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MAY, 2012

## THE INSTITUTE OF CERTIFIED BOOKKEEPERS CLIENT BOOKKEEPING eBRIEF

### IMPORTANT CHANGES From 1 July 2012

#### Small Business Concessions

#### **Assets & Depreciation – Changes for Small Business**

**Check with your Tax Agent if you are included.**

**What's Changing:**

- No more 'long life' pool for small business
- Write off assets immediately if they cost less than \$6500 excl GST
- Motor Vehicles have a \$5000 write off in the year acquired plus 15% depreciation in the first year 2<sup>nd</sup> year onwards, Motor Vehicles then have 30% depreciation

#### **Reportable Payments System - Contractors**

**BUILDING & CONSTRUCTION INDUSTRY:** From 1 July 2012 business in the building & construction industry will be required to report to the ATO, annually all payments to suppliers/subcontractors who provide building services.

**Who has to report?** A business who has more than 50% of their activity or 50% of their income for the year or the prior year in the building & construction industry, including sole traders/contractors (known as 'purchasers'). If they hire a subcontractor 'supplier' to provide building services the purchaser is required to report the subcontractor payments to the ATO.

**EXAMPLES:**

(1) An electrical business provides goods & services for various electrical applications. A builder pays the business for the supply & installation of wiring in a commercial fit out that he is managing. As the provision of the installation service is a building & construction activity & more than incidental to the supply of goods, the builder will be required to report the payment it makes to the electrical business.

(2) A paint store provides paint to painters as well as an in-house painting service. For a small additional service fee the store will tint the paint to the colour the painter instructs. As the provision of the tinting service is merely incidental to the supply of the paint, the painter will not be required to report the payment it makes to the paint store.

Please talk to Us regarding these CHANGES

### ATO KEY

#### **LODGEMENT DATES:**

If you use your bookkeepers - BAS Agents Portal to lodge your Activity Statements then you can be eligible for an extension.

**BAS lodgement-  
MARCH Quarter  
(including PAYG I )  
28<sup>th</sup> APRIL by form**

**BAS lodgement-  
MARCH Quarter  
For Monthly Lodgers  
21<sup>st</sup> APRIL, 2012**

**FBT return 2012  
21 May 2012**

**BAS May 2012  
Monthly lodgement  
21 June 2012**

**SGC PAYMENTS :  
28th APRIL, 2012**

(If required contributions are not made by the due date for quarter 3 the SGC is not tax deductible)

Where a due date falls on a day that is not a business day (that is, the due date is a Saturday, a Sunday or a public holiday), lodgment or payment may be made on the first business day after the due date without incurring a penalty or general interest charge (GIC).

A business day means a day other than a Saturday or a Sunday, or a day which is a public holiday.

(Source—ATO)

**FOR ONSITE, SUPPORT CONTACT ME NOW TO ARRANGE AN  
APPOINTMENT 0439 177 360  
Email: andrea@albookkeeping.com**

**Disclaimer:** All or any advice contained in this newsletter is of a general nature only & 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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## Setting Up Salary Sacrifice Super – Fixed Amount or % (taken from [www.myobaustalia.custhelp.com](http://www.myobaustalia.custhelp.com))



Making business life easier

For Salary Sacrifice Superannuation, you need to be clear how your Employee wants to contribute – a set percentage or a fixed amount each pay period

### Set up the Superannuation category

- Go to the **Payroll** command centre & click **Payroll Categories**. The **Payroll Category List** window appears
- Click the **Superannuation** tab.
- Click **New** if you want to create a new super category, or click the existing Salary Sacrifice category then click **Edit**.
- Depending on Employee's requirements you might need more than one Superannuation Category. Perhaps a Salary Sacrifice category for each employee. (User Entered Amount gives you flexibility in this regard.)
- So enter a name for the super category. For example 'Salary Sacrifice – 10%.
- These Salary Sacrifice Superannuation categories generally, do not relate to Employees wage categories, they are based on Amounts.
- In the **Linked Wages Category** field, select the Linked Payables Account – 2-XXXX Superannuation Payable. This amount is not seen in the Profit & Loss Reports it is treated as part of the Salary & Wages.
- Make sure the Contribution Type is 'Salary Sacrifice (deduction)'
- Tick 'Print on Pay Advice'
- Select one of the three options for **Calculation Basis**:

**-User Entered Amounts per pay period.** Select this option if you want to manually enter the amount to be taken from their pay each pay period. You can then set up each Employee's different details on their card under 'Standard Pay'.

**-Equals x percent of.** Select this option if your employees want the amount to be a percentage of their Gross Wages. Enter the percentage in the first field and select a wage category in the second field. Generally, you will select Gross Wages for the wage category. If you want to exclude certain wage categories from the gross hours calculation, e.g. Overtime, click **Exempt**. The **Entitlements Exemptions** window appears. Select the wage categories you want to exclude and click **OK**.

**-Equals x Amount per Pay period.** Select this option if your employees have chosen a set amount per pay period or per year.

