



Newsletter June 2018

Already we are nearing the end of another financial year. For those of you who have been able to consider what you want to achieve going forward, we are here to help you with your goals which are often aligned with getting your finances in order. For those of you running a small business and trying to pay staff Super through the new system via the ATO Clearing House, they are having problems with their new system and it is taking up to three weeks for payments to register on the website.

Budget Essentials

This is a classic election year budget complete with tax cuts and no nasty surprises! The low & middle income tax offset will be introduced as a non-refundable tax offset of up to \$530pa to resident low and middle income taxpayers. This will provide a benefit of up to \$200 for those with income of \$37,000 or less.

- Between \$37,000-\$48,000 the offset value increases at a rate of 3 cents per dollar to the max benefit of \$530.
- Between \$48,000-90,000 receive the maximum benefit of \$530.
- Between \$90,000-125,333 the offset value will phase out at a rate of 1.5 cents per dollar.
- Effective 1 July 2019, the maximum number of members within Self Managed Superannuation Funds will be increased from four to six, allowing for great succession planning. This could provide a mechanism to avoid issues from Labors proposal to limit imputation credit refunds especially for retirees with adult working children.
- For those SMSFs with a good compliance record, the requirement for annual audits will be changed to a three yearly requirement. Those eligible need to have a clear audit history and a record of lodging returns on time for three consecutive years.
- Those aged 65-74 will not be required to satisfy the work test in order to make personal contributions to superannuation in the first year that they would otherwise not satisfy the work test. To qualify the individual must also have a balance of less than \$300,000. A work test is working 40 hours in a 30 day period.
- Businesses can no longer receive cash payments above \$10,000 for GST purposes.
- The \$20,000 immediate asset write off has been extended for businesses with an aggregated turnover of less than \$10 million allowing continued access this benefit for another 12 months to 30 June 2019.
- Effective July 2018, individuals receiving combined income of greater than \$263,157 from multiple employers can chose to nominate the wages from certain employers not be subject to compulsory Superannuation Guarantee (Compulsory Super) to avoid excess Contribution tax and shortfall charges when compulsory superannuation is over \$25,000. It can also be negotiated to receive the excess superannuation from those employers as additional income and taxed at their marginal tax rate.

Is your Accountant legally able to provide SMSF Advice?

From early September 2017, ASIC has been distributing letters to unlicensed accounting firms after analyzing their advertising and corporate websites, requesting further details about their services and demanding a response explaining their SMSF services. You might recall that a couple of years ago David qualified to be licenced in this area and his AFSL Licence number is now displayed on all letterhead and his website. If a firm is carrying on a financial services business when they are not licenced to do so, they are expected to provide ASIC with a written statement outlining the details of SMSF-related services they provide clients. In the lead up to the recent Royal Commission, ASIC are getting serious about enforcing fines of thousands of dollars to firms advertising services they aren't legally allowed to provide. If you are concerned that your accountant is given advice they aren't qualified to provide, looking them up on the Financial Advisers Register link here will assist. <https://asic.gov.au/for-finance-professionals/afs-licensees/financial-advisers-register/>

Super Changes from the 2017 Year Budget

Starting July 2018, the unused concessional (tax deductible superannuation contribution) cap can be carried forward to up to 5 years. This means that up to \$125,000 (less compulsory super) can be put into super over a five year period as long as the super balance is less than \$500,000. Those in their 50s (especially women who have increased their hours of paid work once children have finished school and mortgage repayments reduce) will benefit the most from catch up measures. It can also be a very good source of tax planning to reduce tax on bonuses and Capital Gains Tax.

Those under 65 years and those aged 65-74 who meet the work test are now able to claim a tax deduction for personal contributions to super up to the \$25,000 concessional contributions cap (inclusive of compulsory employer super contributions). Often small employers don't offer salary sacrificing to employees however they will now be able to make personal contributions. Self Employed contractors will be able to receive the same tax benefits as if they were salary sacrificing through an employer. Sale of share proceeds can be directed to personal contributions where tax is payable on the capital gains thereby reducing the amount of tax paid on the capital gains. Care is required to ensure the correct paperwork is lodged with the super fund soon after the end of the financial year. This is new so take care to get it right.

Clever Client - The TRIO Agency Pty Ltd

Founded in 2017 by Lee Sandwith, Rohit Thomas and Danielle McClurg, [The Trio Agency](#) is a business, marketing and design agency based at 16b Piper St, Kyneton. They work with both local and global businesses to support their growth including project management of large scale technical projects, strategy, design, marketing and the activation of public relations activities. After working with corporates, publics, start-ups and SMEs, the company was created with the understanding that many businesses were yet to realise the importance of the type of cross-discipline connectivity that brings real, sustainable growth. In less than a year, Trio have solidified a reputation as an agency that is authentic, engaging and result driven. The team are multi-disciplinary and have vast networks which have supported the business outcomes for their clients. Since inception they chose to work with us to support their planning and financial accounting needs and you can contact them on 0407 996 779.



Positive Worry Builds Resilience!

Anybody who has had a child go through the school system will be familiar with the tagline of the three P's – Patience, Persistence & Perseverance. We try and instill these qualities in our communities from a young age but what happens when your workplace becomes less productive because team members stew over problems that they can't change and dwell on the hardships and problems that they can change. Worry, self-pity and pessimism create a septic tank of negative energy that drains motivation, enthusiasm and activity. The solution requires people to flip their worry into positive expectations. If you can change your mindset where you have the sense that there is a conspiracy that the world is set up to secretly help you, then your whole philosophy alters. Start the day with a smile and a cheery 'good morning!'. People who are in a state of Pronoia (defined as the opposite state of mind to paranoid) will challenge how you communicate and ultimately broaden your horizons.

Centrelink

For those of you who are finding it difficult to deal with Centrelink for pension payments or completing forms, David J Gibney Pty Ltd provide a service which will liaise on your behalf about various issues. If you wish to take advantage of this service, all you need to do is sign a form saying that you are happy for us to liaise on your behalf and this allows Centerlink to discuss your situation with us and allows us to make arrangements on your behalf. This has been very helpful for people who are in the position of struggling with submitting Centrelink forms or finding their way through this complex system.

Quality Assurance Audit by CPA Australia

In early October 2017, we had our review by our governing body CPA Australia. Every 3-5 years, we are obliged to open our office and files for external assessment. We are delighted to report that we had very positive feedback with the Reviewer mentioning that our *“checklists & procedures were consistent and uniform, with detailed file notes of client communications indicating they are obviously serious about developing and maintaining a high standard QA system within the practice”*. As a firm we are delighted that our historically high assessment continues and it is reassuring for our clients that we obtain this regular external assessment.

Mid-Year Holiday Break

Please note that before the start of the new financial year, David will be on leave from 29 June – 16 July. The office will be very capably manned by our staff Joedy, Jo and Catherine – (the last two being qualified accountants). All end of year commitments will be attended to prior, however if you have something coming up that you would like to discuss, please make an appointment well before this.

Our energetic, knowledgeable and caring approach gives peace of mind.

If you need further information or to discuss your specific circumstances, please call David or Catherine at our office.

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