

WELCOME

Welcome to our April 2018 edition of the StewartBrown newsletter. We hope to keep you informed of the important tax developments and issues affecting businesses in Australia today.

CHANGES TO NSW STAMP DUTY ON INSURANCE POLICIES

The NSW Government has amended the Duties Act 1997 (NSW) (the Act) to provide a stamp duty exemption for eligible small businesses on certain insurance products taken out on or after 1 January 2018. To obtain the benefit of the exemption you must be an eligible small business and provide a written small business declaration to your insurer. You are a small business if you are an individual, partnership, company or trust that:

- Is carrying on a business, and
- The business has an aggregated turnover of less than \$2 million.

Aggregated turnover is your annual turnover plus the annual turnovers of any business entities that are your affiliates or are connected with you.

If you are unsure whether the definition of small business applies to you for the purposes of determining your eligibility for the stamp duty exemption, call your StewartBrown Partner or Manager for advice.



It is your responsibility as the insured to determine your eligibility for the exemption. Your insurer will rely on this declaration in applying the stamp duty exemption for small businesses on relevant insurance products in NSW. If you claim the small business exemption and are not entitled to it, you may be required by the insurer to pay an amount equal to the duty, together with any interest or penalty tax. The insurer may recover this amount as a debt if the amount is not paid. You may also be liable to penalties imposed under relevant laws.

A new declaration is required at each renewal period to satisfy legislative requirements. The exemption may apply to the following types of insurance policies:

- Commercial vehicle insurance
- Commercial aviation insurance
- Occupational indemnity insurance (including professional indemnity insurance, other than medical indemnity)
- Product and public liability insurance

DISCLOSURE OF FOREIGN INCOME - NEW GLOBAL REPORTING STANDARDS

Tax residents of Australia must declare their worldwide income, not just income derived in Australia. To aid compliance, new international data sharing measures called Common Reporting Standards ("CRS") came into effect on 1 July 2017, and are the global standard for the collection, reporting and exchange of financial account information on foreign tax residents. Since August 2017 alone, Australia has implemented exchange agreements with 51 foreign jurisdictions, including many low or no tax jurisdictions such as Isle of Man, Liechtenstein and Luxembourg.

The first reports from overseas tax authorities are due to be received by the ATO on 31 July 2018 and will include offshore financial account information on Australian residents. This data will be for the 6 months to 31 December 2017, with later reports to cover the full calendar year.

The CRS provides the ATO with a powerful data matching tool, so tax residents of Australia who receive income overseas, or non residents receiving Australian income, should ensure they are declaring such income. They should also ensure the details provided to any foreign financial institutions are correct and current.



Clients need to be aware of the significant penalties of up to 75% in making false or misleading disclosures. Should you have any doubts about your reporting obligations please contact us.

R & D TAX INCENTIVE – APPLICATION DEADLINE

Applications for the Research and Development (R & D) tax incentive for the 2017 year must be lodged with AusIndustry by **30 April 2018**. The R & D tax incentive provides a tax offset for eligible R & D activities and is targeted toward R & D that benefits Australia. The incentive is geared towards encouraging companies to engage in R & D. It has two core components:

- a refundable tax offset for certain eligible entities whose aggregated turnover is less than \$20 million.
- a non-refundable tax offset for all other eligible entities.

The tax incentive amounts to a tax refundable offset (tax rebate) of 43.5% of the eligible R & D expenditure for entities with a turnover of less than \$20m. For entities with an aggregated turnover greater than \$20m, a 38.5% non refundable tax offset is available.

The program is administered jointly by AusIndustry (on behalf of Innovation Australia) and the ATO.

Eligibility

To be eligible for the R & D tax incentive you must be an R & D entity, you must be engaging in eligible activities and in most cases have notional R & D deductions of at least \$20,000.

Registering

You must register your R & D activities each year with AusIndustry prior to making a claim for the R & D tax incentive in your company's tax return. If you have been conducting research and development in the past (and haven't already lodged your 2017 Taxation Return) and would like to register, please contact your StewartBrown Partner or Manager without delay as applications must be lodged by 30 April 2018.

In addition if you are carrying out any R & D activities in the current financial year and would like to find out if you might be eligible for the tax incentive, please contact our office to discuss your potential eligibility.

DEDUCTIONS TO OVERSEAS AID PROJECTS

Recently there has been a tax change which may significantly impact the way some organisations who provide charitable services operate overseas.

Australian organisations registered here are classified as Deductible Gift Recipients (DGR's) and operate under the regulations set down by the ATO and its Overseas Aid Gift Deduction Scheme (OADGS). This means that complying with the OADGS guidelines will result in donations qualifying as tax deductions by the donor.

Under these guidelines tax deductible projects must not include welfare, evangelism or political activities. Programs supporting schools and orphanages through the payment of school fees, provision of text books, uniforms, food and building improvements are generally considered welfare activities and therefore are not tax deductible.

To meet the new guidelines, projects must encourage local community participation, improve the well-being of those in need, without discrimination by race, religion, culture or

political persuasion. They must also produce sustainable benefits that will continue after development assistance has ceased. Programs such as improving community education, water, sanitation, agriculture, job creation, social enterprise, microfinance and emergency programs are tax deductible.

If your particular chosen charity is affected by these changes they will soon be writing to you to let you know. If you're not sure perhaps give them a call to clarify this matter directly with them as tax deductions claimed in prior years may no longer be available in future under these new guidelines.



CONTACT US

Addresses:

NSW

Level 2, Tower 1, 495 Victoria Avenue
CHATSWOOD NSW 2067

Phone:

61 2 9412 3033

Fax:

61 2 9411 3242

SA

Level 1, 104 Frome Street
ADELAIDE SA 5000

Phone:

61 8 8229 2280

Fax:

61 8 8229 2289

Email:

info@stewartbrown.com.au

Web:

www.stewartbrown.com.au

Disclaimer

Copyright © 2018 StewartBrown
This communication provides information current as at the time of production. It is not intended to be used for tax and or accounting advice and no one should rely on its contents or take any action on the basis of its contents without obtaining appropriate professional advice. The authors and publishers of this communication expressly disclaim all or any liability or responsibility whatsoever whether to a direct addressee of this communication or to any other person who ay use it in respect of any loss or damage flowing therefrom whether direct or consequential. Liability limited by a scheme approved under Professional Standards Legislation.