



**VICCA**  
CHARTERED ACCOUNTANTS


*A solutions based accounting practice™*

*Professional, Practical, Commercial*

**EXPERIENCE THE DIFFERENCE™**



C O M P A N Y   P R O F I L E



YOUR TRUSTED BUSINESS ADVISORS



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*Award Winning Firm*





## *Vicca Chartered Accountants is a solution based accounting practice*

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We specialise in providing individually tailored business solutions for high net wealth individuals, small to medium and large enterprises. In addition we provide ancillary services in areas of litigation support, contract negotiation, tax structuring for domestic and international operations and business structure and operations review.

At Vicca Chartered Accountants we pride ourselves on providing accurate, confidential and professional advice.





## *Our History*

Vicca Chartered Accountants was established in 1980 and originally traded as Poole and Vicca Public Accountants and thereafter Vicca Milligan Chartered Accountants. The company has since gained a reputation in the industry for providing innovative business services solutions to large businesses, high net worth individuals and family groups.

## *Driving client outcomes*

Our team is made up of experienced business advisors and investigative accountants who combine their knowledge of taxation, corporate and business law to create a unique skill set that allows Vicca Chartered Accountants to deliver our clients cost effective and measurable results.



## NOÉ VICCA

*Principal*

*Chartered Tax Adviser*

**International and Domestic  
Taxation and Business  
Services.**

Noé has been in practice for over 30 years. During this time Noé has been an active member of the CPA, a current member of the Institute of Chartered Accountants Australia and a Chartered Tax Adviser with the Taxation Institute of Australia. Noé has served and represented each organisation at either branch level or on various professional committees.

Noé has extensive tax knowledge which led him to, in 2000 with the advent of GST, publish and distribute a GST Practitioner Implementation Manual which was used Australia wide by Accounting and Taxation Practices.

Noé continues to provide comprehensive research and professional advice to the land, property development and construction industries along with extensive advice in taxation, corporate structuring, both domestic and offshore, business transactions and negotiations, long term wealth, estate planning and business protection outcomes.



## *International and Domestic Taxation and Business Services*

*Our vision is to be the trusted advisor to our  
clients in all areas of business and commerce. Vicca*

*Chartered Accountants aim is to assist clients to  
thrive both financially and commercially. “We love  
to see our clients expand and succeed in business...*

*we want to be part of our client’s DNA”.*





## KIRSTY CLUNE

*Taxation and Business Services*  
*Senior Manager*

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Kirsty has been with Vicca Chartered Accountants since 2008 having also held the role as a Business Services Manager with Vicca Milligan Chartered Accountants during her 4-year term early in her accounting career.

Kirsty's experience also includes 7 years in various accounting, finance and analytical roles with a large ASX listed company including credit and performance analyst position in financial market roles. Kirsty spent 2 years in the UK working in some of the world's largest investment banks in various accounting and analytical roles.



Having been exposed to this diversity of business experience coupled with her academic background, Kirsty brings a wealth of knowledge and experience to her role as a Business Services Manager. In her role as a Business Services Manager, Kirsty is supported by a team of qualified accountants who draw on inspiration and knowledge from her experience.

## OGGY GEORGIEV

*Taxation and Business Services*  
*Senior Manager*

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Oggy is a Business Services Manager with Vicca Chartered Accountants and has been with the firm since 2007.

Oggy has extensive experience in taxation and superannuation compliance, ATO audits and negotiation, QBCC licencing and general business consulting. Oggy is responsible for clients across a range of industries including Building and Construction, Property Development, Retail and Information Technology.

Oggy is actively involved in Brisbane's multicultural community and has held management roles in not for profit organisations.



In his role as a senior Business Services Manager, Oggy is supported by a team of qualified accountants who draw on inspiration and knowledge from his experience.

# Taxation in Australia

*We regularly receive inquiries from both locals and foreigners about the taxation system within Australia.*

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The main types of business entities

- Company
- Branch of a Foreign Company
- Partnership (sometimes referred to as a Joint venture)
- Trust (Discretionary or Unit)
- Corporate limited partnership
- Individual

The most common operating entity is an Australian incorporated company.

