

The latest news, views, and announcements

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Economic update

As 2021 begins, the global economy is facing both potential and peril. After the pandemic caused the global economy to come to a grinding halt, few could have anticipated how individuals would adapt to social distancing and working from home. As the vaccine begins to roll out, the negative impacts of the virus should ultimately abate.

The US economy finished slightly weaker towards the end of 2020. With personal income and consumer spending declining. Within the EU, there has been extended support for the labor market, following a decline in the final quarter of 2020. The year 2021 begins with Britain finally exiting the EU with a last-minute deal being signed allowing the trade of goods between the UK and the EU to be tariff and quota free. The UK's exit does however restrict immigration between the EU, but allows independent trade agreements with non-EU countries, such as Japan and the US.

Finally, for emerging markets the collapse in economic activity has been a cause for concern. Followed by a rise in debt, the ability to pay down debts will depend on the global health situation, including how quickly the vaccine can be distributed to emerging markets.



Increased small business income tax offset

You can claim the small business income tax offset if you either:

- Are a small business sole trader
- Have a share of net small business income from a partnership or trust.
- Aggregated turnover of less than \$5m
- FY2020-21 rate of offset 13%
- FY2021-22 rate of offset 16%

The offset is worked out based on the proportion of tax payable relating to your total net small business income.

Your offset will be your rate of offset of the following amount, up to the limit of \$1,000.

Accessing your payment summary

You can receive your payment summary from your employer via myGov. Your payment summary will show your year-to-date salary and wages, the tax that has been withheld and the reported amounts of your employer super.

You will need to wait until your employer marks your income statement it as 'Tax ready' before you prepare and lodge your tax return. You will need establish a myGov account and link it to the ATO online services.

You are able to setup a myGov account [here](#).

JobKeeper 2.0

The second JobKeeper Payment extension starts on 4 January 2021 and covers the JobKeeper fortnights from Monday 4 January 2021 to Sunday 28 March 2021. It means:

- If you are eligible for JobKeeper extension 2 you will need to complete a new decline in turnover test
- The payment rates for your eligible employees will change to \$1,000 for tier 1 and \$650 for tier 2

*Source ATO: <https://treasury.gov.au/coronavirus/jobkeeper/extension>

Lower company tax rate changes

The lower company tax rate for base rate entities will reduce to 26% in 2020-21 and to 25% from the 2021-22 income year.

A base rate entity is a company that both:

- Has an aggregated turnover less than the aggregated [turnover threshold](#) - which is \$25 million for the 2017-18 income year and \$50 million for the 2018-19 to 2021-22 income years
- 80% or less of their assessable income is base rate entity passive income (such as interest, dividends, rent, royalties and net capital gain).

*Source ATO: <https://www.ato.gov.au/Rates/Changes-to-company-tax-rates/>



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