

Client eBrief



Institute of Certified Bookkeepers
Making you count



Are your CGT Records Up-to-date

Waiting until you sell an asset to start thinking about Capital Gains Tax is often too late. You should keep records from the day you acquire the asset & maintain records when buying, owning, improving and selling business assets. The records must be kept for at least 5 years after you dispose of the asset.

Its also worth checking www.ato.gov.au/cgtconcessions to see if you might be eligible for small business CGT concessions.

(From the ATO Bulletin Quarter 1 Activity Statement preparers)

Claiming the Tax Free Threshold from more than one Employer

If you have a casual employee who works for other businesses as well – it is quite legitimate for the employee to claim the Tax Free Threshold from more than one employer.

If the employee is certain that their total income for the year will be less than the current tax free threshold of \$18,200.00 then they can claim the tax free threshold from all their employers, therefore not paying any tax.

The important thing to remember here is that if the employee's situation changes and they start earning more money and are likely to earn over the threshold amount in the year THEY must notify their employers so that they can be taxed correctly.

If the employee's circumstances change then they must complete a new withholding declaration.

High Income Threshold

The new high income threshold for 2013-14 is \$129,300.00

The high income threshold affects 3 main entitlements:

1. Employees who earn more than the high income threshold and who aren't covered by a modern award or enterprise agreement, can't make an unfair dismissal claim.
2. Employees who are covered by a modern award and have agreed to written guarantee of annual earnings that is more than the high income threshold, don't get modern award entitlements. However, they can make an unfair dismissal claim.
3. The maximum amount of compensation payable for unfair dismissal is capped at either half the high income threshold, or 6 months of the dismissed employee's wage – whichever is less.

This information is taken from 'The Association of Payroll Specialists' newsletter.

ATO Lodgement Dates

These dates are from the ATO website & do not take into account possible extensions. Contact us to establish when your information is required for lodgement. You remain responsible for ensuring that the necessary information is with us in time.

BAS/IAS Monthly lodgement –
September Activity Statement: 21st
October 13 final date for lodgement
& payment

BAS/IAS Monthly lodgement –
October Activity Statement: 21st
November 13 final date for
lodgement & payment

1st Quarter of FY2014: BAS
lodgement –Sept Quarter (including
PAYGI) 28th October 13 final date
for lodgement & payment.

When you do your BAS this first quarter remember to select the appropriate option for GST and pay as you go (PAYG) instalments. Your options will be highlighted in your BAS. Whatever you select in the 1st quarter, will be how you'll lodge for subsequent quarters of the year.

SGC for June-Sept Quarter to be paid by 28th October 13 to fund. If you do not pay the SGC by this date the SGC is not tax deductible. Refer to the ATO for details regarding any SGC charges applicable if not paid by due date.



Definition of Employment Status

There are 4 categories of employment:- Permanent Full Time, Permanent Part Time, Casual & Temporary.
Determining which category applies to your employees can be confusing. Below is an explanation of each category.

Permanent Full Time Employees:

A full time employee is employed to work on an ongoing basis for an average maximum of 38 ordinary hrs/week. Full time employees are entitled to all of the conditions of the National Employment Standards(NES) which include

- ⇒ Paid annual leave
- ⇒ Paid personal leave
- ⇒ Public holidays
- ⇒ Parental leave
- ⇒ Long service leave
- ⇒ Period of notice if terminating job

Permanent Part Time Employees:

A part time employee is employed to work a reasonably predictable number of hours & days during the week that is less than 38 hrs per week.

Part time employees are entitled to all of the conditions of the National Awards & NES (these are paid pro rate depending on the hours worked. Entitlements include –

- ⇒ Paid annual leave
- ⇒ Paid personal leave
- ⇒ Public holidays
- ⇒ Parental leave
- ⇒ Long service leave
- ⇒ Period of notice if terminating job

When hiring a part time employee you must come to an agreement with the employee in writing & this should include:

- ⇒ Number of hours to be worked daily
- ⇒ specific days of the week they will work
- ⇒ the start & finish time of each day
- ⇒ the specific times & duration of meal breaks or the regular pattern of engagement as agreed by both parties.

Any changes to this agreement must be made in writing.

Casual Worker:

A casual employee is someone that doesn't usually have regular hours of work & is not guaranteed particular hours & is not on a regular roster.

They are paid for the hours of work they perform & receive a casual loading on their rate of pay giving them a higher rate. This loading is to compensate them for not receiving some of the benefits of fulltime & part time workers and is usually 25%; You must check the relevant award for the exact rate.

- Casual Workers are entitled to the following under the NES
- ⇒ 2 days unpaid carers leave per occasion
 - ⇒ 2 days compassionate leave per occasion
 - ⇒ Community Service leave (except pd jury service)
 - ⇒ Unpaid parental leave
 - ⇒ 2 days unpaid adoption leave
 - ⇒ A day off on public holidays unless asked to work by the employer
 - ⇒ A maximum of 38 hrs per week, plus reasonable additional hours

If you incorrectly classify a casual employee – Fairwork can require you to pay the employee annual/personal leave for the term of their employment & you cannot offset the casual loading already paid

Temporary Employee:

Temporary employees are engaged for a matter of days, weeks or months on a fixed term contract of for a particular purpose or project. Workers engaged to replace permanent employees who might be on long service leave, maternity leave or workers compensation would also be considered to be temporary. The key is that the job is not expected to be ongoing - there is no guarantee of work once the agreed project/purpose/replacement period is completed.

Award Finder:

A great tool to use for determining what your award states in regards to the above categories is the Award Finder on the Fairwork website. This tool allows you to search for your award by job title, occupation, award code or industry.

<http://www.fairwork.gov.au/awards/award-finder/pages/default.aspx>

<http://www.fairwork.gov.au/employment/casual-full-time-and-part-time-work/pages/default.aspx>

Disclaimer: All or any advice contained in this newsletter is of a general nature only and may not apply to your individual business circumstances. For specific advice relating to your specific situation, please contact your accountant or contact me for further discussion.

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