



## Practice Update

December 2017

### Tax legislation passed

In other news, the Government has passed changes to the tax legislation that will limit, or deny, deductions for **travel expenses** and **depreciation claims** for certain residential premises.

### ATO relief for SMSFs reporting 'transfer balance account' events

The ATO has announced that, from 1 July 2018, SMSF event-based reporting regarding events impacting a member's transfer balance account (i.e., via a Transfer Balance Account Report) will be limited to SMSFs with members with total superannuation balances of **\$1 million or more**.

From 1 July 2018, SMSFs that have members with total superannuation account balances of \$1 million or more will be required to report any events impacting members' transfer balance accounts within 28 days after the end of the quarter in which the event occurs.

### ATO's annual closure

This year, the ATO's annual office closure is between noon Friday 22 December and 8.00am Tuesday 2 January 2018.

### Truck drivers' reasonable amounts for travel updated

Following detailed consultation with the transport industry, the ATO has amended their determination for travel expenses for truck drivers to provide separate reasonable travel allowance expense amounts for breakfast, lunch and dinner for employee truck drivers for the 2017/18 income year

The reasonable amount for travel expenses (excluding accommodation) of employee truck drivers who have received a travel allowance and who are required to sleep away from home was originally reduced for 2017/18 to a total of \$55.30 per day, but this daily rate has now been **replaced** with the following amounts for all domestic travel destinations for the 2017/18 income year:

Breakfast	\$24.25
Lunch	\$27.65
Dinner	\$47.70

The amounts for each of these meal breaks are separate and cannot be aggregated into a single daily amount, and amounts cannot be moved from one meal to another (e.g., if the full amount for breakfast is not expended, it cannot be carried over to lunch or dinner).

A driver's work diary (as maintained for fatigue management purposes) can be used to demonstrate when meal breaks were taken.

### **Numerous work-related expense claims disallowed**

The AAT has denied a taxpayer's deductions for work-related travel, clothing, self-education and rental property expenses (totalling \$116,068 and \$140,581 for the 2013 and 2014 income year respectively), and upheld the ATO's 50% administrative penalty on the tax shortfall for recklessness.

Apart from being unable to prove (or 'substantiate') some claims due to lack of receipts, and documents being in the wrong name, the AAT also criticised the taxpayer for:

- claiming work-related travel expenses on the basis of the 'gap' between travel expenses reimbursed by her employer and the ATO's reasonable rates (which "was clearly not permissible under any taxation law"); and
- claiming clothing expenses for "formal clothes of high class", despite her clothing not being distinctive or unique to her employment at the Department of Finance, and was instead rather conventional in nature (and so was not deductible).

## Recipe of the Month : Berry Pavlova



### Ingredients

- 4 Egg Whites
- 1 Cup of Caster Sugar
- 1 tsp Cornflour
- 1 tsp Vanilla Essence
- 300ml Cream
- 250g Strawberries
- 125g Raspberries
- 125g Blueberries

### Method:

- 1) Preheat oven to 120°C or 100°C fan and grease a large oven tray (a round pizza tray works best for this). On a sheet of baking paper the size of the tray, use a plate as a guide to draw a 23cm circle, then a 13cm circle inside it. Place the paper on the tray, pencil-side-down.
- 2) Using an electric mixer, beat egg whites until soft peaks form. Add sugar, a spoonful at a time, beating until dissolved between each addition until the mixture is thick and glossy. Add cornflour and vanilla and beat briefly, until just combined.
- 3) Using the pencil lines as a guide, scoop large spoonfuls of meringue onto the tray to form a wreath shape, as shown below. Use the back of a spoon to make an indentation in the top of meringue, all the way around the centre. Bake for 1½ hrs, then turn off the oven, prop the door open slightly and leave to cool completely.
- 4) To serve, carefully run a large knife between the pavlova and the paper to loosen it, then slide onto a serving plate. Whip the cream to soft peaks and spoon over the top of the pavlova. Top with the berries.

### JOKE OF THE MONTH:

A father took his son Billy to the Penney's mall to see Santa. They stood in line awhile, and finally the boy was able to meet Santa and sit on his lap.

"What would you like for Christmas, Billy?" asked Santa.

"An X-Box and a Hobbit game," Billy said.

"Okay, we'll see what we can do about that," said Santa with a big smile.

Later on that day they also went to see Santa at the Sears mall. When Santa asked Billy what he wanted for Christmas, Billy said, "An X-Box and a Hobbit game."

"Will you be a good boy and do what your daddy tells you?" Santa asked.

Billy turned to his dad and said, "Let's go back to the other Santa, Dad."

"Why Billy?" asked his father.

"Because I didn't have to make any deals with that one."

**Please Note: Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances.**