



Newsletter – Budget June 2023

Inevitably the cash that was being splashed around over the past couple of years to keep businesses going during the pandemic is now having to be repaid and several tax measures from the Victorian Budget (The COVID Debt Repayment Plan) handed down on 22 May have been put in place at the expense of small businesses.

In the federal budget, the small business instant asset write-off has been markedly reduced with conditions so if you are in the market for a new ute, tractor etc. then I suggest you make your purchases and have them in use before the end of June 2023.

The ATO will receive additional resources of \$40.2 Million to help it detect unpaid super payments because it is estimated that an astonishing \$3.4 billion worth of super went unpaid in 2019-2020.

The Goodish news

Small Business instant asset write off threshold is being decreased to \$20,000 for 2023-2024 and is only available for businesses with aggregated annual turnover of less than \$10 million. It applies on a per asset basis and means you can instantly write off multiple assets. Assets valued over \$20,000 (which can't be immediately deducted), can be placed into the depreciation pool and depreciated at 15% in the first income year and 30% each year thereafter.

Energy incentives for businesses with an annual turnover of less than \$50 million allows claims of an additional 20% deduction on electrification and improved energy efficiency expenses, but they need to be commenced or installed for use during FY 2024.

FBT rules for electric vehicles means the eligibility of plug-in hybrid electric cars will be sunset from 1 April 2025 from the FBT exemption for eligible electric cars.

Lodgment Penalty Amnesty for business with turnover of less than \$10 million to re-engage with the tax system. This is for businesses that didn't lodge their tax statements between the Covid affected period of 1 Dec 2019 and 29 Feb 2022.

The Payroll Tax-free Threshold will be increased.

1 Jul 2024 – from \$700,000 - \$900,000

1 Jul 2025 – to \$1,000,000 but use of the payroll tax threshold will be phased out between \$3 million and \$5 million payrolls. Build-to-rent properties enticement is available for eligible new properties where construction commences after 9 May 2023. Presumably this is to alleviate the rental property crisis and includes an increased rate for capital works tax deduction (depreciation of buildings) to 4% per year compared to the usual 2.5%. Some criteria apply.

There is no further extension for the 2023-2024 financial year of the temporary 50% reduction in the minimum annual payment amounts for superannuation pensions and annuities that has been available since the start of Covid. This means individuals receiving pensions aged between 65 and 74 will be required to withdraw a minimum of 5% of the opening balance of their pension account for the 2024 financial year. Individuals between 75-79 are required to withdraw 6%. Those with self-managed superfunds will need to make sure there is sufficient cash in the fund to pay the increased pension amounts.

The Bad news

1 July 2024 is the beginning of a transition to an annual property tax for commercial and industrial properties instead of stamp duty. 10 years after purchase of a commercial or industrial property post 1 July 2014 you will have to start paying the annual property tax which is 1% of the unimproved land value.

For those of you fortunate enough to own an investment property, a new COVID-19 debt temporary land tax surcharge will be imposed for the next 10 years. Your home is exempt, which means the value of your home is not included in your land holdings for land tax purposes. The surcharge on top of general land tax rates are as follows: -

- \$ 50,000-\$100,000 - \$500 flat surcharge
- \$100,000-\$300,000 - \$975 flat surcharge
- >\$300,000 - \$975 + an increased rate of land tax by 0.10%

The absentee owner surcharge rate also increases from 2% to 4% and the minimum threshold for non-trust absentee owners will decrease from \$300,000 to \$50,000. Note that the threshold for land held by an absentee trust remains unchanged at \$25,000.

From 1 July 2023, the land transfer duty pensioner exemption and concession threshold will be aligned with that of the first home buyers at \$600,000 and \$750,000 respectively and eligibility will be assessed on the total value of the purchase.