## TAXATION CONCEPTS

**Assessable income** includes most business revenue including gross income from sales and services, dividends, interest, royalties and capital gains.

**Allowable deductions** include most business expenses including depreciation, royalties, interest, management fees, and payroll taxes. Several items are specifically excluded, especially where expenses could be considered to be non-business in nature such as entertainment costs.

**Accrual accounting** is used for the majority of entities, although small businesses can instead account on a Cash basis. Some deductions for employee payments are always considered on a cash basis such as holiday pay, sick leave, long service leave and superannuation.

Prior year losses can be deducted against the current year profit, as long as either the Same Owner test or Same Business test are met. Capital losses are quarantined and can only be used to offset capital gains.

**Tax incentives** are available for certain R&D activities carried on by Australian companies.

**Strict transfer pricing rules** require international dealings to be on an arm's length basis which could impact interest, management fees, royalties paid to related parties overseas.

**Interest** on borrowings is not deductible where total debt to equity is greater than 1.5:1. Non-deductible

interest payments are still subject to withholding tax. These are the 'Thin capitalisation' rules and only apply to taxpayers with interest deductions greater than \$A500,000.

**Dividends** from the foreign subsidiaries of Australian companies are generally exempt from tax, but the credit normally received for foreign dividend withholding taxes is also lost.

**Franking Credits** are an imputation credit received for dividends paid by Australian Companies which have been previously taxed, effectively eliminating double-taxation in all-Australian structures.

## WITHHOLDING TAXES

### Dividends

Dividends from previously taxed profits (franked dividends) are not subject to withholding tax.

Unfranked dividends are subject to a 30% withholding tax, reduced under any applicable double tax treaties. Australia's tax treaties typically reduce dividend withholding tax to

0%- 15% depending upon the treaty country.

### Interest

Interest withholding tax is 10% and is generally not reduced by treaties.

### Royalties

Royalty withholding tax is 30%, generally reduced to 10% or less by treaties.

### Wage Tax/ Social Security Contributions

Employers are required to contribute 9.5% of each employee's ordinary time earnings (up to a quarterly salary cap) to an Australian superannuation fund. This rate is legislated to increase over time to 12%.

Employers must also withhold tax from each employee's regular salary and wages, which is then available as a Tax Credit to the employee.



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## State Taxes

The Australian states and territories impose a range of taxes and charges on business which are covered individually later on.

## Administration

Income tax returns are lodged annually, with a standard year-end date of 30 June. Substituted year ends can be granted by the Australian Taxation Office. A quarterly instalment system applies for income tax, with any balance payable 5 months after year end. State Taxes, FBT and GST are each subject to separate administrative rules.

## BUSINESS TAXATION

The Company tax rate is 30% and there are no branch profit taxes in Australia. Corporate Limited partnerships are also charged at the Company tax rate, while Partnerships and Trusts act on a 'pass-through' basis by 'distributing' their income to other entities which are then taxed.

## INDIVIDUAL TAX RATES AND TABLES

Australian Taxpayers are subject to tax on worldwide income. The following tables set out personal income tax rates for 2015-16 (including the Temporary Budget Repair Levy\*, but not the Medicare levy). Note that a person's income tax liability may vary depending on their circumstances.

