

# IMPORTANT 2010 YEAR-END BUSINESS OBLIGATIONS



Another financial year has just completed!

As a business owner, there are many important obligations that you need to consider and action over the next few weeks.

We have outlined some of these below to assist you.

## 1. 2011 TAX RATES – HAVE YOU UPDATED YOUR PAYROLL TAX TABLES?

The new 2011 tax year individual income tax rates began on 1 July 2010. The following Australian Taxation Office (ATO) website lists the 2011 Pay-As-You-Go (PAYG) withholding tax tables: <http://www.ato.gov.au/businesses/content.asp?doc=/content/33283.htm>.

All applicable payments made from 1 July 2010 to employees and other workers must reflect the new tax withholding amounts.

Action Step: Review and update your tax withholding calculations for your employees. If you use a computerised payroll system, update your payroll tax tables.

## 2. BE AWARE OF THE 2010 PAY-AS-YOU-GO (PAYG) PAYMENT SUMMARY CHANGES

You need to provide your 2010 PAYG Payment Summaries to your employees and other workers by Wednesday 14 July 2010.

Please see the following ATO website for the 5 changes to the 2010 PAYG Payment Summaries: <http://www.ato.gov.au/corporate/content.asp?doc=/content/00199482.htm>

One of these changes is the need to report "reportable employer superannuation contributions". These contributions exclude the compulsory super contributions, e.g. the 9% super guarantee contributions. However, it generally includes salary-sacrifice super contributions, along with extra super contributions made for an employee. If you make any super contributions other than just the 9% super guarantee contributions, we recommend that you contact us to check that you are correctly reporting these super contributions.

It is vital that all details on your PAYG Payment Summaries are correct. The ATO website <http://www.ato.gov.au/print.asp?doc=/content/00199564.htm> has details on how to complete each part of the PAYG Payment Summary.

Action Step: Review your payroll records, and consider how the above changes affect your business. If you are not sure about how to correctly complete your 2010 PAYG Payment Summaries, please contact us BEFORE you prepare and issue them.

## 3. PAYG WITHHOLDING OBLIGATIONS – SUMMARY OF KEY YEAR-END DATES

Please note these important PAYG Withholding year-end dates:

14 July 2010	PAYG Payment Summaries (formerly known as "Group Certificates") must be issued to all employees and other workers by this date.  Each 2010 PAYG Payment Summary must show the grossed-up taxable
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	<p>value of Fringe Benefits provided to an employee during the Fringe Benefits Tax (FBT) year (from 1 April 2009 to 31 March 2010). This only applies if the total taxable value of Fringe Benefits provided (excluding meal entertainment and car parking) to an employee and/or their associate in the FBT year exceeds \$2,000.</p> <p>For PAYG Payment Summary purposes, the grossed-up taxable value of Fringe Benefits equals the taxable value of the Fringe Benefit multiplied by 1.8692.</p>
28 July 2010	<p>Your June 2010 PAYG Withholding must be paid to the ATO by the due date of your June 2010 BAS. This due date is 28 July 2010, unless you are eligible for the tax agent concession due date of 11 August 2010, or the electronic lodgement concession due date of 25 August 2010. For more details of these and other BAS concession due dates, see the ATO website <a href="http://www.ato.gov.au/taxprofessionals/content.asp?doc=/content/00246839.htm&amp;page=9&amp;H9">http://www.ato.gov.au/taxprofessionals/content.asp?doc=/content/00246839.htm&amp;page=9&amp;H9</a>.</p>
14 August 2010	<p>A completed "PAYG payment summary statement", together with an ATO original of all PAYG Payment Summaries issued to employees and other workers, should be sent to the ATO by this date.</p> <p>However, if you only employ related parties, and satisfy other criteria, you may be eligible to lodge these documents to the ATO by the due date of your business tax returns. For more details, see the ATO website <a href="http://www.ato.gov.au/taxprofessionals/content.asp?doc=/content/00246403.htm">http://www.ato.gov.au/taxprofessionals/content.asp?doc=/content/00246403.htm</a>.</p>

Action Step: Ensure that you meet the above PAYG Withholding obligations. Please contact us before the above deadlines if you have any queries about these issues.

