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Accountants

FOCUSED FINANCIAL GUIDANCE



Newsletter – June 2021 (Budget)

Since our last edition, Job Keeper has been removed and many businesses that have previously been propped up will need to adjust to achieve sustainable levels of ongoing trade. Rethinking practices, methods, and products to adapt to a new Covid flexible way of doing business. We are here to support any of our clients who feel they need to review the viability of their business whether it be in regards to business structure, product mix, or identifying and comparing profitability of different sections and services in order to maximize the potential of your business.

Another effect of Covid -19 we have noticed since our last Newsletter is an increase in demand for updating wills, particularly in the 55-64 age bracket but also unexpectedly in the 25-34 age group. We regularly remind clients about preparing for the future and apparently it took a pandemic to bring this into focus for people. If you do not have an up to date will, we recommend preparing one because although we hope for the best you never know what the future will hold.

Finally, please note that in this digital age, we have discontinued access to our fax machine.

Lockdown Relief

For Victorians impacted by the fourth lockdown which commenced on 27 May, there are a couple of Grants commencing from 3 June (& open for 3 weeks until 24 June) available for businesses operating in an industry that cannot operate under the circuit breaker restrictions that cannot work remotely. A list of [Authorised Provider and Authorised Workers](#) who were allowed to operate or leave home for work purposes during the lockdown is available for clarification by following the link. The [Business Costs Assistance Program Round 2](#) is for those in sectors most impacted by the circuit breaker restrictions and start at \$2,500 for regional business. It is limited with a focus on retail stores, hospitality and tourism and you have to have a nominated ANZSIC code to qualify. The other grant is [Licensed Venue Hospitality Fund 2020](#) which will allocate \$3,500 per eligible premises for eligible liquor licence and food certificate and also be open for three weeks. The figures above double for metropolitan Melbourne who have had an extended lockdown. We have reviewed our client list and identified which businesses were eligible before discussing about whether they require assistance with applications. Unfortunately a lot of our clients were disqualified from this benefit as you had to be GST registered, provide ABN and WorkCover employer numbers, identity documents, and attest that you have supported it's workers to get paid leave entitlements (not just stood them down for several days).

What's in the Budget for me?

Housing

For single parents with a deposit as low as 2%, the family Home Guarantee will provide 10,000 guarantees over 4 years to secure a homeloan. While the New Home Guarantee will provide 10,000 guarantees for first home buyers to secure homeloans to buy a newly built home or build one with only a 5% deposit. Additionally, the amount that can be released un the First Home Super Saver Scheme has been increased from \$30,000 to \$50,000. This will be more fully discussed in the section on superannuation.

Personal Income Tax

The Low and Middle income Tax offset (LMITO) will continue for the 2022 financial year. This rebate ranges from \$255 for a taxable income under \$37,000, to a maximum of \$1,080 for incomes from \$48,000 to \$90,000.

The Low Income Tax Offset (LITO) will also continue. For taxable incomes under \$37,000 you receive the maximum \$700. It reduces to nil at \$66,668.

Business Tax

The temporary full expensing measures introduced in the 2020-21 budget providing a deduction for the full cost of eligible depreciating assets to entities with aggregated turnover of less than \$5 billion will now be extended until 30 June 2023. This measure defers tax, it does not save tax in the medium term. The main benefit from this is in the timing of tax payments but can also be affected by variation in income between financial years depending on your business structure. An option to elect out of temporary full expensing is a useful planning tool for some businesses.

Tax Exempt Grants for Businesses affected by Storm and Floods

Small business recovery grants and primary producer recovery grants of up to \$50,000 and \$75,000 respectively that relate to storms and floods from rainfall events between 19 February 2021 and 31 March 2021 qualify as Category D grants provided under the Disaster Recovery Funding Arrangements 2018. This means they will be non-assessable non-exempt income for tax purposes (tax free).