\$0 to \$18,200	Nil tax payable
\$18,201 to \$37,000	19c for each \$1 over \$18,200
\$37,001 to \$80,000	\$3,572 + 32.5c for each \$1 over \$37,000
\$80,001 to \$180,000	\$17,547 + 37c for each \$1 over \$80,000
\$180,001 and over	\$54,547 + 47c for each \$1 over \$180,000
<b>Resident minors' tax rates on eligible income 2015-16</b>	
Up to \$416	Nil
\$417 to \$1,307	66% for the part over \$416
\$1,308 and over	47% on the entire amount

Up to \$80,000	\$32.5% for each dollar
\$80,001 to \$180,000	\$26,000 + 37% of the part over \$80,000
\$180,001 and over	\$63,000 + 47% of the part over \$180,000
<b>non-resident* minors' tax rates on eligible income 2015-16</b>	
Up to \$416	32.5% on the entire amount
\$417 to \$663	\$135.20 + 66% on the part over \$416
\$663 and over	47% on the entire amount
*Note: Non-residents are not required to pay the Medicare levy	

#The Federal Budget 2014-15 contained a proposal (now law) for a Temporary Budget Repair Levy of 2% applicable on taxable income in excess \$180,000. This in effect increases the highest marginal tax rate from 45% to 47% (before Medicare) and takes effect for three years from July 1, 2014 until June 30, 2017.

## GST (GOODS AND SERVICES TAX)

Goods and services tax (GST) is a broad-based tax of 10% on most goods, services and other items sold or consumed in Australia. This is similar to the Value-Added Tax (VAT) system found in many other countries.

### **Businesses and other organisations registered for GST are required**

- o include GST in the price they charge for their goods and services.
- o claim credits for the GST included in the price of goods and services they buy for use in their business.

## WHAT YOU NEED TO DO FOR GST

If you run a business or other enterprise and have a GST turnover of \$75,000 or more (\$150,000 or more for non-profit organisations) or you provide taxi travel – you need to:

- o register for GST.
- o work out whether your sales are taxable (that is, subject to GST, and not exempted because they are GST-free or 'input-taxed') and include GST in the price of your taxable sales.
- o issue tax invoices for your taxable sales and obtain tax invoices for your business purchases.
- o claim GST credits for GST included in the price of your business purchases.
- o account for GST on either a cash or non-cash (accruals) basis.
- o lodge activity statements or annual returns with the Australian Taxation Office, and pay the Net GST or receive a GST refund.

## CAPITAL GAINS TAX

Assets which have been acquired after the introduction of the Capital Gains Tax on 20 September 1985 are referred to as Capital Assets.

Generally this is all assets unless specifically excluded.

When capital assets are sold, the difference between the cost base (what it cost to purchase, with some modification) and your proceeds (what you receive for selling it) form the Capital Gain (where proceeds exceed costs) or Capital Loss (where costs exceed proceeds).

Despite being referred to as Capital Gains Tax (CGT), a capital gain is simply included in the normal Assessable Income for an entity and is not a separate tax. The distinction is relevant for a number of concessions and special case legislation, depending your situation.

If you make a capital loss, this loss is quarantined and can only be used to reduce other capital gains, either in the same year as the loss or in future years. The carried forward capital loss

is subject to passing either the same owners or same business test for each year until the loss is used.

Most personal assets are exempt from CGT, including your home, car, and most personal use assets, such as furniture. CGT also doesn't apply to depreciating assets used solely for taxable purposes, such as business equipment or fittings in a rental property, or trading stock.

For Australian residents, CGT applies to assets owned anywhere in the world. Foreign residents make a capital gain or capital loss if a CGT event happens to an asset that is 'taxable Australian property', which refers mainly to interests in Australian land or rights over land (including mining tenements or similar).



## FRINGE BENEFITS TAX (FBT)

Fringe benefits tax (FBT) is a tax employers pay on certain benefits they provide to their employees, including their employees' family or other associates. The benefit may be in addition to, or part of, their salary or wages package. The tax was introduced to capture benefits provided to employees which are not captured under the Income Tax law.

Fringe benefits tax is separate to income tax and is calculated on a modified 'taxable value' of the fringe benefits provided. The FBT year runs from 1 April to 31 March.

### Types of fringe benefits

Fringe benefits tax (FBT) law includes various categories of fringe benefits and specific valuation rules for each category.

You will need to pay FBT even if the benefit is provided to an associate of your employee or indirectly via a third party under an arrangement with you.

