

The latest news, views, and announcements

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Practice update: We have moved

Turners Accountants has moved into a new address. You can now find us in **Suite 501, Level 5, 25 Bligh Street, Sydney**. Please feel free to make an appointment and drop in.

Economic update

Australia's GDP has grown by 3.1 per cent during the fourth quarter on a quarter-on-quarter basis, smashing consensus forecasts for a 2.5 per cent increase. Household consumption led the rebound, up 4.3 per cent, marking the second biggest quarterly increase since records were kept, with positive labor market data remains stronger than originally anticipated, with JobKeeper recipients dropping further in Jan-21. Unemployment's remains 6.4%, above the non-accelerating inflation rate of employment (4.5%).

The RBA, which has slashed its official cash rate by a cumulative 65 basis points to an all-time low of 0.1% since the pandemic began, is expected to leave interest rates just above zero through at least 2022.

Personal super contributions & tax deductions By Matthew Scobie

We receive a lot of queries about how personal super contributions work along with the associated tax deductions and the concessional contributions cap of \$25,000.

The concessional contributions cap of \$25,000 per year was introduced on the 01st of July 2017 and relates to all individuals regardless of age.

You can pay the difference between your employer's concessional contributions (before tax) and the concessional contributions cap of \$25,000.

For example:

- If you are receiving a Gross salary of \$80,000 and your employer pays a concessional contribution of \$7,600, $\$80,000 * 9.5\% = \$7,600$, you can make an after-tax contribution of \$17,400, **without exceeding your concessional contributions cap of \$25,000.**

Once you have worked out your after-tax amount that you would like to contribute, you will need to make the payment to your superannuation fund and then complete the following form i.e., "Notice of intent to claim or vary a deduction for personal contributions" [Form NAT 71121](#). Once the form has been completed you will also need to send the form to your superannuation fund.

You are eligible to claim a deduction for a personal super contribution if, your fund was "not a":

- Commonwealth public sector super scheme in which you have a defined benefit interest.
- Constitutionally protected fund (CDP) or other untaxed fund that would not include your contribution in its assessable income.
- Super fund that notified, the ATO, before the start of the income year that they elected to either treat all member contributions to the
 - Superannuation fund as non-deductible
 - Defined benefit interest within the superannuation fund as non-deductible.

If you need any more advice or are seeking additional information, please do not hesitate to contact us at Turners.

Australian economic snapshot

	GFC	2020	2021
Unemployment	5.75%	6.9%	6.4%
Savings Ratio	11%	18.9%	22.10%
Cash Rate	6.0 %	0.1%	0.1%

*Based on historical averages and forecast from the RBA.

Guidance on costs of travelling

On 17 February 2021, the Australian Taxation Office (ATO) released the following new guidance in relation to whether an employee is "travelling on work" or otherwise, and the income tax and fringe benefits tax (FBT) treatment of associated travel expenses.

- Transport expenses incurred for ordinary travel between home and a regular place of work are not deductible; and
- Transport expenses incurred by an employee travelling between work locations generally are deductible.
- The travel fits within the duties of employment, that is, the obligation to incur transport expenses arises out of the employment itself and not the employee's personal circumstances; and
- The travel is relevant to the practical demands of carrying out the employee's work duties or role, that is, the transport expenses are a necessary consequence of the employee's income-producing activity.

Temporary full expensing of capital assets

We have received a number of queries regarding the new temporary full expensing rules that were introduced in the most recent federal budget.

- Businesses with aggregated turnover of less than \$50 million will also be entitled to an immediate tax deduction for the full cost of second-hand assets acquired from 7:30pm AEDT on 6 October 2020 and first used or installed by 30 June 2022
- **Small businesses with aggregated turnover of less than \$10 million can deduct the balance of their simplified depreciation pool at the end of the income year under the new measure.**
- Please note that the businesses can claim an immediate deduction for the business portion of the cost of an asset in the year the asset is first used or installed ready for use, however in many cases **the car limits still applies, and you cannot claim the excess cost over the car limit under any other depreciation rules.** The limits for the 2020 & 2021:
 - 2020-21 \$59,136
 - 2019-20 \$57,581
- **Temporary full expensing does not apply to certain assets including capital works** asset (e.g. buildings and structural improvements), certain primary production assets or assets that have been allocated to a low-value pool or software development pool.

More information is available directly from the ATO
<https://www.ato.gov.au/Business/Business-bulletins-newsroom/General/Temporary-full-expensing-available-for-businesses/>



Important: This is not advice. Clients should not act solely on the basis of the material contained in this bulletin. This bulletin is issued as a helpful guide to clients and for their private information. This information is sourced and appropriated from a number of government and non-government resources. Pictures/drawing have been used within the accordance of shutterstocks useage policy. Anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances.

Australian business indicators

	Sept 2020 Quarter	Dec 2020 Quarter
Company gross profits	3.2%	-6.6%
Total managed funds	0.4%	4.4%
Wages and salaries	2.4%	1.4%
Employment	0.4%	0.2%
Value of residential mortgages	0.7	-1.6%

*Based on historical averages and forecast from the RBA.

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