

NTAA

# Income Tax BASICS



## Seminar 2017

This seminar will give your staff the confidence and knowledge to master the all important client interview!

### Day 1

#### The Fundamentals of Preparing an 'I' Return

- Income
- Capital Gains Tax
- Business Income
- Deductions
- Foreign Income
- The Income Tests
- Rental Properties
- Tax Offsets and Medicare
- And Much, Much more . . . .

### Day 2

#### From the Financials to the Business Return

- The Small Business Entity Rules
- Income
- Expenses
- The Tax Reconciliation Process
- Dealing with the Simplified Imputation System
- CGT for Small Business
- Companies, Trusts and Partnerships
- And Much, Much more . . . .

### WHO SHOULD ATTEND?

Two tax seminars run over two consecutive days for:

- ✓ Graduates;
- ✓ New employees;
- ✓ Accountants new to public practice;
- ✓ Practitioners wanting to 'brush up' on their basics; and
- ✓ Accountants returning to the workforce.

Presented by  
**Rene Chan & Ben Kilkenny**  
on behalf of the National Tax & Accountants' Association Ltd.



# Income Tax Basics 2017

An NTAA Back to Basics Seminar  
'learn how to do tax from the ground up'

## LET US HELP YOU TRAIN YOUR (NEW?) STAFF

Mastering the all important client interview at tax time can be really tough! We all understand those first interview jitters. We've all been there!

Graduates, new staff and others entering (or re-entering) Public Practice need a lot of help to get up to speed.

We know what it really means to:

- sit opposite a client;
- extract the right information; and
- get the return correct without having to go back to the client.

This seminar will give your staff the confidence and knowledge to get the job done **RIGHT THE FIRST TIME!**

**This is no pie in the sky, theoretical 'What is income' seminar.**

**This is a 'learn how to do tax and prepare the return' seminar.**

Whether you need your graduates brought up to speed or maybe, someone needs a refresher – these are practical workshops centred on understanding the 'I' Return and the ins and outs of the Business Return.

That's right, we help train your graduates and new staff to become **profitable** and valuable members of your practice.

## DAY 1

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- Rental Properties
- Tax Offsets and Medicare
- And Much, Much more...

## DAY 2

### From the Financials to the Business Return

- The Small Business Entity Rules
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## NTAA Client Interview Kit

Everything you need to know when interviewing a client:

- ▶ Comprehensive client questionnaires
  - What are the essential questions that must be asked?
  - How do you get ALL the right information?
- ▶ How to conduct an interview
- ▶ Dealing with the common occupations (e.g., trades people, sales assistants, truck drivers and many more)



# Day 1: The Fundamentals of Preparing the 2017 'I' Return

## TOTAL INCOME or LOSS

- Including:
- Salary and wages
  - Employer allowances
  - Employment termination payments
  - Capital Gains

## DEDUCTIONS

- Including:
- Car expenses
  - Overseas and domestic travel
  - Clothing
  - Claiming Self-education expenses
  - Interest and dividend expenses

## TAX OFFSETS

- Including:
- SAPTO
  - DICTO
  - Zone or overseas forces
  - Superannuation

## BUSINESS INCOME & EXPENSES

- Including:
- Trading stock
  - Depreciation
  - Motor vehicle expenses

## RENTAL PROPERTIES

- Including:
- Rental income
  - Interest deductions
  - Repairs
  - Capital allowances

## WHO SHOULD COME, and WHY?

It's an intensive, hands-on workshop for:

- ✓ Graduates
- ✓ New employees
- ✓ Accountants/bookkeepers new to public practice
- ✓ Practitioners wanting to 'brush up' on their basics
- ✓ Accountants returning to the workforce

## WHAT DO ATTENDEES RECEIVE?

### ◆ An electronic DESKTOP Reference Kit with:

- Checklists of deductions by OCCUPATION
- Precedent elections/declarations
- Rates and tables
- Handy tax calculator

### ◆ Course Notes and Instructions

- Comprehensive notes walk you through the return with explanations of each return label
- How to conduct a client interview
- How to gather the right information
- Client questionnaires
- Things to look out for
- Getting the return RIGHT with supporting material

## Topics covered in this intensive hands-on workshop

### Income

*Most clients have several different sources of income – do you know the twists and turns for different types of income?*

