

## Talking Concepts

Edition 60

March 2019

### Start Single Touch Payroll Reporting Now

Single Touch Payroll (STP) changes the way employers report their employees' tax and super information to the ATO.

**All employers will be required to use Single Touch Payroll from 1<sup>st</sup> July 2019.**

Talk to your software provider to find out what you need to do to update your software and start reporting now.

If you do not have payroll software, the ATO have provided a list of companies who will make available low cost STP software (less than \$10 per month). The full list can be found at <https://www.ato.gov.au/business/single-touch-payroll/in-detail/low-cost-single-touch-payroll-solutions/>

You'll then be reporting the following:

- Payments to employees such as salary and wages
- Pay as you go (PAYG) withholding
- Super information

The way you pay your employees won't change however you must send to the ATO the information at the same time as you pay your employees. Concepts & Results and All Trades Bookkeeping can also assist you with reporting to the ATO through Single Touch Payroll on your behalf.

Micro employers (1-4 employees) will also have a number of alternative options that are not available to employers with 20 or more employees – such as initially allowing Concepts & Results or All Trades Bookkeeping to report quarterly rather than each time you run your payroll.

What you need to do:

You don't have to wait until it becomes law

Talk to your adviser at Concepts & Results or All Trades Bookkeeping about Single Touch Payroll today to start Single Touch Payroll reporting now.

### Scams targeting ASIC customers.

Scammers pretending to be from ASIC have been contacting Registry customers asking them to pay fees and give personal information to renew their business or company name.

These emails often have a link that provides an invoice with fake payment details or infects your computer with malware if you click the link.

An email is probably a scam and is not from ASIC if it asks you:

- To make a payment over the phone
- To make a payment to receive a refund
- For your credit card or bank details directly by email or phone

To help protect yourself from email scams

- Keep your anti-virus software up to date
- Be wary of emails that don't address you by name or misspell your details and have unknown attachments
- Don't click any links on a suspicious email.

You can also check your registration renewal date; ASIC will only issue a renewal notice 30 days before your renewal date. You can search for your business name on the ASIC website, <https://asic.gov.au/> and if it's outside their usual timeframe, it is most likely a scam.

If you would like to notify ASIC of a potential scam email, you can forward te entire email to [ReportASICEmailFraud@asic.gov.au](mailto:ReportASICEmailFraud@asic.gov.au)

### Tax Man Travels

Are you going away soon? Next time you're in the office, ask for a Tax Man and take him on an adventure! Send your photos to [concepts@cr.com.au](mailto:concepts@cr.com.au) for a chance to win a prize.



**Celebrate.  
Remember.  
Fight Back.**

Our team of 24 plus walked for 18 hours on 22 and 23 February to raise money for the Cancer Council.

We were support by many family and friends who came along to cheer us on and walk a lap or two with us.



**The team together with the support of many raised a total of \$7,203!** We have registered to walk again next year and our fundraising will commence very soon. Keep an eye out for emails with events coming up that you may like to participate in and support our team.

**RELAY FOR LIFE 2020.** Our team has already started fundraising for next year's Relay For Life. We have booked a Village Gold Class session at Fountain Gate 10.30am Sunday 26<sup>th</sup> May to see **ALADDIN**. If you are interested in purchasing tickets give Beth Campbell a call on 9569 5676 or email [bcampbell@cr.com.au](mailto:bcampbell@cr.com.au)

## Learn about Small Property Developments

From how to find the best location – through the build and sales process – to completion and settlement. Attend our introduction session and our informative workshop to learn our tips and tricks for a small development. Learn the pitfalls to watch out for and how to avoid them.

To register your interest and secure an invitation call Sue on 9569 5676 or email [scampbell@cr.com.au](mailto:scampbell@cr.com.au)



**Introduction to Property Development**

**6pm Tuesday 30<sup>th</sup> April**

**Intensive Property Development Workshop**

**9am Saturday 11<sup>th</sup> May**

## How to Find out if You've Got a Great Property Manager

Source: Australian Property Investor Magazine 14/02/2019

A sound property investment strategy will always involve the use of a property manager (PM). But PM's come in all shapes and sizes. They are not all created equal. However, most of the time you won't know this until you've been working with one for a few months. So how do you know if you've got a great PM? Time for an audit. Here are a few questions to think about:

### **They keep you updated with all maintenance**

From the initial request to invoice payment, your PM should keep you updated all the way through. To protect your asset they should fix things fast, and only use the best tradies, at the best rates to minimise your expenses.

