



**BRM  
Holdich**

**Chartered  
Accountants**

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## **December 2011 Quarter Newsletter**

### **Proposed Changes to the Small Business Depreciation Rules**

Over the last 18 months the Federal Government has made a number of announcements that include proposed changes to the small business depreciation rules. Legislation to enact these rules has now been introduced into Parliament.

Small businesses are generally those with an aggregated turnover of less than \$2 million.

The proposed measures include:

- Increasing the small business immediate asset write off threshold from the existing \$1,000 to \$6,500 (originally proposed as \$5,000 in the 2010 Federal Budget), effective 1 July 2012.
- Also from 1 July 2012, combining the long-life small business pool and the general small business pool into a single pool to be depreciated at 30% per annum.
- Allowing small businesses to claim an upfront deduction of \$5,000 for motor vehicles purchased from 1 July 2012, with the balance of the cost depreciated in the single pool.
- Cessation of the 25% entrepreneurs' tax offset from 1 July 2012.

The cessation of the entrepreneurs' tax offset will negatively impact some micro and recently commenced businesses, however the other measures will provide timing benefits where available.

Where small businesses have the flexibility to manage their depreciable asset purchases and requirements consideration should be had to the timing of such purchases in light of the potential availability of these effectively accelerated depreciation write offs.

It is also noted that these measures are intended to apply subject to the Minerals Resource Rent Tax and Carbon Scheme packages of Bills receiving Royal Assent.

### **Reporting of Superannuation Contributions on Payslips**

During the 2010 Federal Election, and as part of the 2011 Federal Budget, the Federal Government announced that it intends for employees to receive information on their payslips in relation to the amount of superannuation guarantee contributions actually paid by their employer into their nominated superannuation fund.

Should these measures be passed they will be effective from 1 July 2012.

Further, the Federal Government's intention was for superannuation funds to provide a notification to employees where regular superannuation contributions from an employer ceased to be received.

The purpose of these measures is to assist employees to monitor their employer superannuation contributions.

## Superannuation Guarantee Legislation Introduced

The Federal Government has now introduced into Parliament the Legislation which proposes to increase the superannuation guarantee levy rate from the current 9% to 12% commencing on a phased basis from 1 July 2013.

Further, employers currently only have to provide superannuation support to those employees aged under 70. The proposed Legislation increases this age to 75. However, in a subsequent announcement, the Federal Government has now indicated that it intends to abolish this age limit all together. Should this measure be enacted then employers will be required to make superannuation guarantee contributions for all employees regardless of their age.

## Standard Deduction for Work Expenses Next Year

Public consultation has closed on the Federal Government's Draft Legislation which proposes to provide individual taxpayers with a standard tax deduction to cover work-related expenses and the cost of managing their tax affairs.

The standard deduction proposed is \$500 for 2012–2013, increasing to \$1,000 for 2013–2014 and thereafter. Taxpayers whose claims exceed the proposed standard deduction will still be allowed to make those claims provided receipts are kept.

## From all of us at BRM Holdich!

Merry Christmas and Best Wishes for the New Year.

Please note that our office will be closed from 5pm on Thursday 22nd December 2011 re-opening on Monday 9th January 2012.

During this period please contact Aaron on [aread@brmholdich.com.au](mailto:aread@brmholdich.com.au) should you have any urgent matters that require our assistance.

Thank you for your support in 2011 and we look forward to seeing you in the New Year.

Important: This is not advice. Clients should not act solely on the basis of the material contained in this Bulletin. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. The Bulletin is issued as a helpful guide to clients and for their private information. Therefore it should be regarded as confidential and not be made available to any person without our prior approval.