

CARDELL

CHARTERED ACCOUNTANTS

newsletter

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JobKeeper extension

The JobKeeper scheme has been extended from 28 September 2020 until 28 March 2021.

There are two separate extension periods. For each extension period, an additional actual decline in turnover test applies and the rate of the JobKeeper payment is split into two tiers:

Tier 1 rate:

- eligible employees who worked for **80 hours** or more in the four weeks of pay periods before either 1 March 2020 or 1 July 2020, and
- eligible business participants who were actively engaged in the business for **80 hours** or more in February and provide a declaration to that effect.

Tier 2 rate:

- any other eligible employees and eligible business participants.

The rates of the Jobkeeper payments for each extension period (before tax), are as follows:

Period	Tier rate 1	Tier rate 2
Extension 1: 28 September 2020 to 3 January 2021	\$1,200 per fortnight	\$750 per fortnight
Extension 2: 4 January 2021 to 28 March 2021	\$1,000 per fortnight	\$650 per fortnight

If you are unsure whether your business is eligible for the JobKeeper extension, please contact our office

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Subdividing land

If you subdivide a block of land, each resulting block is registered with a separate title. For capital gains tax (CGT) purposes, the original land parcel is divided into two or more separate assets.

The profit from selling subdivided land may be a capital gain or ordinary income, depending on the circumstances.

Conditions on subdivided land

If you subdivide a block of land and sell the new block, any profit is generally treated as a capital gain subject to CGT.

However, any profit you make is treated as ordinary income (not a capital gain) if **both** of the following apply:

- your intention or purpose in subdividing was to make a profit.
- the profit was made in the course of carrying on a business, a business operation or commercial transaction.

GST treatment of subdividing

You may have GST obligations and entitlements if you subdivide and sell land:

- with the intention of making a profit
- in the course of carrying on a business
- as a business or commercial transaction.

Even with a one-off transaction, you may still be required to register for GST because your transaction may have the characteristics of a business deal. Please contact our office to discuss your venture if you are planning a subdivision of any sort

Instant asset write-off

The government has announced that it will target support to businesses and encourage new investment, in part through a temporary full expensing incentive.

Eligible businesses with an aggregated turnover of less than \$5 billion can deduct the full cost of new eligible depreciating assets that are first held, and first used or installed ready for use for a taxable purpose, between 7:30pm AEDT on 6 October 2020 (the 2020 Budget time) and 30 June 2022. For small and medium sized businesses (with aggregated turnover of less than \$50 million), full expensing also applies to eligible second-hand assets.

Small businesses (with aggregated turnover of less than \$10 million) can deduct the balance of their simplified depreciation pool at the end of the income year while full expensing applies. The provisions that prevent small businesses from re-entering the simplified depreciation regime for five years if they opt out of the regime continue to be suspended

JobMaker Hiring Credit

The ATO will administer a new incentive introduced by the government as part of the 2020-21 Budget, for businesses to employ additional young job seekers.

Eligible employers will have access to a JobMaker Hiring Credit for each new job they create over the 12 months from 7 October 2020, for which they hire an eligible employee, for a maximum claim period of 12 months from their employment start date.

The JobMaker Hiring Credit will be:

- \$200 per week for each eligible employee aged 16 to 29
- \$100 per week for each eligible employee aged 30 to 35

For the employer to be eligible, new employees must:

- be aged 16 to 35 years
- be in receipt of income support payments for at least one of the three months before they were hired.

Please contact our office if you believe your business is eligible

Individual income tax rates 2020/21

This table shows the amount of tax payable in every dollar for each income tax bracket for individuals who are Australian residents for tax purposes.

Taxable income	Tax on this income
0—\$18,200	Nil
\$18,201—\$45,000	19 cents for each \$1 over \$18,200
\$45,001—\$120,000	\$5,092 plus 32.5 cents for each \$1 over \$45,000
\$120,001—\$180,000	\$29,467 plus 37 cents for each \$1 over \$120,000
\$180,001 and over	\$51,667 plus 45 cents for each \$1 over \$180,000

The above rates **do not** include the Medicare levy of 2%

Happy Holidays !

Our office will close for the holidays from 5 pm on 22 December 2020 and will reopen on 11 January 2021 at 9am.

We would like to thank you for your continuing support and wish you a happy festive season and prosperity in the coming year

visit us at www.cardell.com.au

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