

# PALFREYMAN

CHARTERED ACCOUNTANT

(02) 4990 3775

January 2017  
Newsletter

WE UNDERSTAND LIFE IS ABOUT MORE THAN TAX.  
WHY NOT LET US MAKE YOUR LIFE EASIER?

IN THIS ISSUE – RURAL PROPERTIES  
& ATO DATA MATCHING

## Own a Rural Property?

Many people are not aware that you can end up paying capital gains tax (CGT) on your main residence. While most people understand that renting your property can cause grief tax wise, many are not aware that the size of your property is also a factor.



If your home has over 2 hectares of land and you bought it after 19 September 1985, then you could have an issue when you sell. Generally your home and the 2 hectares will be exempt from tax but the remaining area will not.

So how is the capital gain calculated? It is actually a complicated process where the original purchase price and sale price need to be apportioned between the exempt house and 2 hectares and the remaining land. A registered valuer may be required to perform a retrospective valuation. Then, if you purchased your property after 21 August 1991, adjustments can be made for a portion of your non-tax deductible costs like interest on your mortgage, council rates, improvements and incidental ownership costs.

The calculation is complicated as you can generally pick which 2 hectares are exempt. Obviously you need to include your home but the remaining land is your choice.

For example, if you have a 20 hectare property which was not used for business purposes, you would definitely include the area immediately around the house in your exempt portion. You may also want to include the dams, cleared area's and flat land. The exempt 2 hectares don't need to be adjacent but rather they can be spread all around the property. The aim is to have the best land as exempt and only pay tax on the low-value land. This will help to reduce any CGT.

## Capital Gains Tax Adjustments

So what other adjustments can affect a capital gains tax calculation? Some things to consider include:

- ⇒ The date of sale is actually the date the contracts are exchanged not the date of settlement. Best not to exchange in June and settle in July as you will bring forward your tax debt by 12 months.
- ⇒ If you own the property for more than 12 months you will only pay tax on half the gain – a good reason to delay a sale if it's a new property.
- ⇒ Choose the right 2 hectares to claim your exemption on.
- ⇒ Running a small business can actually save you tax when you sell your property. You may be entitled to extra

concessions such as a full exemption if retiring or a further 50% reduction on your business land.

Capital Gains Tax is a complex issue and needs to be considered by all property owners. Why not contact us to discuss your situation?

## IT Support Services

Palfreyman Chartered Accountant has recently introduced a comprehensive IT support service that is now available to the general public. The principal of this section, Doug Palfreyman, boasts over 30 years computing experience. Support has been provided to small and large companies as well as individuals. Over the years Doug's clientele has included CSIRO and BHP Billiton, as well as local businesses such as Peter Mann Automotive. Now working via our practice, services offered include:

- ⇒ Recommendations on how to use technology to maximise the efficiency of your staff and business.
- ⇒ Advice on software "add-ons"
- ⇒ Advice, provision and installation of new hardware.
- ⇒ Advice on virus and hardware difficulties.
- ⇒ Data backup solutions.
- ⇒ Hosted email solutions.
- ⇒ Software installation and troubleshooting.

Why not call us today on 02 4990 3775 or  
- email  
[enquiries@palfreyman.com.au](mailto:enquiries@palfreyman.com.au)  
to see how we assist with your  
IT needs?



# Latest in Tax News

The ATO are always looking for ways to catch out taxpayers who haven't been doing the right thing.

They have now extended their data matching program to include land sales, vehicle sales, share registry transactions, credit and debit card transactions, and eBay information. Basically they are using many different types of information to cross check what you include in your tax return. The most common types of data matching are:

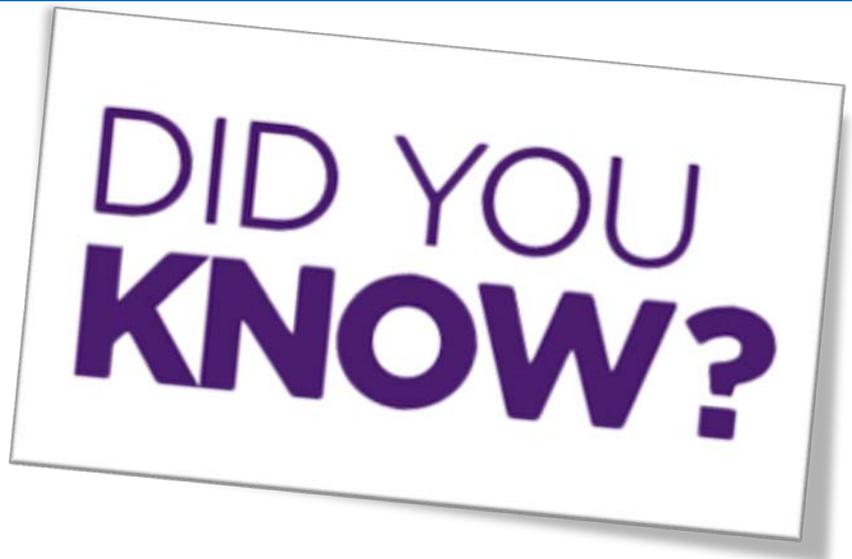
- (a) Traditional Data Matching Programs
  - ⇒ Employer & Contractor payments
  - ⇒ Construction industry payments
  - ⇒ Centrelink pensions, taxable grants etc.
  - ⇒ Bank interest income
  - ⇒ Dividends & trust distributions
- (b) New Data Matching Programs
  - ⇒ All land sales and transfers in Australia are now being reported to the ATO. They use this information to check that capital gains have been included in a taxpayer's tax return.

- ⇒ All state and territory motor vehicle registration bodies must now report details of any car sold, transferred or newly registered for \$10,000 or more. This is used to identify car traders, FBT issues for employers & GST reporting issues. In the case of a cash business, it can also be used to show your income has been understated.
- ⇒ Share Registry information reporting is now mandatory from 1 July 2017. This means that all share purchases, sales and corporate actions will be reported to the ATO.
- ⇒ Credit and Debit Card information will also be reported to the ATO. If

your business uses an eftpos machine, your total transactions will be reported to the ATO. This will allow them to identify non-compliance with registrations for say GST, understatement of income, lodgment of tax returns etc.

- ⇒ Online Sales Data from eBay is now being reported. If you sell goods for more than \$12,000 pa on eBay, this will be reported to the ATO.

[Need to understand more about Data Matching or other tax issues? Why not ring us on 02 4990 3775 to discuss?](#)



# Client Feature

**All-Round Horsemanship** offers clients the chance to benefit from Adam Sutton's lifetime of knowledge and experience working with horses of all ages and kinds.

Adam specialises in starting horses out, as well as remedying problem behaviors. He believes



that "Your horse is a reflection of you, what you're doing, and how you do it".

If you are looking for knowledgeable assistance and guidance when working with horses, why not have a look at Adam's website <http://adamsutton.com.au/> or get in touch on [info@allroundhorsemanship.com.au](mailto:info@allroundhorsemanship.com.au) to see how he can help you.

Updating your home or office? **Terrace Tiles** provide for an extensive range of commercial and residential tiling needs. **Terrace Tiles** offers both indoor and outdoor tiles in a broad range of materials, ensuring they can cater for every need.



With over 70 years combined industry experience, **Terrace Tile'** staff are highly trained and qualified to provide you with exceptional service throughout your entire building and renovation process.

Whether you are after simplicity or intricacy, why not get in touch with **Terrace Tiles** on **4987 7120** or [terracetiles@exemail.com.au](mailto:terracetiles@exemail.com.au) to see how they can help you.

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