

## YEAR END JUNE 2020

Dear Client,

Welcome to our Covid-19 year end newsletter. We have summarised the many changes in taxation & superannuation this year & trust our checklist will assist you in working through your tax obligations.

We are pleased to be able to assist you and encourage all clients to take the time to read this guide. We cannot meet our role as tax advisors unless we are supplied relevant information and so the following is provided to assist you in collating the information for your interview by telephone or in person.

We have adapted to Covid-19 by offering telephone interviews and have found these to work well. Traditional office interviews will continue but we request where possible that our interviews be by telephone.

To claim a tax deduction you should have receipts, diary records, home office diary of hours at home, car log books & other supporting documents. We can guide you at our interview regarding appropriate claims under the Income Tax Assessment Act. Our message again is: "substantiate your claims" but claim everything you should.

We will obtain substantial data from our Tax Agent Portal. However, this site omits important income information and will not supply tax deduction items such as fees on managed funds, union fees, donations, tools, stationery and subscriptions, so plan all your deductions, do not rely solely on the Australian Taxation Office (ATO).

The ATO were very aggressive last year and identified many individual and landlord clients who they believe claimed more than average. The Australian Taxation Office has accumulated extensive data on each occupation and are relying heavily on data matching for capital gains & other income areas. In audits, ATO expect receipts, diary notes, logbooks sometimes a letter from employers & other records to support claims for deductions.

**Also, we offer** a full range of personal and business services. These include;

- Business advice including setup and ongoing tax, management & accounting advice.
- Self-Managed Superannuation, Trust & Company advice, and establishment. This is a growing area.
- Introduction to real estate investment professionals.
- Introduction to mortgage lenders with extremely competitive packages.
- Insurance and financial planning services provided by carefully selected and trusted licensed advisers.

All staff undergo continuing professional development and we are confident that our practice is able to assist in any taxation, accounting, superannuation and business matters. Our team this year is unchanged with David, Graeme, Shane, Renee, Claire, Lachlan, Josh and Adam.

Referrals from satisfied clients have assisted to grow the practice yet again. We thank all who have sent new clients. It is a **compliment** that we sincerely appreciate. Should you know someone who could use our services, for taxation or business, please refer them to us or advise our office and we will contact them.

Our fee for preparation of a standard income tax return is only \$280 including GST. Additional fees may be charged for schedules such as depreciation, motor vehicle, investment, rental and capital gains. Fees reflect the complexity of your various taxation matters. Fees are tax deductible and should be paid at interview.

Office hours by telephone and in person will be extended in the tax season to allow prompt & efficient completion of your work. Please telephone our office to make an **appointment on 02 9683 6677.**

Yours faithfully



David M. Keddie

Fellow Certified Practicing Accountant

## 2019/20 Individual Tax Return Checklist

### Your Checklist

- Claims for deductions ✓
- Receipts for deductions ✓
- Car claims and log books ✓

*Please review the information below and contact our office if you need assistance.*

## Tax saving strategies prior to 1 July 2020

*A good strategy to reduce tax payable is normally to accelerate any income tax deductions into the current income year, which will reduce overall taxable income in the current year. Despite this, for the 2020 tax season, tax planning may require consideration of an individual's potentially reduced income as a result of the COVID-19 pandemic (where applicable), in which case a decision may be made to defer expenditure.*

The tax rates for resident (adult) individual taxpayers for the **2019/20** income year are as follows:

Taxable Income threshold	Tax payable <sup>1</sup>
0 – \$18,200	Nil
\$18,201 – \$37,000	19% of excess over \$18,200
\$37,001 – \$90,000	\$3,572 + 32.5% of excess over \$37,000
\$90,001 – \$180,000	\$20,797 + 37% of excess over \$90,000
\$180,001 and over	\$54,097 + 45% of excess over \$180,000

1. The Medicare levy of 2% generally applies in addition to these rates.

### Common claims made by individuals

The following outlines common types of deductible expenses claimed by individual taxpayers, such as employees and rental property owners, plus some strategies that can be adopted to increase deductions for the 2019/20 income year.

#### 1. Depreciable plant, costing \$300 or less

Salary and wage earners and rental property owners will generally be entitled to an immediate deduction if certain income-producing assets costing \$300 or less are purchased before 1 July 2020.

Some Asset purchases you may consider include:

- books and trade journals;
- briefcases/luggage or suitcases;
- calculators, electronic diaries;
- electronic tablets;
- software;
- stationery;
- tools of trade.

## 2. Clothing expenses

Purchase or pay for work-related clothing expenses prior to the end of the income year, such as:

- compulsory (or non-compulsory and registered) uniforms, and occupation specific and protective clothing;
- other expenses associated with such work-related clothing, such as dry cleaning, laundry and repair expenses.