- ▶ Salary and wages
- ▶ **NEW** rules change how working holiday makers are taxed
- ▶ Allowances
- ▶ Reportable fringe benefits and superannuation contributions
- ▶ Employment Termination Payments
- ▶ Partnership and trust income
- ▶ Personal services income
- ▶ Superannuation pensions
- ▶ Reporting franked and unfranked dividends

### Capital Gains Tax

*We will explain all of the CGT basics necessary to complete the 'I' return.*

- ▶ Calculating the net (taxable) capital gain
- ▶ A guide to the CGT method statement
- ▶ CGT, real estate and the main residence exemption
- ▶ Dealing with capital gains included in trust distributions
- ▶ Can overseas capital losses be offset against Australian gains?
- ▶ **NEW** reporting requirements for non-residents selling Australian assets

### Business Income

*A practical perspective!*

- ▶ How to determine if a taxpayer is carrying on a business
- ▶ How to complete the BPI schedule
- ▶ Non-commercial losses, including the rules affecting high income individuals
- ▶ Depreciation options for small businesses

### Deductions

*We'll show you what can be claimed and we set out all of the substantiation requirements.*

- ▶ How do individuals calculate their car expense claims?
- ▶ Overseas and domestic travel
- ▶ Protective and corporate clothing
- ▶ Who can claim self-education expenses?
- ▶ Understanding the low value pool
- ▶ Interest and dividend expenses
- ▶ Superannuation contribution deductions
- ▶ Changes to the SBE depreciation deductions
- ▶ Gifts and donations
- ▶ Home office expenses
- ▶ Overtime meal expenses
- ▶ Tax agent fees

*Yes, we cover everything Item by Item on the individual return.*

### Foreign Income

*How is foreign income treated on the 'I' return?*

- ▶ Dealing with foreign losses
- ▶ Claiming an offset for foreign tax paid
- ▶ Dealing with foreign income/expenses
- ▶ Dealing with overseas employment income

### The Income Tests

*We provide a step-by-step guide to simplify the complex income tests.*

- ▶ Understanding the income tests
- ▶ Find out which tax concessions and obligations are affected
- ▶ Salary packaged super included in the income tests
- ▶ Rental/share losses are added back
- ▶ **NEW** rules change the way fringe benefits are reported

### Rental Properties

*It's crucial to get all rental income and deductions right on the 'I' return because this is a major ATO audit target!*

- ▶ A practical guide to completing the rental property schedule
- ▶ Dangers with renting out holiday homes
- ▶ Claiming interest deductions
- ▶ Which assets are eligible for depreciation?
- ▶ What is a repair and when is it deductible?
- ▶ Claiming travel expenses in relation to a rental property
- ▶ When are body corporate fees deductible?
- ▶ Using the main residence exemption to avoid CGT on a rental property

### Tax Offsets & Levies

*A total rundown on tax offsets and levies, including:*

- ▶ Seniors and pensioners (including self-funded retirees) tax offset ('SAPTO')
- ▶ Dealing with the restrictions for the dependent (invalid and carer) tax offset ('DICTO')
- ▶ Understand the continued phase-out of the net medical expenses tax offset
- ▶ Eligibility for the zone tax offset
- ▶ When are individuals required to pay the Medicare Levy?
- ▶ Understand the 5% Small Business income tax offset ('SBITO')

*Private health insurance or the medicare levy surcharge? A practical perspective!*

- ▶ When is the surcharge payable?
- ▶ What labels must be prepared on the individual return?
- ▶ Understand the means testing on the private health insurance rebate

## Comprehensive Case Study: Preparing the 'I' Return

*The day will conclude with a comprehensive case study, showing the complete process of completing an 'I' return from meeting with, and collecting information from the client, to finalising the preparation of the Return.*

# Day 2: From the Financials to the Business Return

**Item 6 – Calculation of total profit or loss**

ABC RETAILING PTY LTD PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 30 JUNE 2017	
	\$
Trading Income	
Gross Sales *	890,000
Less Cost of Goods Sold:	
Opening stock	100,000
Purchases	894,500
Other Expenses	22,500
717,000	
Less closing stock	125,000
Gross Profit from Trading:	46,450
Other Income:	
– Fringe benefits employee contributions	2,000
– Interest received	200
– Profit on sale of depreciating assets †	8,500
– Profit on sale of non-depreciating assets ‡	23,000
– Rent received	12,750
Total Income:	304,450
Less Expenses:	
Accounting fees	7,300
Advertising *	10,300
Bad debts and doubtful debts †	2,000
Bank charges	2,000
Borrowing costs *	2,000
Depreciation †	13,400
Donations *	200
Entertainment *	2,482
FBT	1,342
Fines and penalties ††	400
Heat, light and power	4,900
Interest paid †††	12,800
Legal costs ††	5,900
Motor vehicle running expenses	13,100
Printing, postage and stationery	4,900
Rates, rates	
Repairs	
Salaries	
Superannuation	
Telephone	
Travel	
Workers' compensation	
Net Profit	