### The categories of FBT include:

- o Car fringe benefits
- o Car parking fringe benefits
- o Entertainment and fringe benefits
- o Expense payment fringe benefits
- o Loan fringe benefits
- o Debt waiver fringe benefits
- o Housing fringe benefits
- o Board fringe benefits
- o Living away from home allowance fringe benefits
- o Property fringe benefits (including real property, goods or shares)
- o Residual fringe benefits (benefits not covered by the above categories)



## SUPERANNUATION EMPLOYEE ENTITLEMENT

Companies who hire Australian temporary or permanent residents must consider the cost of the Australian Superannuation Scheme.

Superannuation is a social security scheme which requires that employers pay an additional amount into the employee member account of a Superannuation Fund for the purposes of their retirement.

Generally, if you pay an employee \$450 or more (before tax) in a calendar month, you have to pay super guarantee (SG) on top of their wages. The current SG rate is 9.5%, which is being progressively raised to 12%.

If your employee is under 18 or is a private or domestic worker, such as a nanny, they must also work for more than 30 hours per week to qualify.

You have to pay super for some contractors, even if they quote an Australian business number (ABN), where the circumstances of their contract are employment-like in nature.



### The superannuation guarantee applies whether the employee:

- o is full-time, part-time or casual
- o receives a super pension or annuity while still working
- o is a temporary Australian resident – when they leave Australia, they can claim the payments you made through a ‘departing Australia superannuation payment’
- o is a company director
- o is a family member working in your business – provided they are eligible for SG.

### The following employees are exempt from the Superannuation guarantee:

- o non-resident employees who work outside Australia
- o some foreign executives who hold certain visas or entry permits
- o employees paid under the Community Development Employment Program
- o employees temporarily working in Australia who are covered by a bilateral super agreement. You must keep a copy of the employee’s certificate of coverage to verify the exemption.
- o For non-resident employers only, resident employees working outside Australia

## STATE TAXATION - PAYROLL TAX

State governments in Australia levy a tax on the wages outlay of employers. The 2010 Harmonisation Joint Protocol resulted in the states progressively aligning much of their payroll tax legislation to similar obligations and due dates, although differences still arise in tax rate and threshold. Groups of companies are taxed as a single entity where their operations are significantly integrated or related.

### Current Payroll Tax Rates and Thresholds

State	Annual Threshold	Tax Rate
New South Wales	\$750,000	5.45%
Queensland	\$1,100,000	4.75%
South Australia	\$600,000	4.95%
Australian Capital Territory	\$1,750,000	6.85%
Victoria	\$550,000	4.90%
Western Australia	\$750,000	5.50%
Tasmania	\$1,010,023	6.10%
Northern Territory	\$1,500,000	5.50%

The Queensland and the Northern Territory thresholds operating on a sliding scale, resulting in payrolls above \$5.5 million and \$5.75 million respectively being taxed at the above rates as a net effective rate. All other jurisdictions levy rates only on payroll which exceed the threshold. Some companies are eligible for deductions, concessions and exemptions depending on State Law regarding incentives and exemptions.

## STATE STAMP DUTY

Stamp duty, also known as transfer duty or general duty, is a state tax levied on certain transactions such as motor vehicle registrations or transfers, insurance policies, leases and mortgages, hire purchase agreements or transfers of property (real, business or shares).

Stamp duty has not undergone a harmonisation as with payroll tax, and individual state legislations operates with a great variety in applicable transfers, definitions, rates and liability systems. It is highly recommended that specific advice be sought for the applicable state for any transaction which may result in stamp duty or its equivalents.

## LAND TAX

Land tax is an annual tax payable by owners of land and is applicable everywhere except for the Northern Territory. The laws between states are comparable but with some variations. Land tax is levied against the combined unimproved value of the owned taxable property. Individual's permanent residence is generally exempt from land tax. The rate of Land tax is applied on a marginal rate

system but the thresholds and rates varies by state.