- Generally, No Limit is ticked and nil Threshold is chosen
- Click **Employee**. The **Linked Employees** window appears, displaying all employees.
- Select the employees who have chosen to salary sacrifice.
- Click **OK**. The **Superannuation Information** window reappears.
- Click **OK** then click **Close**

## Personal Tax Rate Changes from 1 July 2012

Tax Free Threshold will rise from \$6,000 to \$18,200

1<sup>st</sup> margin tax rate increase from 15% to 19% on income between \$18,200 to \$37,000

2nd margin tax rate increase from 30% to 32.5% on income between \$37,000 to \$80,000



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## **SALARY SACRIFICE FOR SUPER**

Previously in QuickBooks, in order to have salary sacrifice calculate correctly, two payroll items – a Company Contribution item and a Deduction item needed to be setup. This has been amended in 2009/10 to a single payroll item, and now ensures that the process has been simplified immensely.

The example below will demonstrate setting up a salary sacrifice item that does not exceed the statutory employer contributions, and means the employer is not entitled to stop paying the statutory super amounts.

1. Create a new payroll item
2. Select Super Contribution
3. Name the Item Salary Sacrifice for Super
4. Select Salary Sacrifice (SS)

**Since RESC was introduced on July 1<sup>st</sup> 2010, all items except Statutory Super (or the equivalent item name) will report on the payment summary**

5. Select the Agency
6. Add the employer identifying number
7. Enter the liability account Payroll Liabilities:Salary Sacrifice
8. Tax tracking type is Gross Payments
9. PAYG and State Payroll Tax are applicable – check your own state's State Payroll Tax laws (in Victoria follow this link <http://www.sro.vic.gov.au/sro/SROnav.nsf/childdocs/-3A87315B22BC23FFCA2575A100441F59-11C80F203927331FCA2575A100441F65-BB77B7C5B2F68EC5CA2575A100441F97-14534A9575A425A1CA2575C8000F98FC>)
10. Do not select 'Based on Quantity'
11. Calculate on Gross pay
12. Set the default rate as 6%(example rate), with no limit
13. Select whichever items will be subject to this contribution
14. Click finish

**Now add this item to the employee record**

1. Edit the employee
2. Click to the Payroll and Compensation Info tab
3. Click the Super Details button
4. Underneath the Statutory Super item, select Salary Sacrifice for Super (This should pull through the rate information from the payroll item).
5. Add any other account information as required
6. Click OK

Pay the employee and look at the effects on the earnings and liabilities

To see the amount being taken out of the pay, generate an Employee Earnings Summary report. Click **Reports**

**> Employees & Payroll > Employee Earnings Summary**

The Employee earnings summary also shows the split between the Statutory Super payments and the additional payments which will reflect on the Payment Summary in 2009/10.

To see the Salary Sacrifice liability amount increasing, either do a QuickReport on the liability account, or generate a Payroll Liability Balances Report. Click **Reports > Employees & Payroll > Payroll**

**Liability Balances**

To see the Salary Sacrifice amount and the Statutory Super amount, generate a Super Report by Employee. Click **Reports > Employees & Payroll > Super Report by Employee**

*Reckon*

**QuickBooks®**

*Quicken®*

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## Xero-Paycycle Integration Happening

As part of the transition Paycycle has been included in your Xero subscription since Dec 2011 for customers on the \$49 or \$64 subscriptions. (depending on # of Employees)  
<http://blog.xero.com/2012/02/payroll-update/>



### SALARY SACRIFICE

Using Xero's current payroll- within the software. Please refer to last month's eBrief for detail set-up instructions. Set up a Pay item - Deduction of Salary Sacrifice

Using Paycycle (which will be totally integrated by June 30, 2012) These areas are all found under Settings.

1. Click on **Settings** 2. Enter your **Chart of Accounts**. Ensure you link to your Xero Org, this will automatically import the Xero Chart of Accounts. 3. Modify your **Company's Settings**, including contact info, default accounts and bank details. If you use adjusted accounts - make sure you check default accounts in Settings as Paycycle uses Xero's generic accounts 4. Enter the **Payroll Calendars** your company uses to process pays (for example, weekly, fortnightly or monthly) 5. Enter your **Payslip Items**, basically everything that appears in your employees payslips (earnings rates, deductions, reimbursements and leave types) 6. Include all the **Superannuation** funds your company uses. 7. Enter **Tracking Categories**, either Employee Groups of Timesheet Categories (or import them from Xero). 8. Add **Users** you'd like to access Paycycle.

Add a Deduction Type under Payslips Items. Make sure you tick 'Reduce PAYG Withholding'. For Each Employee you can add Salary Sacrifice thru Pay Templates – Add Superannuation Line & Amount

**Edit Deduction Type**

Name  
Other Pre-Tax Deductions SALARY SAC

Account  
826: Superannuation Payable

☒ Reduces PAYG Withholding

☒ Reduces Superannuation Guarantee Contribution

Delete this Deduction Type Save Cancel

Pay Items				Pay calculation	
Item	Qty	Rate	Amount		
Ordinary Time	38.00	25.30	961.40	Wages	1,024.65
Overtime 1.5	2.50	25.30	63.25	Plus Allowances	0.00
Annual Leave	0.00	0.00	0.00	Less Deductions	100.00
Personal Leave	0.00	0.00	0.00	Taxes	200.00
PAYG	1.00	200.00	200.00	Plus Non-taxable Allowances	0.00
SALARY SAC	1.00	100.00	100.00	Less Post-tax Deductions	0.00
Employer Superannuation	1.00	86.526	86.53	<b>NET PAY</b>	<b>724.65</b>
				Employer Contributions	86.53

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