**Item 8 – Financial and other information**

ABC RETAILING PTY LTD BALANCE SHEET AS AT 30 JUNE 2017		2016
	2017	\$
Shareholders' Funds:		
Share capital	5,000	5,000
Retained profits	117,997	72,550
Total Shareholders' Funds	122,997	77,550
Current Assets:		
Cash	100	100
Cash at bank	32,000	32,000
Trade debtors	32,900	17,000
Stock on hand	125,000	100,000
Total Current Assets	170,900	129,100
Non-current Assets:		
Office furniture, equipment & motor vehicles – at cost	105,000	85,000

## From the Financials to the Business Return

This is not about how to prepare a set of accounts! This is vital information your staff need to know about completing the business return via the tax reconciliation, starting with the financial accounts.

## From extensive worked examples and comprehensive case studies, attendees will:

- ✓ Learn how to complete a business tax return, starting with the Profit and Loss Statement;
- ✓ Learn to look beyond the Profit and Loss Statement for deductions;
- ✓ Learn the tax reconciliation process from the financial accounts to the tax return;
- ✓ Learn why you need to reconcile Balance Sheet adjustments; and
- ✓ Learn about the ins and outs of trust & partnership distributions.

## ATTENDEES WILL RECEIVE

- ◆ Practical worked examples
- ◆ Extensive case studies
- ◆ Up-to-date rates & tables
- ◆ Enough information to get the return right, the FIRST time!!

## Topics covered in this comprehensive practical workshop

### The Small Business Entity (SBE) rules

We provide a plain english explanation of the SBE rules and address the following issues:

- ▶ Who qualifies as an SBE?
- ▶ How is the business return completed for an SBE taxpayer?
- ▶ Understand the changes to the SBE depreciation rules
- ▶ When can an SBE access the CGT small business concessions?
- ▶ A practical guide to all the concessions and benefits for SBEs
- ▶ Applying the prepayment rules for SBEs
- ▶ How do the trading stock concessions work for SBEs?
- ▶ Understand the reporting requirements for partners and beneficiaries for the small business 5% tax discount
- ▶ **NEW** company tax rates for small business! – manage your franking credits

### Income

What's in? What's out? Getting assessable income right is the first step to defend against an ATO audit.

- ▶ A comprehensive guide identifies which business proceeds are taxable
- ▶ How to correctly gross-up franked dividends
- ▶ How to treat employee contributions for fringe benefits
- ▶ How to treat distributions received from partnerships and trusts
- ▶ Dealing with personal services income
- ▶ How to correctly disclose net capital gains

### Expenses

We will work through the Profit & Loss to calculate business deductions and consider the tax treatment of important items, including:

- ▶ Bad debts – when is being 'bad' good enough for a tax deduction?
- ▶ Depreciation – understand the changes to the immediate write-off rules
- ▶ Making trading stock adjustments
- ▶ Dealing with adjustments for fines and penalties
- ▶ When is interest deductible?
- ▶ Motor vehicle expenses
- ▶ When can accrued salary and directors' bonuses be claimed as a tax deduction?
- ▶ Overseas and domestic travel
- ▶ Repairs and maintenance
- ▶ Meal entertainment expenditure
- ▶ Borrowing expenses
- ▶ Superannuation – what must employers do to ensure super is deductible?
- ▶ How to claim a deduction for 'blackhole expenditure'

### The Tax Reconciliation Process

We walk through the process of reconciling accounting net profit to taxable income. We show you how to use the profit and loss statement to identify reconciliation items.

### Calculation Statement

We work through the calculation statement for determining the total tax payable or refundable.

### CGT for Small Business

We walk you through the rules applying for the small business CGT concessions and show you the mechanics of how to reduce a capital gain.

