

Chapell & Associates

MONEY MATTERS\$



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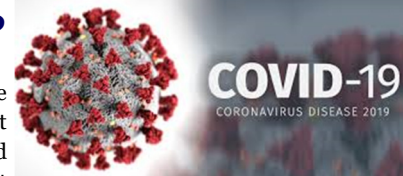


End Of Financial Year Due Dates

- Payment summaries & group certificates are due to be lodged with the ATO by **14 August 2020** and provided to staff by **14 July 2020** (generally now through MyGov)
- Payroll Tax annual summary and adjustments are due on **21 July 2020**
- All Superannuation for 2019/2020 must be paid by **28 July 2020**
- 2020 income tax returns where 2019 tax returns were lodged late/not lodged are due on **31 October 2020**
- Please note your private health insurance providers may send your tax statements to your MyGov account instead of emailing them to you

COVID-19—Where are we Now?

What a 6 months' this has been! Besides the pandemic itself, the mass disruption to our lives, the economy, business and employment and in many cases unemployment. We most certainly understand that it has been an extremely stressful time for many, and it is not over yet.



HELP - Please, if you are doing it tough and wondering if there is anything for you, personally, or in business, call us, so we can make sure you are accessing all benefits and support that are available to you. Please realise that in these rapidly changing times, the government laws relating to assistance is subject to change at any time, but below is what we know at the moment.

Forecast the future - The most important thing that we can suggest to you whether it is personally or for your business, is that if your income is affected by Covid-19 restrictions or just the economy in general, please do a budget so you know what to expect in the future. For businesses we cannot suggest strongly enough that you should be doing a 3 Way forecast of Profit & Loss, Cashflow and therefore predicting your balance sheet by month for the next 12 months, so that you can forecast the effects of different scenarios and be ready for what comes next. You may need to go early for finance assistance, or change you method of marketing or change your employees, but there are always options and forewarned is for-armed.

Cash Boost - this is non assessable non-exempt income and if your business received the cash boost this is disregarded in your tax return - no tax payable on it. If however, the cash boost was received by your company - it is tax free to the company, but not to the shareholder if they were to withdraw it, as that would be a dividend to them.

The cash boost was not applied for - the ATO automatically assessed whether your business got it. Please remember, if you qualified the minimum was \$10,000 between March and June and the maximum is \$50,000. What you received to date by June, you will receive again between July and October - so long as there is business and payroll activity, lodged with the ATO.

If your payroll registrations were not up to date at 12 March, then we have the ATO disallowing your access to the cash boost - we are still trying to provide enough evidence to get you the cash boost - but as discussed at the time - this may fail.

JobKeeper - another new term and benefit. I think that everyone is aware by now that if your income decreased by 30% or more compared to same time last year you are eligible for JobKeeper. There are also a series of alternate tests to consider if you fail the basic test. Not everyone gets JobKeeper but if you do or did qualify, then once you qualify you continue to get the benefit to September 2020 or until the government changes the rules. Just because you failed in April or May, you might still qualify in June through to September, so please if you don't know for sure, contact us to review your eligibility.

Yes with JobKeeper your eligible employees for which you claim must be paid at least \$1,500 per fortnight and they must have been paid that by 8 May for April, or actually in the fortnights for which you claim - not paid later when you get the money. If you are claiming as an eligible business participant- then the \$1,500 does not have to be paid to you.

Please, if you have any questions call us because this benefit will continue to September unless the government changes the rules.

Early Access of Superannuation - if you have lost your job or had your hours reduced by at least 20% since January, then you can apply through your personal MyGov account for early release of up to \$10,000 in superannuation, before 30 June 20. It will be tax free. Some client's, who qualify for the release but do not need the money just to live, have looked at taking the drawing and recontributing the funds into superannuation as a tax deduction. Yes, you need to consider your personal financial situation and seek financial planner advice on this. But it might be worth considering.

I have not discussed JobSeeker or any other assistance that may be available via Centrelink as it is not our area of advice, but if any of our clients are receiving JobKeeper as well as JobSeeker, this would need some attention. Nor have I discussed some of the state Government assistance due to lack of space, but they are there from Payroll tax to specific grants, with the most recent being building assistance grants from State and Federal Government. Keep your eyes out, look for assistance and call if you have any questions.