### **They keep you updated with the market**

You shouldn't have to rely on the nightly news to know what's going on with the property market. Your PM should be giving you regular, relevant updates on your local rental market.

### **They come to you with suggested rent increases**

When it comes to renew a lease and review the rent, you shouldn't have to ask if the rent is accurate. Your PM should be discussing this with you way before the fixed term is set to expire, and they should be prepared, having completed a comparable market analysis of your investment property.

### **They have a determination to get your property leased fast**

Your PM should be determined to get your property leased. Determined means creating the most enticing advert with flattering photography. It means holding inspections during peak times. It means arranging private and second inspections with interested parties. It means following up all quality applicants, encouraging them that your house is the right fit for them. It means doing everything they possibly can to find the best tenant as fast as possible.

### **They find good, long-term tenants**

Not only do they find a tenant fast, but they ensure that the selected tenant is A- grade and long-term. High tenant turnover will kill your investment returns in the long run. Your PM should be renewing leases every year, not re-marketing.

### **They understand you have a mortgage to pay**

You are not a cash machine. You probably do not have money coming out of your ears. You are probably one of the almost 75% of Australian property investors that own only 1 investment property, and this is likely what's going to fuel your retirement. Therefore, your PM needs to understand that you are cash-conscious, and need to only spend what's necessary. They also understand that you need to pay your mortgage in full and on time every month, so if you've had a large maintenance or outgoing bill this month, they call you to let you know that you will need to dedicate a larger amount of your own money to the mortgage repayments this month.

### **They tell you what you need to hear**

Sometimes it's the brutal truth that will set you free. A poor PM will tell you what you want to hear. A great PM will tell you what you need to hear. Your PM should be working with your best interests in mind in every single decision they make for you and your property. So when your PM comes to you with some hard-to-swallow information, you need to have faith in them and trust their guidance. Do you?

### **They give you peace of mind**

Property investing is without a doubt the best investment vehicle there is (even though it can make you riddled with anxiety). The bottom line is that your PM should give you peace of mind, no matter what happens. If you're lying awake at night, thinking of all the things that can go wrong with your property/tenants/market, your afterthought should be absolute confidence that whatever happens, your PM will handle it.

### **Wrapping up**

I hope you've been conducting an audit on your PM while reading this article. By now you should know - do you have a great property manager? If not, perhaps it's time to seek one out.

## Dates to Remember

31 Mar	Fringe Benefit Tax end of year Remember to take your odometer reading
25 Apr	Anzac Day
28 Apr	Superannuation Guarantee contributions for March quarter due
21 May	FBT returns due
26 May	March 2019 BAS due if ELS lodged with C&R
30 Jun	End of Financial Year

## I See Sick People

*Except from an article on mental health in the workplace written by Mark Cottle from Frontline Accounting*

Is someone who is normally punctual starting to consistently show up late? What about someone who is normally reliable and starts taking excessive days off? And that's just getting to work – what about someone who normally produces quality work who starts to produce sub-standard work?

Think about your staff, colleagues, and friends.

Are they talking as much as they usually do, or are they quieter, and more inward than normal?

Do you catch them staring into space and wonder what they are thinking about?

Are they walking more slowly than normal?

Is their posture not as straight as it usually is?

Do they stare at the floor when they are talking to you?

I always ask the person three questions when a mental issue makes an appearance:

1. How much sleep do you get?
2. What does your diet look like?
3. Do you exercise regularly?

No doctor, psychologist, counsellor, or especially an accountant can fix someone else's mental issues. The best other people can do is help equip them with the right tools to navigate life or point them in the direction of someone who can help them.

While this topic is unpleasant and confronting, there is no need for paranoia. Most people are doing fine. Just educate yourself enough so you can identify and possibly help someone who is struggling, including yourself.

<https://www.beyondblue.org.au/>

<https://www.blackdoginstitute.org.au/>

<http://www.lifeline.org.au/>

# Superannuation

Source: Interprac Financial Planning

*The squirrel works hard in the withering heat all summer long, building and improving his house and laying up supplies for the winter.*

*The grasshopper thinks he's a fool and laughs and dances and plays the summer away. Come winter, the squirrel is warm and well fed.*

*The shivering grasshopper has no food or shelter so, he dies, out in the cold.*



## Squirrel Superannuation Version 2

All Australians in the workforce have the opportunity to gather super. Some will never make any personal contribution and simply rely on the employer to make compulsory contributions. Others will maximize contributions by undertaking a salary sacrifice. Some self-employed may never get around to looking at it at all, as they invest all of their cash in the business they call their future nest egg. No one has the answer to what the future will look like but, for me the story of the squirrel and the grasshopper is a sage one when thinking about super and gathering for tomorrow.