- ▶ Who can claim the CGT concessions?
- ▶ Which assets are eligible for the small business concessions?
- ▶ Claiming the concessions in a company or trust
- ▶ Using the concessions to pay no CGT!
- ▶ What are the procedures for claiming the concessions?
- ▶ How do taxpayers elect for the concessions to apply?
- ▶ What labels are prepared on the tax return?

### Trusts and Partnerships

Unlike a company, trusts and partnerships generally distribute their income to others who pay tax on their share of income.

- ▶ How do you calculate trust income?
- ▶ Completing the distribution statement on a trust and partnership return
- ▶ What happens when a trust distributes to a non-resident beneficiary?
- ▶ When is a trustee assessable?
- ▶ When is a beneficiary assessable?
- ▶ How to calculate the net income of a partnership
- ▶ Can a partner's salary create a loss?
- ▶ How are capital gains treated in a partnership?
- ▶ Reporting on franked dividends and capital gains included in a trust distribution

## Comprehensive Case Study: Preparing the Business Return

The day will include a comprehensive case study, showing the process of completing the Business Return using the information contained in the financial accounts of a company.



## Cost and Registration Income Tax Basics Seminars 2017

**Registration:** Between 8.00am and 9.00am

**Duration:** 9.00am to 5.00pm

**Cost:** Includes comprehensive notes, tea and coffee on arrival, lunch, morning and afternoon tea

### Members of the NTAA

■ Each delegate per day: **\$459** (i.e., \$417.27 net of GST)

### Non-Members of the NTAA

■ Each delegate per day\*: **\$559** (i.e., \$508.18 net of GST)

*Note(\*): Registration includes 3 months full membership*

## Presenters

### Rene Chan

Rene is a Chartered Accountant with a Bachelor of Commerce degree and is currently completing a Masters of Taxation and has previously worked within private practice and at PWC.

Rene has over 10 years tax experience and is a Taxation Specialist with the NTAA. You may be familiar with Rene on the NTAA Hotline. Rene has also presented a number of NTAA seminars.

### Ben Kilkenny

Before joining the NTAA, Ben worked in public practice for eight years. Ben is a Chartered Accountant with a Bachelor of Commerce and Masters of Applied Taxation, and appears regularly on Tax on the Couch.

Ben has presented a number of the Back to Basics Seminar series and contributes to the writing of many other NTAA Seminars

### CPD/CPE Hours

The seminar allows for 6.5 CPD/CPE hours per day.

### Special offer to Non-Members

Please call and discuss the \$100 (approx) per day seminar discounts which are available to members of the NTAA for a low annual fee of only \$295, which includes a 12 month subscription to the monthly newsletter *Voice*, 3 FREE 10 minute telephone calls to our tax advisers plus discounts on most NTAA products.

### Vegetarian Meals

Vegetarian meals are available as an option at no extra cost. If you prefer a vegetarian meal, simply tick the box under the delegate name on the registration form.

Register online at  
[www.ntaa.com.au](http://www.ntaa.com.au)



## Cancellations or Transfers

It's necessary to charge a fee (see below) when confirmed bookings are cancelled. However, a substitute participant will be accepted. If a substitute is not nominated, a cancellation fee of \$99 will be applied.

### Cancellations

More than 5 full working days before the seminar:

■ cancellations incur a \$99 administration fee.

Within 5 working days of the seminar:

■ no refunds will be available for cancellations, although a full set of notes will be provided.

### Transfers

More than 2 full working days before the seminar:

■ a credit for the amount charged may be transferred to any other currently advertised NTAA seminar without incurring the \$99 administration fee.

Within 2 working days:

■ transfers incur a \$99 administration fee.

The NTAA reserves the right to cancel or reschedule courses, change speakers or revise content as necessary.

## Confirmation of Booking

Bookings will be confirmed via email, fax or mail – please include your email or fax number for a speedy reply.

**Please Note:** You must ensure that you receive written confirmation of your booking, otherwise you may not be booked into the seminar and may have to provide credit card details at registration. If you do not receive confirmation by fax **within 48 hours** of faxing your order or 72 hours of mailing it, contact us.

## Noise & Recording Policy

Attendees should be aware that in agreeing to attend the seminar, they must abide by the NTAA Noise Policy which specifically prohibits noise distraction to attendees and presenters, such as mobile phone use during the seminar, etc.

The NTAA reserves all rights to photograph, film or otherwise record the seminar, and seminar attendees consent to being photographed, filmed and/or recorded. Any unauthorised photography, audio or video recording of the seminar is strictly prohibited. Any person who fails to adhere to this condition agrees to delete any such unauthorised photograph or recording and they may be asked to leave the seminar venue.