#### 4. SUPERANNUATION GUARANTEE – SUMMARY OF KEY YEAR-END DATES

Please note these important superannuation guarantee year-end dates:

30 June 2010	<p>All employee superannuation guarantee contributions actually paid by this date will be eligible for a tax deduction in the 2010 financial year.</p> <p>Superannuation guarantee contributions paid between 1 July 2010 and 28 July 2010 will count towards your superannuation guarantee obligations. However, these contributions will not be tax deductible until the 2011 tax year.</p>
28 July 2010	<p>All employee superannuation guarantee contributions for the April-June 2010 quarter should be paid by this date. It is vital to meet this deadline!</p> <p>Please note that an employee for superannuation guarantee purposes may include an individual, or sole trader, contractor. If you pay an individual under a contract that is wholly or principally for their labour, you are required to make superannuation contributions for them, even if they quote their ABN. For more details on this issue, see the ATO website <a href="http://www.ato.gov.au/superfunds/content.asp?doc=/content/19818.htm&amp;page=10&amp;H10">http://www.ato.gov.au/superfunds/content.asp?doc=/content/19818.htm&amp;page=10&amp;H10</a>.</p> <p>If you fail to meet all your employee superannuation requirements by this date, you must complete a "Superannuation guarantee charge statement - quarterly" form. This form must be sent to the ATO, along with a payment</p>

	<p>for the superannuation guarantee charge, which is the underpaid superannuation plus administration fees and interest, by 28 August 2010.</p> <p>Superannuation guarantee contributions are tax deductible, but superannuation guarantee charge payments are NOT tax deductible!</p>
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As a reminder, the compulsory superannuation guarantee contributions are required to be paid quarterly. You should also advise your employees via their pay slips of the amount and the payment details of any superannuation guarantee contributions made on their behalf.

Action Step: Ensure that you meet the above superannuation guarantee obligations. Please contact us before the above deadlines if you have any queries about these obligations.

## 5. IS YOUR BUSINESS REQUIRED TO PAY PAYROLL TAX?

Payroll tax applies to all entities that have an Australian payroll expense that exceeds state-based limits, called thresholds. For this 2011 financial year, the annual thresholds vary between each state, ranging from \$550,000 to \$1.5 million. You need to register if your weekly or monthly payroll expense exceeds the applicable proportionate threshold. It is important to review your payroll expenses if you are close to reaching your applicable state-based threshold.

When you are calculating if payroll tax applies, or when you are preparing your Annual Return (or Annual Reconciliation), your payroll expense ("wages") generally includes not only normal employee salaries and wages, but also the following items:

- fringe benefits, usually based on the grossed-up taxable value of the benefits;
- all employer contributions to superannuation on behalf of employees; and
- some contractor or sub-contractor fees.

However, the exact definition of "wages" varies between states.

If you need more information about your state-based payroll tax threshold, or whether payroll tax applies to your business, please contact our office.

Action Step: Determine if your business is required to pay payroll tax. If it is, ensure that you lodge the completed Annual Return (or Annual Reconciliation) for payroll tax by 21 July 2010 with your State Revenue Office.

## 6. WORKCOVER/WORKSAFE (WORKERS COMPENSATION) – ANNUAL RECONCILIATION

Your WorkCover/WorkSafe insurer sends an annual reconciliation to all registered employers at the end of the financial year, or at the anniversary of the policy.

In completing your annual reconciliation, you will generally need to include the following items in addition to normal salaries and wages:

- fringe benefits, usually based on the taxable value (not grossed-up) of the benefits;
- all employer contributions to superannuation on behalf of employees; and
- some contractor or sub-contractor fees.

However, the exact definition of "wages" varies between insurers.

Once the reconciliation is received and processed by your WorkCover insurer, you will be issued with a final assessment or a refund depending on the instalments you have paid during the year.

Action Step: Complete the WorkCover annual reconciliation. For more detailed information about what items to include in the reconciliation statement, please contact our office.

## 7. GOODS AND SERVICES TAX (GST) – ANNUAL RECONCILIATION

A reconciliation of GST should be performed as at 30 June 2010 to determine if there has been an under or over-payment of GST in the 2010 tax year. If a discrepancy has arisen, then you need to either revise a previous Business Activity Statement (BAS), or adjust a current BAS, to correct the error. There are time limits, and amount limits, imposed by the ATO on adjustments that can be made in a current BAS.

Remember that you are required to substantiate all BAS claims for GST credits on purchases with a valid tax invoice. However, if a purchase costs \$82.50 (including GST) or less, you can keep a document such as a cash register docket, invoice or receipt instead of a tax invoice. You need to retain all these GST records for a minimum of 5 years.

Action Step: Complete the annual GST reconciliations, and verify that you have kept all the required supporting documents.

## 8. ATO AUDIT ACTIVITY

The ATO and State Revenue Offices are constantly increasing their review and audit activities. These reviews and audits range from an all-encompassing audit to a review of a particular area, such as income tax, PAYG Withholding, superannuation, payroll tax, WorkCover, GST and Division 7A loan accounts from companies.

We are able to offer a review of your records and record-keeping procedures if you are concerned about your ability to satisfy an audit or review.

Action Step: Please contact our office if you would like to request this service from us.

Hayes Girling Financial are available all through the year to assist you with any accounting, taxation, and financial planning requirements. We're here to help you!

Visit our [website](#) or Contact us on:

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