The employer gets most of us started. The challenge to build enough to retire on is a choice and in my opinion speaks to the story. The squirrel works hard in the withering heat all summer long, building his house and laying up supplies for the winter. The grasshopper thinks he's a fool and laughs and dances and plays the summer away. Come winter, the squirrel is warm and well fed.

A social worker finds the shivering grasshopper, calls a press conference and demands to know why the squirrel should be allowed to be warm and well fed while others less fortunate, like the grasshopper, are cold and starving. The press show up to provide live coverage of the shivering grasshopper; with cuts to a video of the squirrel in his comfortable warm home with a table laden with food. A Current Affair informs people that they should be ashamed that in a country of such wealth, this poor grasshopper is allowed to suffer while others have plenty. The Greens, the Labor Party, Greenpeace, Animal Rights and The Grasshopper Housing Commission of Australia demonstrate in front of the squirrel's house. The government argues the squirrel got rich off the backs of grasshoppers and it was not fair the squirrel was allowed to gather so much future supply when the environment to gather was so prosperous.

The amount you can gather each year is then reduced. From now on you can only gather 25,000 seeds per annum.

The press said that is not enough; squirrels still have too much and called for a cap on total accumulation and for an immediate tax hike on the squirrel's nest egg.

A new law is now being considered where the squirrel was told that he might have to pay tax, on tax, and give up any credits because he already had his 'fair share'. A tax increase was called for squirrels that had hoarded excess supplies. In response to pressure from the media, the Government drafts the Economic Equity and Grasshopper Anti-Discrimination Act, retroactive to the beginning of the summer. He is taken to court and fined for failing to hire grasshoppers as builders for the work he was doing on his home and an additional fine for contempt when he told the court the grasshopper did not want to work. The squirrel's food is capped to 1.6 million crumbs with the balance seized and re-distributed to the more needy members of society - in this case the grasshopper.

## The new rules were capped as follows

The non-concessional contributions cap is reduced to \$100,000 for members 65 or over but below 75.

Members under 65 years of age will have the option of contributing up to \$300,000 over a three-year period for members depending on their total superannuation balance.

The contribution and bring forward available to members under 65 is outlined in the following table.

## Contribution and bring forward available to members under 65

Total superannuation balance	Contribution and bring forward available
Less than \$1.4 million	Access to \$300,000 cap (over three years)
Greater than or equal to \$1.4 million and less than \$1.5 million	Access to \$200,000 cap (over two years)
Greater than or equal to \$1.5 million and less than \$1.6 million	Access to \$100,000 cap (no bring-forward period, general non-concessional contributions cap applies)
Greater than or equal to \$1.6 million	Nil



The total superannuation balance is determined on 30 June of the previous financial year.

When asked about how the squirrel felt about this, he simply shrugged his shoulders and said I am glad I gathered when the environment allowed me to and despite some wishing to penalize me for building a nest egg, I am secure for the future.

If we compare this to an adult grasshopper that has a life expectancy of about two months it makes sense to me to gather as many supplies as we are allowed to. So, when I can no longer gather I have choices and have a happy post gathering life without having to worry about what I should have done yesterday. Being able to focus on enjoying the present and having ample supplies for the future is a far better mindset.

## First Home Owner

Source: [www.sro.vic.gov.au](http://www.sro.vic.gov.au)

Buying your first home is a major financial decision so it's important to understand your financial responsibilities and what help is available to you

### 1. You can receive up to \$20,000 with the FHOG

If you are buying or building a new home valued up to \$750,000, you may be eligible for a First Home Owner Grant (FHOG).

If you are eligible for the FHOG and the home you are buying is in regional Victoria, you will receive \$20,000. If the home is not in regional Victoria, the grant is \$10,000. The home must be less than five years old to be eligible for the FHOG.

### 2. You pay stamp duty on your purchase

When you buy your home, you will most likely pay land transfer duty (otherwise known as stamp duty). How much you pay depends on your property's value, what you're using it for, if you are a foreign purchaser, and whether you are eligible for any exemptions or concessions.