## Privacy Act

We understand that some individuals prefer not to receive unsolicited brochures or promotional material.

If you do not wish to be sent any further promotional material please tick the "Do not mail me any more" box below and return the brochure in the original envelope writing Return to Sender (RTS) on the front and leaving the barcode legible.

We will remove your name from the mailing list or advise the list provider within a reasonable time.

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ABN: 76 057 551 854



# Income Tax Basics 2017 Registration Form



## Seminar Dates and Venues

No. of Delegates

This document will be a **tax invoice** for GST when fully completed and you make payment to National Tax & Accountants' Association Ltd.  
NTAA's ABN: 76 057 551 854

**NTAA Membership No.** \_\_\_\_\_

**Firm** \_\_\_\_\_

**Address** \_\_\_\_\_

**State** \_\_\_\_\_ **Postcode** \_\_\_\_\_

Telephone No. ( ) \_\_\_\_\_

Facsimile No. ( ) \_\_\_\_\_

**Day 1 Delegate 1** \_\_\_\_\_

Email address \_\_\_\_\_

Date of attendance \_\_\_\_\_

Please tick to have a vegetarian meal

**Day 1 Delegate 2** \_\_\_\_\_

Email address \_\_\_\_\_

Date of attendance \_\_\_\_\_

Please tick to have a vegetarian meal

**Day 2 Delegate 1** \_\_\_\_\_

Email address \_\_\_\_\_

Date of attendance \_\_\_\_\_

Please tick to have a vegetarian meal

**Day 2 Delegate 2** \_\_\_\_\_

Email address \_\_\_\_\_

Date of attendance \_\_\_\_\_

Please tick to have a vegetarian meal

**(Please print first name and last name)**

*Note: Please photocopy where more than two delegates.*

No. of seminar attendees \_\_\_\_\_

Total (incl. GST) \$ \_\_\_\_\_

Send cheque or provide credit card details

Mastercard  Visa  Amex

Card No. \_\_\_\_\_

Expiry Date \_\_\_\_\_

Name on Card \_\_\_\_\_

Signature \_\_\_\_\_

**M04 P04 T04**

Please retain this original document as your **tax invoice**

### Adelaide

#### **Hotel Grand Chancellor Adelaide on Hindley**

65 Hindley Street, Adelaide

Day 1: 8 June 2017 (Thur) \_\_\_\_\_

Day 2: 9 June 2017 (Fri) \_\_\_\_\_

### Brisbane

#### **Hotel Grand Chancellor Brisbane**

23 Leichhardt Street (Crn Wickham Terrace), Brisbane

Day 1: 5 June 2017 (Mon) \_\_\_\_\_

Day 2: 6 June 2017 (Tues) \_\_\_\_\_

### Canberra

#### **Hyatt Hotel Canberra**

120 Commonwealth Avenue, Yarralumla

Day 1: 1 June 2017 (Thur) \_\_\_\_\_

Day 2: 2 June 2017 (Fri) \_\_\_\_\_

### Melbourne

**P Limited spaces**

#### **Leonda by the Yarra**

2 Wallen Road, Hawthorn

Day 1: 19 June 2017 (Mon) \_\_\_\_\_

Day 2: 20 June 2017 (Tues) \_\_\_\_\_

### Parramatta

#### **Parkroyal Parramatta**

30 Phillip Street, Parramatta

Day 1: 15 June 2017 (Thur) \_\_\_\_\_

Day 2: 16 June 2017 (Fri) \_\_\_\_\_

### Perth

#### **Crown Perth**

Great Eastern Highway, Burswood

Day 1: 26 June 2017 (Mon) \_\_\_\_\_

Day 2: 27 June 2017 (Tues) \_\_\_\_\_

### Sydney

#### **SMC Conference & Function Centre**

66 Goulburn Street, Sydney

Day 1: 22 June 2017 (Thur) \_\_\_\_\_

Day 2: 23 June 2017 (Fri) \_\_\_\_\_

**P means: FREE PARKING at venue**

Fax credit card details to: NTAA on 1300 306 351	Post to: NTAA 29 Palmerston Cres Sth Melbourne VIC 3205	If you have any other queries please call (03) 9209-9999	Register online at www.ntaa.com.au
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