Division 7A private company loans

Where a private company makes a loan to a shareholder or associate (e.g. a relative) in the 2018-19 year, the shareholder or associate needs to repay the loan before the lodgement due date for the 2018-19 tax return of the private company or put a complying Division 7A loan in place before the lodgement due date.

A complying Division 7A loan is a 7 year principal and interest loan. The interest rate, known as the benchmark interest rate is 5.37% for the 2019-20 year. No repayments are required for such a loan in the 2018-19 year.

FBT exemption for taxi travel

Any benefit arising from taxi travel by an employee is an exempt fringe benefit if the travel is a single trip beginning or ending at the employee's place of work.

Any benefit arising from taxi travel by an employee is also an exempt benefit if the travel is both:

- a result of sickness of, or injury to, the employee
- the whole or a part of the journey directly between any of the following:
- the employee's place of work
- the employee's place of residence
- any other place that it is necessary, or appropriate, for the employee to go as a result of the sickness or injury.

The exemption is limited to travel in a vehicle licensed by the relevant State or Territory to operate as a taxi. It does not extend to ride-sourcing services provided in a vehicle that is not licensed to operate as a taxi.

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Lower company tax rate

From 1 July 2016, the income tax rate applicable to qualifying companies has reduced to 27.5%. From the year ending 30 June 2019, this lower tax rate now applies for companies with aggregated turnover of up to $50 million, as long as they satisfy the “passive income test”.

The passive income test is passed if rent, interest, dividend income, royalties and capital gains are 80% or less of the company’s total income.

Individuals tax rate changes

The legislation has passed Parliament to give effect to the Federal Government’s personal tax rate changes.

The changes to the personal tax rates and tax offsets are:

- increase the base and maximum amounts of the low and middle income tax offset to $255 and $1080, respectively, for the 2018-19, 2019-20, 2020-21 and 2021-22 financial years;

- increase the maximum amount of the low income tax offset from $645 to $700 from the 2022-23 financial year;

- reduce the tax payable by individuals from the 2022-23 financial year by increasing the top threshold of the 19% income tax bracket from $41,000 to $45,000; and
- from the 2024-25 financial year by reducing the 32.5% income tax rate to 30%.

Claiming tax deductions for business travel expenses

As a business owner, the general rule is that you can claim deductions for expenses if you or your employee are travelling for business purposes. A travel diary is:

- compulsory for sole traders and partners in a partnership to record overnight business travel expenses
- highly recommended for everyone else.

The ATO on its **website** has details of expenses you can claim (e.g. airfares), expenses you can't claim (e.g. souvenirs), how expenses may be claimed (e.g. travel allowances), when travel diaries must be kept and what records must be kept.

Small business restructure rollover relief

Small businesses (<$10 million turnover threshold) have access to the small business restructure relief, which allows eligible taxpayers to transfer assets between related entities, including companies, trusts and individuals, without any income tax or CGT consequences. While this rollover can be very beneficial to a small business, and can lead to substantial tax savings, the eligibility rules can be complex, so specialist tax advice is needed.

Super guarantee contributions

The rate for super contributions paid by employers on behalf of their employees under the super guarantee for the year ending 30 June 2020 remains at 9.5%.

Employers must make super guarantee contributions for employees at least quarterly and within 28 days after the end of each quarter (September, December, March and June quarters).

If the employee super contributions are not paid within 28 days after the end of a quarter, the employer is required to lodge a super guarantee charge statement, pay the contributions as a non-tax deductible charge, incur an administration fee of $20 per employee and pay interest at the rate of 20%.