**Don't Leave
Your Tax
Returns
Until The
Last
Minute
Reminder
Let's Do
Your 2020
Tax Return
Sooner**



**Referral
Competition**

Please don't forget our referral competition.

If you refer a new client that signs up with us, the referee will be provided one entry into the prize draw.

The prize is either a night at the Crown Perth, or similar to the value of \$500.



**Instant Asset Write-Off Scheme
increased to \$150,000—now
extended to 31 December 2020**



The Federal Government announced on 8 June 2020 that it has extended the instant asset write-off scheme to the end of 31 December 2020, after the scheme was marked to finish at the end of June 2020.

The instant asset write-off scheme was introduced in 2015 allowing small business to claim the depreciation amount of an asset like a car or a computer in one hit rather than claim gradually over a multi-year period.

As part of the Government's economic response to COVID-19, the instant asset write-off threshold was increased from \$30,000 to \$150,000. The threshold will apply to all purchases made from 12 March 2020 and end on 31 December 2020. In addition, the \$150,000 limit is worked out on a GST exclusive basis and small businesses are able to claim more than one asset as long as each individual asset is below the \$150,000 limit.

However, not all assets can get the instant small business write-off up to \$150,000. If you purchase a car (a passenger vehicle designed to carry one tonne and fewer than nine passengers) for your business, the instant write-off is limited to the car limit of \$57,581 for the 2019-20 income tax year. For example, if you use your vehicle for 80% business use, the total you can claim under the instant asset write off is 80% of \$57,581 which equals \$46,065.

It will be interesting to see and time will tell if there is a strong response from businesses where they'll rush to take advantage of the stimulus package to get businesses investing and help the Australian economy ride out the costly coronavirus pandemic.

Superannuation Guarantee Amnesty



The superannuation guarantee ("SG") amnesty is now official. Under the amnesty, employers have a six (6) month window until 7 September 2020 to disclose, lodge and pay all unpaid SG amounts for their employees.

To be eligible for the amnesty, you must declare and pay your SG shortfalls and interest charges. Eligible disclosures will not incur the administration component (\$20 per employee per quarter). Payments made during the amnesty period, i.e. paid before 7 September 2020 can be claimed as a tax deduction.

Only SG shortfalls for any quarter between 1 July 1992 and 31 March 2018 may be eligible for the amnesty if they haven't been disclosed previously or aren't subject to a current or previous audit. Yes, this does also mean that unpaid SG from 1 April 2018 to current, is not included in the amnesty period.

Applications for the amnesty close at 11.59pm on 7 September 2020. The closing date cannot be changed, even if you are impacted by bushfires or COVID-19.

After the amnesty ends, the ATO's ability to remit penalties applied as a result of an audit is limited by law. This means shortfalls will have a minimum penalty of 100% applied to the unpaid SG, but can be as much as 200%.

The ATO has also said that its audit program will continue during the amnesty period.

To apply for the amnesty, you must lodge an approved SG amnesty form for each quarter of outstanding SG. Please contact our office to provide the form or we can assist in completing.

If you previously disclosed unpaid SG to the ATO in anticipation of the SG amnesty, you do not need to lodge again or apply on the SG amnesty form. The ATO will review all disclosures received between 24 May 2018 and 6 March 2020 and advise you if you are eligible.

Payment Plan

The ATO has said that it will work with employers to establish a payment plan that is flexible to help them to continue making payments. This includes extending the payment plan beyond the 7 September 2020, the end of the amnesty period. However, only payments made prior to 7 September 2020 will be deductible.

Please note that if a payment plan is set up and accepted, and the employer is unable to maintain the repayments, you will be disqualified from the amnesty and the amnesty benefits will be removed.

If you have any questions regarding the SG amnesty or wish to participate, please do not hesitate to contact us and we can review and start the process.

Joke of the Day!



Payroll Tax

The state government has announced some payroll tax measures to support businesses impacted by Covid-19.