## 3. Self education expenses

Consider prepaying the following self education items before the end of the income year:

- ◆ course fees (but not HECS-HELP fees), student union fees, and tutorial fees;
- ◆ interest on borrowings used to pay for any deductible self education expenses.

Also bring forward purchases of stationery and textbooks (i.e., those which are not required to be depreciated).

## 4. Other work-related expenses

Employees can prepay any of the following expenses prior to 1 July 2020:

- union fees;
- subscriptions to trade, professional or business associations;
- magazine and professional journal subscriptions;
- seminars and conferences;
- income protection insurance (excluding death and total/permanent disability).

*Note: When prepaying any of the expenses above before 1 July 2020, ensure that any services being paid for are to be provided within a 12 month period that ends before 1 July 2021. Otherwise, the deductions must be claimed proportionately over the prepayment period.*

## Information We Require

We will need you to have ready information to assist us in preparing your income tax return.

Please check the following and bring along payment summaries, statements, accounts, receipts, etc., to help us prepare your return.

### Income/Receipts:

- payment summaries for salary and wages; May be available from ATO.
- lump sum and termination payments;
- government pensions and allowances;
- other pensions and/or annuities;
- allowances (entertainment, car, tools);
- interest, rent and dividends;
- distributions from partnerships or trusts;
- details of any assets sold that were either used for income earning purposes or which may be caught by capital gains tax (CGT).

### Expenses/Deductions (in addition to those mentioned above):

- ◆ award transport allowance claims;
- ◆ bank and government charges on deposits of income, and deductible expenditure;
- ◆ bridge/road tolls (travelling on business);
- ◆ car parking (when travelling on business);
- ◆ conventions, conferences and seminars;
- ◆ depreciation of library, tools, business equipment (incl. portion of home computer);
- ◆ gifts or donations;
- ◆ home office running expenses:
  - cleaning
  - cooling and heating
  - depreciation of office furniture
  - lighting
  - telephone and internet;

- ◆ interest and dividend deductions:
  - account keeping fees
  - ongoing management fees
  - interest on borrowings to buy shares
- ◆ advice relating to *changing* investments (but *not* setting them up);
- ◆ interest on loans to purchase equipment or income-earning investments;
- ◆ overtime meal allowances;
- ◆ motor vehicle expenses (business/work related); We prefer the cents per kilometre rate for most employees and this has increased 2 cents this year to 68 cents per kilometre. Log book method works better for taxpayers with very high percentage of business use and requires a fresh log book every 5 years.
- ◆ rental property expenses
  - **Beware this is A Hot Tax office AUDIT target.** They have warned that they will double audits of rental property in 2020
  - advertising expenses
  - council/water rates
  - insurance
  - interest
  - land tax
  - legal expenses/management fees
  - genuine repairs and maintenance  
But not capital improvements.
  - telephone expenses;
- ◆ superannuation contributions that you made yourself to your fund;
- ◆ sun protection items;
- ◆ tax agent fees;
- ◆ telephone expenses (business);
- ◆ tools of trade.

### **Motor Vehicle – Also Major Audit target**

ATO are aggressively auditing clients who have claimed vehicle expenses. This is even occurring where the taxpayer has a car or travel allowance. A log book should be renewed every 5 years and all expenses regarding the vehicle must be recorded and receipted.

## **Superannuation Contribution Top Up**

Tax deductible superannuation contributions can be made direct to your fund without the need to salary sacrifice through your pay office. These payments are limited with all other employer contributions to \$25,000 maximum. Contact your super fund for details before 30th June.

### **Superannuation – take advantage**

- ◆ Employer guarantee still 9.5%;
- ◆ Government Co Contribution for low income taxpayers of 50c per \$1 up to \$500 into your super fund;
- ◆ Rebate of \$540 for low income spouse. You contribute up to \$3,000;
- ◆ Non concessional \$100,000 or \$300,000 for 3 years with restrictions.
- ◆ Maximum concessional (tax deductible) is \$25,000 for all ages. Since 1 July 2017 any taxpayer can contribute themselves and claim a tax deduction {No need to do it a salary sacrifice packaging}. This is a Major change and gives us a huge tax planning tool but we must act before 30<sup>th</sup> June.

Please call our office about this before 30<sup>th</sup> June

### **Audit Insurance**

The Australian Taxation Office and other Government bodies such as the Office of State Revenue are ramping up their audit procedures. Audit insurance covers all legal and accounting fees associated with the cost of the audit up to the value of \$10,000.