Queensland operates different rates for resident individuals than for all non-resident individuals (including companies and property held by a trustee). Victoria applies an additional 'absentee owner surcharge' for all entities that are non-resident (according to the state definition).

## OTHER TAX RELATED MATTER REQUIRING CONSIDERATION

**GAAR** : General Anti Avoidance Rules

**MAAL** : Multinational Anti-Avoidance Law

**FIRB** : Foreign Investment Review Board

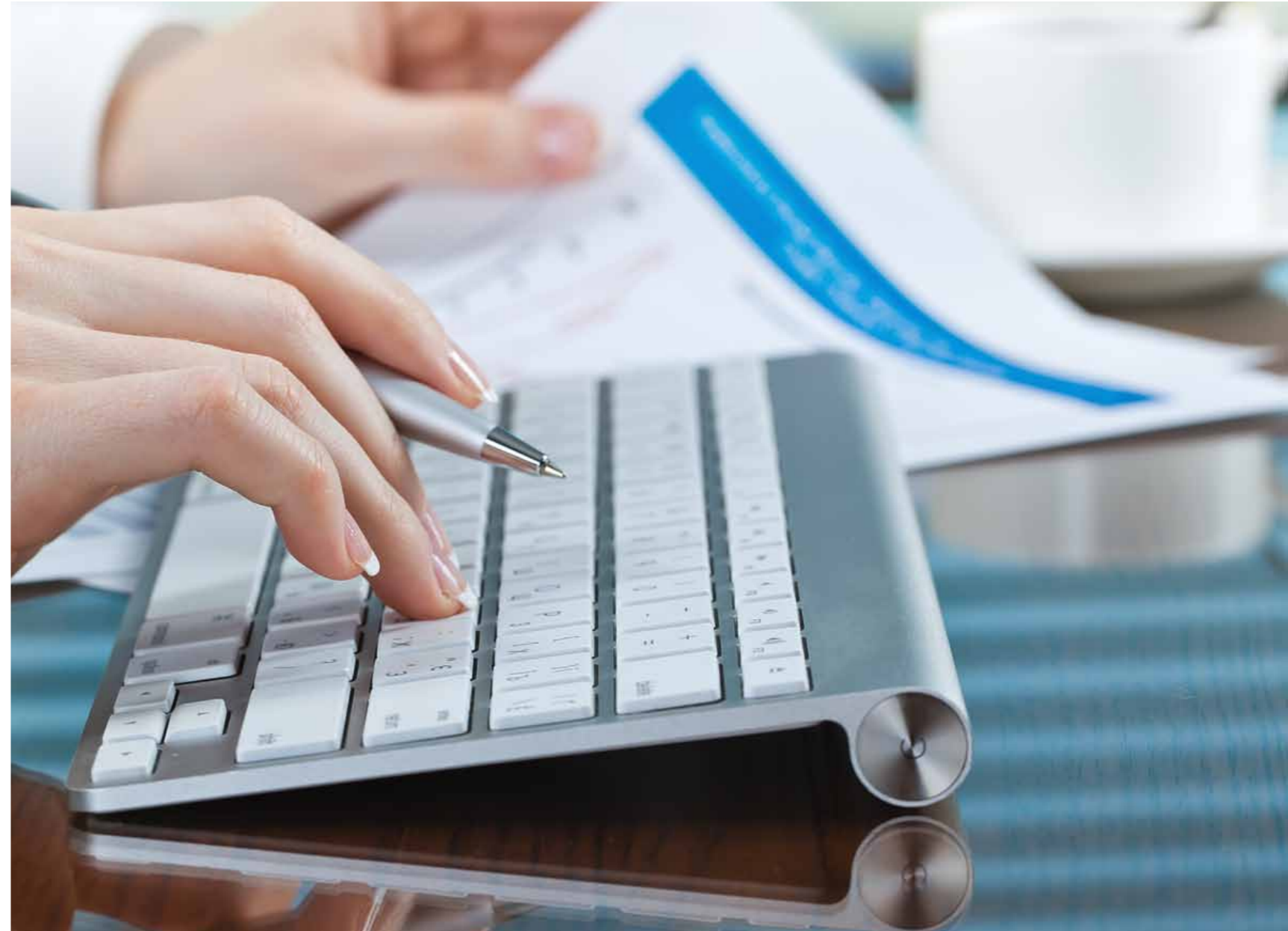
**OECD & BEPS** : Base Erosion and Profit Shifting

