

Dear Client,

Another year has flown by bringing with it, its own set of challenges. We hope that you are continuing to find your way through.

Here is a quick wrap of things to consider coming up to 30 June.

We would like to extend an extra big thank you for your support and patience as we have weathered our own set of challenges, particularly in the last few weeks. We look forward to working with you again in the 2023 financial year.

Stay Warm!

Best Wishes & Kind Regards,

GSC Accountants Pty Ltd



BUDGET 2022

We await the new Labor government's budget to be handed down in October. We do not expect the previous Coalition budget items that remain outstanding to be passed. The keystone of that budget was a temporary reduction in fuel excise.

SUPERANNUATION GUARANTEE

This will increase to 10.5% as of 1 July 2022. For employer clients, please ensure that your payroll system has updated before processing your first pay of 2023. The \$450 monthly threshold has also been removed and most wages items will now incur compulsory superannuation from dollar 1.

Please always ensure that your superannuation is paid on time or it is no longer deductible.

SUPERANNUATION WORK TEST

From 1 July 2022, people aged 67 to 75 will now be able to make personal contributions to their superannuation funds without the need to pass the work test. This will still apply though where you wish to claim the contribution as a tax deduction and is subject to the contribution limits.

SINGLE TOUCH PAYROLL

For any employer clients, including those with only related party employees, you should now be single touch payroll compliant. Please contact the office if you require assistance with this.

ATO DEBTS

During the last few weeks, it has been well publicised in the media, the ATO has moved from assistance to debt collection phase. Please do not ignore letters from the ATO in relation to collection of outstanding amounts. Where cash flow is currently difficult, negotiate a payment plan. The ATO will be far happier and less likely to take compliance action if dialogue is opened with them.

DIRECTOR ID

For those clients who are Directors of a company, we will be sending instructions in the next few weeks on how to apply for a new Director ID reference number. A Director ID is a unique (15-digit) identifier that a director

DID YOU KNOW.....

- The onus is on the taxpayer to keep all records regarding your tax affairs for the requisite period.
- An entry on a credit card statement is not sufficient proof for a tax deduction or GST claim. You must keep the accompanying tax invoice.
- When claiming GST, all amounts over \$75 must have a valid tax invoice or the GST cannot be claimed.
- Struggling to keep receipts for smaller amounts? Consider an electronic storage. Simply take photos and upload them to cloud folders eg Dropbox or iCloud. Or there are specialised apps. Let us know if you need assistance with this.
- For fuel, consider getting a fuel card that will send you a monthly statement that suffices the ATO.

Records you need to keep | Australian Taxation Office (ato.gov.au)

Record keeping for business | Australian Taxation Office (ato.gov.au)

AUDIT INSURANCE

We offer a service where you can elect to take out insurance to cover additional accounting fees incurred in the event of an audit by various government departments, including the ATO. Renewals will be sent shortly to those who have previously participated. If you do not currently participate and would like to be included, please contact the office.

Tax Audit Insurance | Accountancy Insurance

will keep forever (even if they cease being a director). This additional layer of identification verification has been introduced to prevent the appointment of fictitious Directors and facilitate traceability of an individual Director's profile and their relationships with companies over time.

2022 FINANCIAL YEAR END CONSIDERATIONS

Things to consider with 30 June just around the corner:

1. Income is not assessable until it is either invoiced or received in cash. This depends on whether your account on a cash or on an accrual basis. The timing of when an invoice is issued leading up to the end of the financial year can have a significant impact on the year-end tax result.
2. Please review your debtors and advise us of any bad debts to be written off.
3. Businesses are still able to take advantage of accelerated depreciation to 30 June 2023 if they require any equipment.
4. Business owners who have borrowed from their company, triggering Division 7A, and have existing loan agreements in place should ensure the minimum loan repayment including interest has been made before 30 June 2022.
5. Division 7A also applies to distributions from Trusts. Impact can be minimized by physically transferring any owing amounts.
6. Businesses with staff should consider making their compulsory superannuation contributions prior to 30 June 2022 as these are only deductible when paid. Electronic contributions are only taken to be paid when they are received by the super fund and so it is important to note that the processing through superannuation clearing houses can take up to 7 days. Please ensure that you process them as soon as possible.
7. Business who hold stock, please ensure you complete a stock count as at 30 June 2022 to ensure that you are carrying the correct value to your records.
8. If you have made a taxable capital gain during the year, you might want to consider the sale of other assets you hold, that will create a capital loss, to offset against the gains.
9. Donations should be made to deductible gift recipients prior to the end of the financial year if you wish to claim them. You cannot claim a deduction for a donation for which you receive something of value in return. Please note that making donations cannot create a tax loss.
10. The ATO is heavily focusing on the rise of Cryptocurrencies. Gains & losses are taxable like any other financial products. Please ensure you provide information so that it can be included in your return should this apply to you.
11. Any clients with a SMSF, please ensure that you have withdrawn your minimum pension for 2022. Drawdown relief applies for 2021/2022 year.