Data Security

Late last year, we implemented a platform called [Practice Protect](#) which is a 2 factor authentication login. We recognize the trust that you place in us when handing over sensitive data, passwords and access to our systems. This software is purpose built for accounting firms to help manage the flow and storage of data securely. While our servers, internet and firewalls are secure, it's often the sharing of data that can be problematic for accounting firms. Luckily, we've never encountered issues, but we've heard many stories of serious incidents caused by a lack of discipline in the accounting firms and this new system is part of the steps we've taken to keep your data safe. Some of the features that will give you greater peace of mind include:

- 2048-bit encryption - many times that of a standard password manager
- Password cloaking - our team will never see your user login details
- Timed, IP, and geo-specific access locks for our team
- Randomly generated mass password resets
- Total monitoring to ensure that your data is only accessed when provisioned
- One click user lockouts
- Compliance documents and regular team training

Email is the vehicle for plenty of cyber-attacks and scam attempts. With Practice Protect's email integration, we ensure that our email systems are under the same security parameters as our apps and passwords are. If our employees need to work out of the office, this system ensures data security for not just in-office team members, but also for remote ones.

New Wage Theft Laws

The Tax office has set an example of what may happen if you do not correctly calculate and pay your staff wages and Super in a timely fashion. Macedon Lounge became an example of the first Victorian restaurant charged under recent laws addressing wage theft and the owner faced 94 criminal charges for underpayment. [More can be read here.](#)

This law can also be applied to trades and other industries. Previously investigated reports are being brought before the courts. Lack of knowledge is no argument against this accusation as business owners are expected to be across their responsibilities.

- Make sure you are using the correct awards scheme.
- Check you are using the current superannuation guarantee rate (10.5%) increasing to 11% from 1 July 2023.
- Pay your superannuation no later than the 20th of the month following the end of the quarter (This allows time for processing)
- For more information visit: www.vic.gov.au/wage-theft-employer-information

Changes to Working from Home Deductions

As of 1 July 2022, you can claim a deduction using the revised fixed rate method of \$0.67 per hour or actual expenses (this includes working out the amount of electricity your computer, lamp, printer, etc. uses).

Records to keep for fixed rate method:

- Daily record of hours worked from home (applies from 1 March 2023). This can be a timesheet, diary, roster, etc. but cannot not be an estimate as allowed during Covid.
- One document for each of the listed running expenses which you have incurred during the year. Energy expenses, internet, mobile & home phone, stationery & computer consumables. Invoices/receipts for and records which demonstrate the income-producing use of any depreciating assets.

You may receive an email from the ATO advising you of these changes. You can find out more about calculating the actual cost [here](#).

Business Groups Flood Recovery Grants

Business Groups Flood Recovery Grants are [now open](#). Chambers of commerce, trader groups, industry associations and more, can apply for grants of \$20,000 or \$50,000 (excl GST) to reactive businesses in flood-affected regions. Like the previous 3 rounds of the Business Chambers and Trader Groups Program, grants will be awarded to business groups to deliver locally led projects that support small businesses to recover and thrive. Business groups must support a membership of businesses in flood-affected regions. Victorian multicultural Business Groups and Aboriginal Business Groups are encouraged to apply.

Cap on PTV Fares

For those who aren't aware, the State Government has implemented a [cap regional fares](#) for travel across the state. Previously the peak rate for an adult travelling return between Kyneton-Southern Cross on the same day was \$37 (off peak \$26) but from 31 March, this daily return ticket is now capped at \$9.20. The changes will provide more affordable and accessible public transport for commuters, students and those seeking medical support. This also aligns with Victoria's reputation as a livable and sustainable state and will help to increase interest in those considering a permanent relocation to all regions.

Kyneton Business Network

We always like to support local initiatives and we have been members of this group for many years attending networking events and keeping abreast of any changes in the community. Recently there have been changes on the committee and they are wanting to bring a group of people together from each business sector of Food, Retail, Arts, Professional, Trades and Media on the board. The aim is to build a stronger, relevant more resilient sustainable and well-connected business association as well as advocating to government and funding agencies including the shire council. Membership information can be found on the new Website <https://www.businesskyneton.com.au/>

Mid-Year Break

Please note that while our office will be staffed by our capable team members, David will be away from the office between 23 June and 16 July 2023. All end of financial year commitments will be attended to prior, however if you have something coming up that you would like to discuss in the new financial year, please make an appointment.

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

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

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