Super – claim a tax deduction on your staff payments

If you use the Small Business Superannuation Clearing House (SBSCH), and intend to claim a tax deduction for employees super payments in the FY 2020-21, this must be done prior to 23 June 2021 to ensure processing time prior to the end of financial year. We recommend anyone making extra personal contributions to do so a week earlier than that. Superannuation Contributions are only treated as paid when the payments reach the superannuation fund, not when they are paid by the employer.

Superannuation – 4 significant changes

From 1 July 2022, the work test will be removed for those aged from 67 to 74 years old in relation to making non-concessional (after tax) contributions to superannuation. Making it the same terms as those for individuals under 67. The work test, however, will be retained for personal tax deductible (i.e. concessional) contributions.

At this time, the age for downsizer contributions into superannuation has reduced from 65 years old to 60 years. This is a one-off non-concessional (non tax deductible) contribution to super of up to \$300,000 from the proceeds of selling their principal residence owned for 10 years or more prior to the sale. Please note downsizer contributions do not count towards superannuation contribution caps and are permitted regardless of a total superannuation balance. This can be made to an individual and their spouse, even if only one of them was the owner of the property. Effectively this means assuming they each satisfy the conditions, a couple can contribute up to \$600,000 from the house sale.

The combined effect of these changes is to allow people from 60 to 74 years of age to invest more money in the low tax superannuation environment. With term deposit interest rates at record low levels, there are a range of investment opportunities available in superannuation that most individuals cannot access personally.

The amount of superannuation savings a first home owner can access to purchase their first home has increased from \$30,000 to \$50,000. As a general rule it works best for those whose personal income tax rate is above 30% or taxable income of \$45,000 with our current tax rates. Only “voluntary” contributions made since July 2017 can be accessed and at most \$15,000 of the contributions in any one year can be included in the withdrawal. Those wishing to access the full \$50,000 would need to build up voluntary super over several financial years. This works as an incentive to young people to increase their super contributions. Comparison website Canstar worked out potential extra savings of up to \$10,000 by using the maximum \$50,000 withdrawal amount.

A reminder that the compulsory employer rate of superannuation rises to 10% on the 1st July 2021.

Pension

Back in March 2020 as part of managing the Coronavirus pandemic, the Government temporarily reduced the minimum pension draw down rates for the 2020 and 2021 financial years. The 50% reduction has now been extended another year to 30 June 2022. The figures are:-

Under 65	2%
65-74	2.5%
75-79	3%
80-84	3.5%
85-89	4.5%
90-94	5.5%
95+	7%

What's the difference between Hacking vs Phishing?

Phishing is where the victim has inadvertently provided access by divulging personal information. Hacking is where the malware or spyware is either used to break into your systems or monitors / records your moves and keystrokes to gain access.

It has come to our attention that hackers have been able to intercept emails at the point of delivery. This occurred to one of our clients where they received an emailed invoice which had bank account details altered. Innocently they paid the account but the fraud was only discovered when a follow up request was made for payment. An example of how this can occur is [here](#). We encourage all our clients to operate with security on their computers and to be vigilant when using internet banking.

Please note that in all correspondence issued by our office, payment details will always be contained in our attached invoice and never included in the body of the email itself.

Inaugural Winner of the Young Gun of Wine 2021 Vigneron Award – Wilimee Wines, Ben Ranken & Sally Richardson

Back in December 2019 we ran an article on our Clever Client Ben Ranken of Wilimee Wines based in Goldie via Lancefield. Together with wife Sally, they have run the vineyard & winery since 2013 and Ben was recently awarded the Young Gun of Wine Vigneron Award of the year for 2021. This national award recognises excellence in sustainable viticulture & the quality of wines. We wish them congratulations and you can find out their suppliers or order their wines directly through their [website](#).

Mid Year Holiday Dates

Please note that David will be taking a mid-year break in July before the new financial year commences. If you have something coming up that you would like to discuss, please make an appointment well before this. Our competent team of Joedy and Jennifer will, of course, be here to answer any questions in our absence.

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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