### 3. There are exemptions and concessions

You may be eligible for, and receive, more than one exemption, concession or reduction from stamp duty for your property. In Victoria, these include:

- **First-home buyer duty exemption or concession** – a one-off duty exemption for a PPR valued up to \$600,000, or a concession for a PPR with a dutiable value from \$600,001 to \$750,000.
- **First-home buyer reduction** – a one-off duty reduction of up to 50 per cent for a PPR valued up to \$600,000 if you entered into your contract before 1 July 2017.
- **Off-the-plan concession** – a duty concession for an off-the-plan property, either as a land and building package, or as a refurbished lot.
- **Pensioner concession** – a one-off duty exemption or concession for a new or established home valued up to \$750,000.
- **Principal place of residence (PPR) concession** – a duty concession for when a property you buy, valued up to \$550,000, is intended as your primary home.
- **First-home owner with family exemption/concession** – a one-off duty exemption or concession for properties valued at \$200,000 or less.
- **Young farmer's exemption/concession** – a one-off duty exemption/concession for young farmers buying their first farmland property.

More information can be found on the SRO website. Alternatively, if Results Home Loans is attending to your First Home Owner loan then they can also assist you with your applications.



## Macquarie

### Term Deposit Rates

@ 18 March 2019

Minimum balance \$5,000

Interest paid at maturity

1 month	1.85% pa
2 months	2.00% pa
3 months	2.60% pa
4 months	2.60% pa
6 months	2.55% pa
9 months	2.50% pa
1 year	2.50% pa

## Has your 2018 Income Tax Return been lodged?

**Time is running out!**

**Call Ramona on  
9569 5676 to find out when  
your return is due.**

## Medicare Levy Surcharge

The Medicare levy surcharge is levied on Australian taxpayers who do not have an appropriate level of private hospital insurance and who earn above a certain income. It is designed to encourage individuals to take out private hospital cover, and where possible, to use the private hospital system to reduce demand on the public Medicare system.

The ATO will impose a Medicare levy surcharge if a taxpayer, or any of their dependants, does not have an appropriate level of private patient hospital cover and their income for surcharge purposes exceeds the relevant Medicare levy surcharge threshold.

Please ensure that you keep your private health insurance details up to date, including the addition of a new member to your family or when a child reaches the age when they are no longer covered under your policy.

For details on the income thresholds go to the ATO website and search Medicare Levy Surcharge

## Death benefit nominations

SMSF members can nominate who will get their benefits when they die.

A binding death benefit nomination directs the trustee to pay the benefit to a legal personal representative or a dependant. Without a binding nomination, the remaining trustees will decide how the benefits are distributed by considering the trust deed and super laws. The trust deed must be followed, even if it is different to the member's will.

To understand how death benefits can be paid you need to know who is a dependant. A dependant is generally a spouse, or someone in a close personal interdependent relationship, or a child who is under 18, has a disability or is aged between 18 and 25 and is financially dependent on the deceased. In regard to tax, any sum paid to a dependant of the deceased is tax free. It's not assessable income or exempt income. The SMSF doesn't withhold tax from the payment and the recipient doesn't include it in their income tax return.

A dependant can be paid a lump sum or an income stream. A non-dependent can only be paid a lump sum. If the death benefit is paid as an income stream, or is paid to a non-dependent or the trustee of a deceased estate, there may be tax to pay. Lump sums can be paid in cash or non-cash form, for example, shares or property.

The trustee may need to withhold tax from a death benefit. Working this out can be complex and will depend on a number of factors. If a trustee has to withhold tax, they must register for PAYG withholding and complete some other ATO forms.

It's wise to plan ahead. If there is a dispute over the payment of death benefits which can't be resolved, it may lead to costly court action. Clear guidelines in the trust deed will help prevent problems.

It is a good idea to review your Death Benefit Nominations whenever there is a change in your life circumstances. Make sure you do this for not only your SMSF, but also any retail or industry funds you may have.

