

Seasons Greeting & Happy New Year

Another busy year has come and gone. It is hard to believe that 2012 is drawing near.

BTA management would like to thank our staff and our clients for their ongoing support. We are looking toward 2012 and hope that it will be a prosperous year for all.

As the year draws to a close, the staff and management of BTA wish you all a very Merry Christmas and all the best for the new year.

Please note that our office will be closed from Thursday 22 December 2011 and will re-open on Monday 9 January 2012 with our team back on board refreshed from a summer break.

The bTa difference – providing your point of view.

The BTA Team

Reminder of Lodgement Dates

21 January 2012 December 2011 monthly activity statement
21 January 2012 Quarterly PAYG instalment activity statement for head companies of consolidated groups
28 January 2012 December 2011 quarter superannuation guarantee contributions
21 February 2012 January 2012 IAS
28 February 2012 December 2011 quarter activity statement
21 March 2012 – February 2012 IAS
31 March 2012 - Income tax return for companies and superannuation funds with total income in excess of \$2 million in latest year lodged (excluding large/medium business taxpayers) and Income tax return for individuals and trusts which were tax level 6 as per latest year lodged (excluding large/medium business trusts).

GIC and SIC rates for quarter ended 31 March 2012

The ATO has advised that the General Interest Charge (GIC) and Shortfall Interest Charge (SIC) rates for the period 1 January 2012 to 31 March 2012 are as follows:

- GIC rate – 11.62%
- SIC rate – 7.62%

ATO system maintenance and issues

The ATO has upgraded their pay as you go (PAYG) and fringe benefits tax (FBT) instalments systems, integrating them with their new processing system to improve their processing capability.

The upgrade will occur during their Christmas-New Year closedown. This time is chosen to minimise any inconvenience to registered tax agents, BAS agents and taxpayers.

During the upgrade, the ATO experienced a delay in the processing of forms and payments.

The ATO expects normal processing to resume as of 9 January 2012.

Standard Deductions

On 11 May 2010, the government announced it will provide individual taxpayers with an optional standard deduction of \$500 from 1 July 2012 in lieu of claiming work-related expenses and the cost of managing their tax affairs. The standard deduction will be increased to \$1,000 from 1 July 2013.

As part of the *Mid-Year Economic and Fiscal Outlook 2011-12* released on 30 November 2011, the government announced the measure would be deferred. The \$500 standard deduction will now commence from 1 July 2013, and increase to \$1,000 from 1 July 2014.

Education tax refund – what you need to know.

Every year there is confusion on who can claim the Education tax refund (ETR). Following is the requirements for eligibility:

You can claim the ETR for education expenses you incur while your child attends primary or secondary school.

Families and approved care organisations can claim 50% of their eligible educational expenses if either of the following apply:

- they were entitled to receive family tax benefit (FTB) Part A for the child
- a payment was made for the child that stopped them from receiving FTB Part A for that child.

Independent students may also be eligible to claim the ETR.

For the period 1 July 2010 to 30 June 2011, you can claim up to:

- \$794 for each eligible child in primary school - that is, a refund of \$397
- \$1,588 for each eligible child in secondary school - that is, a refund of \$794.

If your expenses exceed your refund limit for the year, any excess can go towards your following year's refund claim, as long as you are still eligible.

Contributing to superannuation - be careful not to exceed the caps

There are limits on the amount your clients can contribute to their super each financial year that are concessional taxed. It's important to know which contributions count towards their cap.

Concessional contributions include:

- any expenses, for example administration fees and insurance premiums, paid by employers on behalf of the employees fund

- salary sacrificed amounts and personal contributions your clients can claim as an income tax deduction.

The 2011-12 concessional contributions cap is either:

- \$25,000 for people under 50 years of age
- \$50,000 for people 50 years of age or over.

Multiflex decision: Impact to GST refunds

In *Multiflex Pty Ltd v. The Commissioner of Taxation* (2011) FCA 789 the taxpayer challenged the Commissioner's ability to withhold goods and services tax (GST) refunds pending the completion of verification or audit activity.

On Friday 9 December 2011, the Commissioner was not granted special leave to appeal to the High Court. This means the original Full Federal Court judgment now needs to be considered to confirm its implications. The ATO will issue a decision impact statement soon.

The ATO will progressively release all affected activity statement refunds as soon as administratively possible.

What this means for those affected

Although the ATO has stated that activity statement refunds will be released as soon as administratively possible, they will continue to verify and audit these GST refunds where appropriate.

The ATO will continue to undertake audits of refund activity statements where they have concerns about a taxpayer's entitlement to a refund, although the audits will now often be finalised after the refund is released.

If you are expecting a refund, it is important to ensure that lodgments are up to date.

It should be noted that Income tax refunds subject to integrity checks are not affected by the decision.