,399
• service amount	\$5,200

Pension cap

General transfer balance cap	\$1,600,000
Defined benefit income cap	\$100,000
“Total superannuation balance” threshold	\$1,600,000

Super guarantee: ATO compliance approach to non-payment

The ATO has released a fact sheet explaining its compliance approach to employers who fail to meet their superannuation guarantee (SG) obligations.

Broadly, employers are required to make SG contributions of 9.5% of an employee’s ordinary time earnings (provided they have paid the employee at least \$450 in a calendar month). Payments are due quarterly. Employers are also liable to make contributions for certain contractors.

The ATO confirms that its compliance approach towards a particular employer will depend on that employer’s compliance history and other circumstances. The ATO will take firm action against any employer who repeatedly fails to pay the correct amount of SG or who does not cooperate with the ATO (eg by failing to provide information or attempting to mislead or obstruct the ATO).

Single Touch Payroll reporting: ATO urges employers to get ready

The ATO is urging employers with 20 or more employees to start preparing now for the Single Touch Payroll (STP) reporting regime, which will be mandatory from 1 July 2018.

This reporting change for employers means they will report payments such as salaries, wages, allowances, PAYG withholding and superannuation contributions information to the ATO directly from their payroll solution at the same time they pay their employees. STP reporting starts on 1 July 2018 for employers with 20 or more employees, and is slated to apply from 1 July 2019 for those with 19 or fewer employees.

TIP: Businesses should do a headcount of employees as at 1 April 2018 to check if they have 20 or more. There are rules about which employees to include in the headcount. Contact our office for assistance.

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.