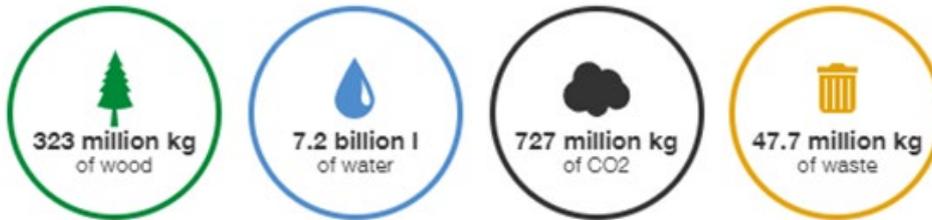
## Electronic Signatures

The Concepts & Results Group has made a determined effort over the last 12 to 18 months to move to providing documents to clients electronically and requesting electronic signatures via either Docusign or Xero.

We also now store all of our files electronically and are gradually putting a dent in archiving old files. Having electronic files is a more efficient way of running an office as it means our staff can access them wherever they are working and has improved efficiency in filing and workflow.

Please rest assured that the Concepts & Results Group take all reasonable steps to make sure that your personal information is protected from misuse, loss, unauthorised access, modification or disclosure.

Not only are we becoming more efficient, we are also helping the environment. DocuSign recently provided us with these interesting global figures which are updated every 2 weeks:



Savings of Wood	323 million kg is equal to 100 New York Central Parks
Savings of Water	7.2 billion litres is equal to 2,886 Olympic Pools
Savings of CO <sup>2</sup>	727 million kg is equal to 1,778 Freight Trucks
Savings of Waste	47.7 million kg is equal to 3,754 Garbage Trucks

## Interesting Facts About Your Specialist Quantity Surveyor

Most first-time property investors soon discover that they need a tax depreciation schedule and require a quantity surveyor to supply one. But what is a quantity surveyor and how do we come up with your depreciation deductions?

Usually, accountants or property professionals like a real estate agent or property manager will introduce property investors to a quantity surveyor. While the referrer will explain that a quantity surveyor's input is crucial when it comes to providing depreciation advice, they may not shed any light on what a quantity surveyor actually does. They are often mistaken for land surveyors, market valuers and even accountants.

The Australian Taxation Office (ATO) recognises quantity surveyors as one of only a few professionals with the appropriate estimation skills to calculate building costs for depreciation purposes. However, not all quantity surveyors are experts in depreciation. Some use their skills to plan expenditure on building works prior to or during construction for feasibility purposes or cost management. Depreciation experts, on the other hand, use a very particular set of skills to ensure your depreciation claim is maximised.

### What is tax depreciation?

As a building gets older, items wear out – they depreciate. Even if your assets remain in perfect condition, the ATO allows property owners to claim this imagined wear and tear as a deduction. Depreciation deductions can put thousands of dollars back in an investor's pocket each year.

At Concepts & Results we recommend using BMT Tax Depreciation Specialists.

## Division 293 Threshold

Division 293 tax reduces the tax concession on super contributions for individuals with income greater than the Division 293 threshold.

Income for Division 293 purposes is calculated by adding an individual's adjusted taxable income and superannuation contributions.

Division 293 tax is payable on the excess over the threshold, or on the super contributions, whichever is less. The rate of Division 293 tax is 15%.

Income year	Threshold
2017–18 onwards	\$250,000

If you are not sure if you will be liable for Division 293 tax, call our office and speak to your adviser BEFORE 15<sup>th</sup> June.

## Fax no more.....

The Concepts & Results Group no longer has a facsimile facility.

We can communicate with you via telephone, email, post and in person.

If however you have no other means of getting information to or from our office please let us know and we will make arrangements to send/receive a fax at our local Post Office.

We hope that this does not cause any inconvenience to any of our clients.

## Bet you didn't know..

? Your tongue is the only muscle in your body that is attached at only one end.

? Kites were used in the American Civil War to deliver letters and newspapers

? When a person dies, hearing is the last sense to go. The first sense lost is sight

? Soldiers do not march in step when going across bridges because they could set up a vibration which could be sufficient to knock the bridge down

? The University of Alaska spans four time zones

? Peanut oil is used for cooking in submarines because it doesn't smoke unless it's heated above 450F



### Concepts & Results Group

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### \*DISCLAIMER

Whilst all care is taken in the preparation of this material, the information provided is of a general nature and individuals should seek advice as to their own specific needs.

Accordingly no responsibility for errors or omissions is accepted by the company or any member or employee of the company.

If you have any questions or comments regarding any items in this newsletter simply email Sue at [scampbell@cr.com.au](mailto:scampbell@cr.com.au)

**NEXT ISSUE DUE OUT**

**1<sup>ST</sup> JUNE 2019**