**Netflix Tax** : Goods and Services Tax (GST) on digital goods

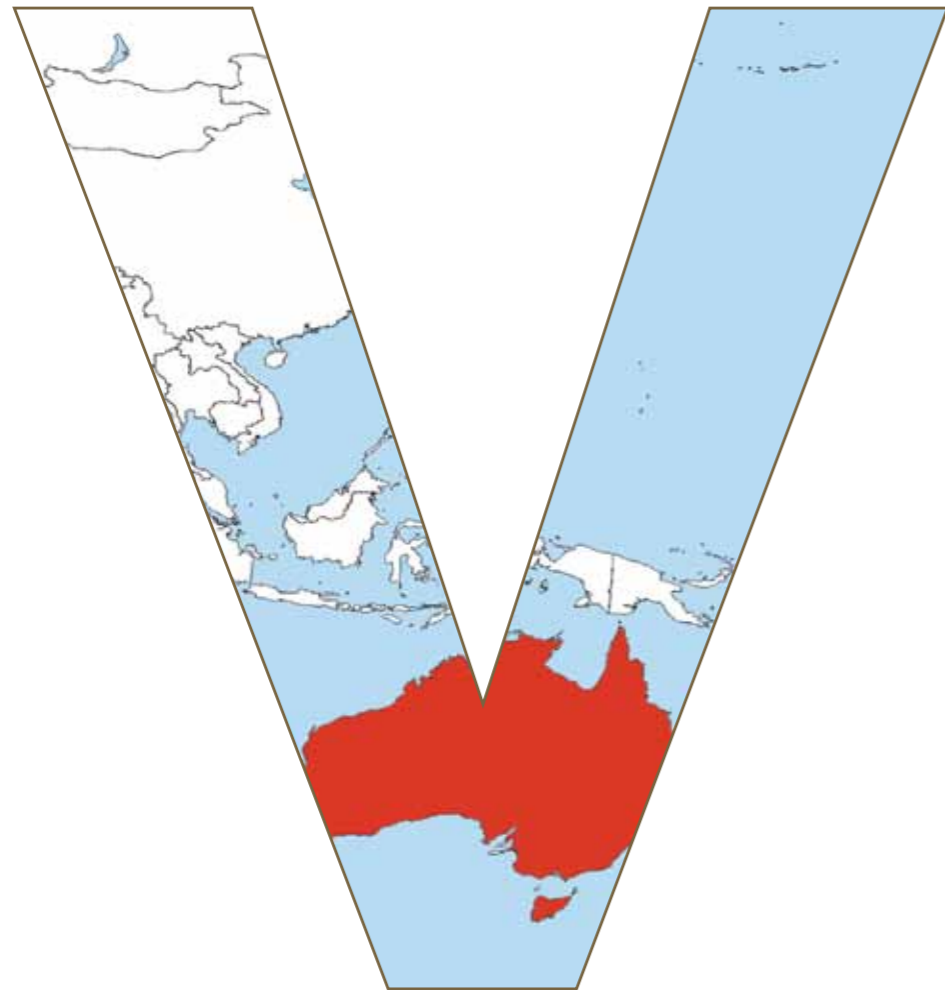
**TOFA** : Taxation of financial arrangements

**ASIC** : Australian Securities and Investment Commission

**WTR** : Withholding Tax Regime







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Vicca Chartered Accountants is globally minded both operationally and at an advice level. The international expansion of businesses into the global market is the way of the future.

*“If we want to survive as a nation, we need to break out of our comfort zone. We need to see ourselves as part of the global community and trade our goods & services into international markets”.*





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