



SEPTEMBER 2016 CLIENT NEWSLETTER

Welcome...to The Enterprise Sanctuary's September 2016 newsletter. I know it's late but we've been so busy partnering with clients and kicking goals but with an increase in quality team members we're back on track. Today, we will talk about rented holiday homes, GST on overseas transactions, the financial relationship between China and Australia and how to keep better track of deductions.



Holiday Homes

GST & overseas
business transactions

China and Australia

Keeping track of
deductions

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RENTED OUT HOLIDAY HOMES

The principles that apply to a rental property also apply to a holiday home if it is rented out.

If you rent out your holiday home, you can claim expenses for the property based on the proportion of the income year it was rented out or was genuinely available for rent.

You have to apportion your expenses between periods of:

- genuine rental
- use for private purposes – such as when you use it yourself, or allow your family, relatives or friends to use it free of charge
- use by family or friends when you charge less than market rent.

Holiday homes that are not genuinely available for rent

Expenses are only deductible if your holiday home is genuinely available for rent.

Factors that may indicate a property is not genuinely available for rent include:

- it is advertised in ways that limit its exposure to potential tenants – for example, the property is only advertised
- at your workplace
- by word of mouth
- outside annual holiday periods when the likelihood of it being rented out is very low
- the location, condition of the property, or accessibility to the property, mean that it is unlikely tenants will seek to rent it
- you place unreasonable or stringent conditions on renting out the property that restrict the likelihood of the property being rented out – such as
- setting the rent above the rate of comparable properties in the area
- placing a combination of restrictions on renting out the property – such as requiring prospective tenants to provide references for short holiday stays and having conditions like "no children" and "no pets".
- you refuse to rent out the property to interested people without adequate reasons.

These factors generally indicate the owner does not have a genuine intention to make income from the property and may be reserving it for private use.

CHANGES TO GST FOR OVERSEAS BUSINESS TRANSACTIONS

Certain transactions between overseas and Australian businesses are no longer subject to Australian goods and services tax (GST). These changes came into effect on 1 October 2016.

Overseas businesses may no longer need to be registered for GST if they supply to or are supplied from Australian businesses.

GST-registered importers are no longer required to identify the exact amount paid for international transport, insurance and other ancillary costs.

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

CHINA AND AUSTRALIA TO EXCHANGE FINANCIAL INTELLIGENCE

Australia's financial intelligence agency, AUSTRAC, signed a Memorandum of Understanding (MoU) on the 1 November 2016, for the exchange of financial intelligence with its Chinese counterpart, CAMLMAC (China Anti-Money Laundering Monitoring and Analysis Center).

China is now Australia's largest trading partner.

The terms of the MoU will allow financial intelligence to be shared between the two agencies, including suspicious matter reports, to identify money laundering and terrorism financing activities and to support related law enforcement investigations.

This MoU is a critical step in our relationship with China. It will enable AUSTRAC and our partners CAMLMAC to develop financial intelligence.

AUSTRAC will work with CAMLMAC to develop joint operational projects in areas of mutual interest to commence once the MOU is signed.

This new agreement means AUSTRAC now has 85 formal arrangements to share financial intelligence with other countries, as well as two separate MOUs for the exchange of regulatory information with foreign regulators.

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

KEEPING TRACK OF DEDUCTIONS

The myDeductions tool in the ATO app can help you keep track of work-related expenses, car trip data, gifts and donations.

No more forgotten claims or faded receipts as they can record expenses on the go using your phone or device.

Come tax time you can then email your deductions file to us.

You can also keep the file on record for later.

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.