We encourage all clients to take up this insurance to ease financial and administrative stress throughout the process

### **Finally**

We look forward to assisting you with your taxation, business and financial affairs. COVID-19 has instigated a remote working environment and we encourage telephone interviews where possible. Over the next few months our office hours will be extended each day and we will also be available on Saturdays. Please book early through Renee or Claire to see David, Graeme, Shane, Josh, Lachlan or Adam.

Over our many years of professional practice we have selected quality suppliers of associated services. Our list of providers is constantly monitored through client feedback for their performance, reliability and professionalism.



### Why get a loan from a bank when you can get it from us?

In association with Mortgageport we can arrange home & business loans. Mortgageport specialises in financial needs of the clients of accountants.

We are able to arrange for you: **Lower interest rates - These benefits are gained because we do not have costly overheads and advertising. Funds are raised via the wholesale capital markets.**

Tailor built loans to suit your needs - **Each loan is tailored to your individual business needs as your accountants, we work hand in hand with Mortgageport to maximise taxation results. We understand your needs & will not forget you as soon as you are signed up.**

**Simple, hassle free processing & Quality service** - You deal with one person only and as we already know about your affairs we can complete paperwork with far greater efficiency than a bank can.

**Great Track Record** - Many clients have used Mortgageport over the past 6 years and I am pleased to report positive feedback & results.

### Cash Management

Macquarie is a leader in cash management solutions. Their new Cash Management Account offers a competitive interest rate, functionality that we expect from an every day cheque account and enhances efficiency in managing your Company, Superannuation and Trust accounts.

Also our relationship with Macquarie offers great efficiency to our firm via the ability to receive your Macquarie cash statements online. Consequently, the collection and subsequent search for missing bank info becomes a thing of the past.

### BUSINESS SERVICES

- \* Preparation of Financial Statements
- \* Feasibility Studies
- \* Preparation of Periodic Management Accounts and Reports
- \* Business Structure Advice and Formation
- \* Processing of Clients Sales and Debtors Transactions
- \* Payroll Preparation
- \* Cash Flow Planning and Management
- \* Budget Preparation and Planning
- \* Business Start Up Requirements
- \* Equipment Purchase Review
- \* Superannuation fund formation

### TAXATION SERVICES

#### Consultants to:

- Companies
- Trusts
- Partnerships
- Superannuation Funds
- Individuals

### GOODS & SERVICES TAX

- BAS preparation
- IAS preparation
- GST Registration
- Assistance with GST audits

### REFERRAL FOR FINANCIAL AND FUNDS MANAGEMENT SERVICES

- \* Funds Source Selection and Comparison
- \* Share and Business Valuations
- \* Leasing, Hire Purchase, Interest Only and Personal Loans
- \* Planning Investments Objectives and Strategies
- \* Installation of Accounting Systems
- \* Investment Portfolio Establish & Review

### COMPUTER SERVICES

- \* Assist in Evaluation on Purchase of Computer Accounting Software
- \* Client Data Processing Debtors Creditors, Cash Book and General ledger

### CORPORATE AND SECRETARIAL SERVICES

- \* Provide Registered Office Facilities
- \* Prepare & Lodgement of Annual ASIC Statement and other Statutory Documentation
- \* Company Incorporations
- \* Business and Company Names Searches and Registrations
- \* Preparation of Minutes of Meetings
- \* Liaison with ASIC Offices
- \* Maintain Company Statutory Registers
- \* Attend to Changes in Statutory Details of Companies and Business Names

### Negative Geared Rental Property

- Many clients will already know of Glen Wambeek & his property developments, which have had fantastic growth rates, and great tenancy levels.

We are pleased to be able to protect our clients from the sharks that are active in the real estate industry.

This is not a get rich quick scheme. It is long-term wealth creation and it is a lot easier than you would think.

Let Glen demonstrate how little you will invest and how much you can afford.

Rents collected and taxation refunds generated assist to make your contribution to an investment property as little as \$20 per week.

We can say this confidently as we have had similar properties for several years.

David & Graeme as well as many clients have acquired investment property through Glen.

Phone the office to arrange an interview.

### FINANCIAL PLANNING SERVICES AVAILABLE

Our firm is able to assist clients with financial planning services via our strategic alliance with Astute Wealth & Investment Advisers. This offer has been well received by the clients of Keddie & Associates as they seek unbiased and objective advice. Areas of expertise include:

- ◆ Superannuation
- ◆ Retirement and Redundancy Planning
- ◆ Tax Effective Wealth Accumulation
- ◆ Risk Management Strategies
- ◆ Estate Planning
- ◆ Company Superannuation
- ◆ Managed Funds
- ◆ Direct Shares

As valued clients we invite you take advantage of a professional consultation to appraise your financial situation.

Please refer to the attached end of year financial planning tips.