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## CHARTERED ACCOUNTANTS

## ClientFocus

Quarter 2, 2014/15

Welcome to the Quarter 2 edition of the 2015 financial year ClientFocus newsletter.

Time has certainly flown by so far this financial year with the silly season of Christmas already upon us. Please note our office Christmas hours below.

From all the staff at Giles Partners, we wish all, a happy and safe Christmas and hope the New Year is a prosperous one for you.

**OFFICE HOURS** Office Close: 12pm 23<sup>rd</sup> December / Office Open: 8:30am 5<sup>th</sup> January

### Change to Commonwealth Seniors Health Card eligibility

Current and prospective holders of the Commonwealth Seniors Health Card should be aware of changes made to the eligibility requirements of this entitlement. The income test that applies to this entitlement is being expanded to include tax-free superannuation income streams and lump sums (superannuation benefits) of you and your partner.

The measure will not affect current card holders who have a tax-free superannuation benefits introduced before January 1, 2015. However, where a person temporarily loses entitlement to their card after that date, any tax-free superannuation benefits (even one that arose before January 1, 2015) will be included for the purposes of determining

their eligibility to the replacement or new card.

Please also note that where a member of a couple is not yet entitled to a card after this date, but had a tax-free superannuation benefit commence before then, these rules may apply to the couple. The relevant tax-free superannuation benefit in this situation will not be used to determine the eligibility of the existing cardholder; however this benefit will be used to determine the income test eligibility of the member of the couple who did not hold a card as of January 1, 2015.

The other implication is that where either member of a couple enters into a tax-free superannuation income stream or receives a lump sum after this date, this income will be included for the purpose of both member's eligibility to a card, whether it be an existing card or a new card, being applied for after January 1.

### In This Issue

- Changes to Seniors Health Card
- Xmas Party – FBT Checklist

### Key Dates

#### December

21<sup>st</sup> – November monthly BAS/IAS due  
23<sup>rd</sup> – Office Closed

#### January

5<sup>th</sup> – Office re-opens  
21<sup>st</sup> – Dec monthly BAS/IAS due  
28<sup>th</sup> – Q2 Super Contributions due

#### February

21<sup>st</sup> – Jan monthly BAS/IAS due  
28<sup>th</sup> – Q2 BAS due

#### March

21<sup>st</sup> – Feb monthly BAS/IAS due

### Christmas Party – FBT checklist for business

With the Christmas party season upon us once again, make sure to check whether Fringe Benefits Tax will apply to any of your circumstances for your business/office function.

Christmas parties fall under meal entertainment fringe benefits. Of which there are various methods to choose how a fringe benefit is calculated. The actual basis which is based on actual cost to the taxpayer, the 50/50 or 12week log book method.

If the actual basis is used in calculating fringe benefits the following tax implications need to be considered:

Circumstance	FBT/Payroll Tax	Deductible	GST Credit
Food and Drink provided on premises (on working day)			
• Employee	No (1)	No	No
• Associate	Yes	Yes	Yes
• Associate (Minor Benefit)	No (2)	No	No
Food and Drink provided offsite			
• If property, expense payment or residual fringe benefit provided	Yes	Yes	Yes
• Minor benefit	No(2)	No	No

If Christmas gifts are provided to staff, there also may be some issues to consider as per below:

	FBT/Payroll Tax	Deductible	GST Credit
Non-entertainment examples			
• Gift Vouchers	Yes (3)	Yes	N/A
• Consumables	Yes (3)	Yes	Yes
• Toys & kids gifts	Yes (3)	Yes	Yes
If any of the above, or similar represent a minor benefit	No(2)	No	No
Entertainment examples			
• Movie Tickets	Yes (3)	Yes (4)	Yes
• Theatre Tickets	Yes (3)	Yes (4)	Yes
If any of the above, or similar represent a minor benefit	No(2)	No	No

- (1) An exemption for food and drink provided to employees (not associates) on a working day (only if actual basis is used).
- (2) Must be less than \$300 (also only if actual basis for valuing benefit used).
- (3) Are property fringe benefits, and must value using actual basis.
- (4) Some "entertainment" can be covered under income tax provisions, however deductions can be denied unless provided as fringe benefit

## Contact Us

If you have any questions regarding any of the above, or any other matter, please do not hesitate to contact the office on 08 9322 5366 or by way of email at the following addresses.

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