CAR LOG BOOKS

Every time you purchase a new car and then at least every 5 years after that, where you claim motor vehicle expenses, you are required to keep a logbook to determine the private portion of the expenses that you cannot claim. This includes where cars are owned by companies. You may also update your logbook in between time if your circumstances change dramatically. [Please ensure that your logbook is up to date.](#) You can purchase a paper logbook from the newsagency or Officeworks or there are several online options (charges may apply) if that appeals:

- [Australian Taxation Office on the App Store \(apple.com\)](#)
- [EzyCarLog](#)
- [Travel Logs - Vehicle Logbook for Apple iPhone, iPad and Android. Automated GPS vehicle logbook with expense and credits tracking in ATO FBT format.](#)
- [Mileage Tracker App by Driversnote](#)

You must also keep a log book where you use the cents per KM method to claim specific work related trips. This can be done using the methods above or more simply in a excel spreadsheet.

HOME OFFICE EXPENSES

An increasing number of employees are working from home and will continue to do so. Please see a quick reference table in relation to claiming these expenses including the shortcut method which ends 30 June 2022.

	Actual Cost Method	Fixed Rate Method	Shortcut Method
Heating, cooling & decline in value of office furniture	Work related portion of actual costs	52c per work hour	80c per work hour
Phone & internet expenses	Work related portion of actual costs ¹	Work related portion of actual costs ¹	Included in the 80c per work hour
Decline in value of equipment and furniture	Work related portion of actual costs	Work related portion of actual costs	Included in the 80c per work hour
Dedicated work area	Yes	Yes	No
Occupancy expenses	No	No	No
Period covered	Ongoing	Ongoing	Ceases 30 June 2022
Eligible taxpayers	Employees	Employees	Employees & Business Owners
Record keeping	Work hours and expenses incurred	Work hours and expenses incurred	Work hours only

¹When claiming work related expenses, you should have a logbook determining your expense claim for items such as mobile phone or home internet use. This can be done by dissecting a month's phone bill or keeping a log of the hours the internet is used for a period of at least 4 weeks. With mobile phone expenses consider whether it is the device or the actual data plan that you need for work. [Phone, data and internet expenses | Australian Taxation Office \(ato.gov.au\)](#)

TRUST DISTRIBUTIONS

The ATO has announced a major crackdown on the taxation of family trusts, in particular where they make distributions to adult dependent children paying tax at lower rates, or company beneficiaries. Many family groups will urgently need to reconsider how they are using their family trust. The ATO view is still currently in draft form but is not expected to change. S100A does not seek to apply where the adult children enjoy the benefit of the money distributed to them, but will apply to funds that ultimately end up with the parents. Parents might consider restructuring any financial support that they provide the adult children to not fall foul of these rules.

Please let us know if you have any questions or comments about the content of this newsletter.

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Professional Standards Legislation

While the ATO can chose to apply this dated back to 1 July 2014, the ATO have confirmed it will not be retrospectively applied. It is worth noting that Trusts have been the targets of Labor governments in the past and we could possibly see further changes in this area.

PRACTICE SOFTWARE UPDATE

As of 1 July 2022, the practice will be changing to be a Xero practice. This will not affect you or the way we provide our service to you, your documentation will simply look different to what it has previously. This decision was made so we could become a completely cloud practice, which would have not been possible had we stayed with MYOB. For those clients using their own versions of MYOB, you are not required to change software, this is for us internally and we will continue to work with you as you are.

While Xero will be a central part of our new online ecosystem, we have implemented additional products to assist us in providing information to you. Some of you may have already seen them.

- FuseSign – this is to electronically sign documentation including tax returns, ASIC/corporate documents and financial statements. It does not require you to set up a password like the previous MYOB portal and is much easier to use. It has 2FA (2 factor authentication) for additional security. When receiving your documents to sign, you will need to press the button for the code to be sent to your phone.
- FuseSign will also send your corporate (ASIC) documents to you for signature with have been generated from our corporate affairs software called CAS360.
- ATO Smart Docs (Hub DDSlive centre) – this is to securely send you all your ATO correspondence. You will receive a text message at the time of us sending the email with a code to access the document.

If you have any trouble or concerns with our new software, please contact the office.

This software is there to safeguard your private information in a world that is more online than ever before. But being online is not without its dangers.

For your own safety, we strongly encourage you to:

- Use 2FA for your online access where possible.
- Never send your tax file number unprotected in an email.
- Be wary of using bank account details sent it an email. Confirm them by phone. Text in the body of emails can be changed by hackers.
- If you are ever concerned about the providence of an email, never open it until you have confirmed with the sender.