



MARCH 2017 CLIENT NEWSLETTER

Welcome...to The Enterprise Sanctuary's first newsletter for the 2017 calendar year. We are excited over the opportunities 2017 will provide in helping you and your business achieve its 'new year's resolutions'. Today, we will have a look at Vacant Residential Property Tax, changes to concessional contributions cap and GST reporting for small businesses



Vacant Residential
Property Tax

Concessional
contributions cap

GST reporting for
small business

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VACANT PROPERTY IN VICTORIA

When does the Vacant Residential Property Tax start?

The Vacant Residential Property Tax will apply from 1 January 2018. The transition arrangements for 2017 will be subject to consultation.

How will vacancy be reported?

The tax will be incorporated into the land tax legislative framework. Consistent with this framework, liability for the vacant residential property tax is self-reporting. That is, property owners are expected to inform the State Revenue Office when their property triggers the tax. The State Revenue Office will also undertake monitoring and compliance activities.

How is the Vacant Residential Property Tax calculated?

The Vacant Residential Property Tax will be a 1 per cent tax on the capital improved value of the taxable property.

The capital improved value of a property is the value of land and buildings as determined every second year as part of the council valuation process. The capital improved value of your property is displayed on your council rates notice.

For example, if the taxable property has a capital improved value of \$500,000, the applicable tax will be \$5,000.

Who will have to pay the Vacant Residential Property Tax?

The Vacant Residential Property Tax will only apply to the owner of a property that is unoccupied for more than six months within a calendar year.

The details of the tax are still subject to consultations with stakeholders.

Are there any exemptions?

There will be a number of practical exemptions applied, recognising there are some legitimate reasons for a property being left vacant.

These include properties used as holiday homes by those with a separate principal place of residence, those who need a city unit for work purposes, deceased estates, and homes owned by Victorians who are temporarily overseas.

The list of exemptions will be finalised in consultation with industry and property groups.

Does the Vacant Residential Property Tax apply to all properties in Victoria?

The Vacant Residential Property Tax will only apply to vacant properties located in the inner and middle suburbs of Melbourne. Any vacant properties outside this area will not be subject to the tax. The local council areas where the tax is applicable is listed below.

Local council areas where the Vacant Residential Property Tax will be applicable

Banyule
Bayside
Boroondara
Darebin
Glen Eira
Hobsons Bay
Manningham
Maribyrnong
Melbourne
Monash
Moonee Valley
Moreland
Port Phillip
Stonnington
Whitehorse
Yarra

Please contact us at The Enterprise Sanctuary if you would like to talk about this topic in more detail.

CHANGE IN CONCESSIONAL CONTRIBUTIONS CAP

Concessional (pre-tax) contributions to your super include employer contributions and any amount you salary sacrifice into super. Personal contributions you claim as a personal super contribution deduction also count as concessional contributions. As these contributions are paid before tax is applied, it means that your super fund pays 15% tax on the contribution when it is paid to them.

From 1 July 2017, the concessional contributions cap is \$25,000 for everyone. Previously, it was \$35,000 for people 49 years and older at the end of the previous financial year and \$30,000 for everyone else. The new cap will be indexed in line with average weekly ordinary time earnings, in increments of \$2,500.

The intent of this change is to better target tax concessions to ensure the super system is equitable and sustainable.

Please contact us at The Enterprise Sanctuary if you would like to talk about this topic in more detail.

EASIER GST REPORTING FOR NEW SMALL BUSINESSES

From 19 January 2017, newly registered small businesses have the option to report less GST information on their business activity statement (BAS).

To take advantage, you need to do the following based on the reporting cycle elected when registering for GST:

- Quarterly – select ‘Option 2: Calculate GST quarterly and report annually’ on first BAS.
- Monthly – insert ‘0’ at labels G2, G3, G10 and G11 on BAS.
- Annual – you can leave labels G2, G3, G10 and G11 blank on Annual GST return.

Please contact us at The Enterprise Sanctuary if you would like to talk about this topic in more detail.

Important: Clients should not act solely on the basis of the material contained in Client newsletter. Items herein are general comments only and do not constitute or convey advice. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. The Client newsletter 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.