The payroll tax threshold of \$1 million has been brought forward to come into effect 1 July 2020. This is estimated to assist 300 businesses, being no longer liable for payroll tax. The initial threshold increased to \$950,000 was implemented on 1 January 2020.

A one off grant of \$17,500 will be paid to employers whose taxable wages are more than \$1 million and less than \$4 million. This is based on the 2019 and 2020 financial year assessment. These will be automatically paid mid July 2020.

Payroll tax lodgments will be waived for March to June 2020, for employers whose taxable wages are less than \$7.5 million at 30 June 2020. There is no need to apply for the waiver if your wages are less than \$5 million at 29 February 2020. Your payroll tax will be automatically waived, when you lodge your monthly requirements. You need to put the total wages plus superannuation amount in the 'exempt (other) wages' field to apply and receive the waiver.

Employers with wages above \$5 million at 29 February or newly registered employers to the payroll tax system can apply to defer lodgment by completing the application for and submitting through web enquiry.

End of Year Tax Planning Reminders

The end of the financial year is nigh, so here are a couple of things you need to think about as we approach the end of the year:

Business

1. Superannuation – to claim a deduction for superannuation contributions you need to have paid the amount owed by 30 June 2020, therefore make sure all your outstanding obligations have been paid.
2. Superannuation – owner – review your cash flow requirements for the coming months and what contributions you have already made. If cash flow allows, consider topping up contributions for yourself (up to \$25,000) or what your cash flow allows.
3. Debtors – review your debtors to confirm that the amounts due are recoverable. If you are not going to collect an amount, write the debt off.
4. Stock – complete a stock take, write-off any obsolete stock and update your records to show actual stock on hand.
5. Assets – review your depreciation schedule and write off any assets that are no longer held or in use. We can provide you with a depreciation schedule to review.
6. Assets – Instant Asset Write-off – is there any assets your business requires? Refer to our article on page 2.
7. Division 7A Loans – there is legislation in the works to change how Division 7A loans operate. If you have a Division 7A Loan, contact us to discuss, so that we can plan ahead.
8. Trustee Resolutions – Trustee Resolutions for the distribution of profits should be made by 30 June 2020. Contact us to discuss preparation of the minutes.
9. CashBoost & JobKeeper – if you have received the CashBoost and/or JobKeeper ensure that the amounts received have been recorded as income in your accounts.

Individuals

1. Working from Home – if you worked from your home you will be able to claim office occupancy cost, either as a percentage used or at a rate of 80 cents per hour – costs covered included – phone, internet, electricity, gas, use of office furniture etc (rent and interest costs are not claimable). *Note – you need to maintain diary evidence of hours work to claim home occupancy costs.*
2. Travel – if you were required to work from home by your employer, but had to go into work for a specific purpose (eg a meeting), then you can claim travel costs from home to work. *Note - to claim travel cost you will need documentation to show that you were required to travel to work for a specific purpose.*
3. Superannuation – now is the time to check how much superannuation has been contributed to your superannuation fund. You can now top up your contributions to \$25,000 and claim a deduction on the additional amount contributed. If you plan to do this remember:
 - a) To take into account contributions to be made to your fund by your employer between now and the end of the year.
 - b) That once the money is in the fund, you cannot take it out, so only contribute what you can afford.
4. Superannuation – if the balance of your fund is less than \$500,000, there may be an opportunity to make a top up payment and claim a tax deduction. Call us to see if this is available to you.
5. Capital Gains – if you have sold an asset in the current financial year, that has resulted in a capital gain, consider selling other assets that may incur a capital loss, to offset the gain – only do this, if you think the asset is unlikely to recover its value.
6. Depreciation Schedule – If you have not done so already, consider organising a Property Depreciation Report for your rental property. Not only is the cost of the report deductible, you can claim the capital works write off and possibly the depreciation on fixtures and fittings.
7. Spouse Superannuation Contribution – consider contributing to your spouse's superannuation fund, if they did not earn an income or are a low income earner (less than \$13,800). If you do so, you may be able to claim an 18% tax offset (\$540) on superannuation contributions up to \$3,000.



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Our Services

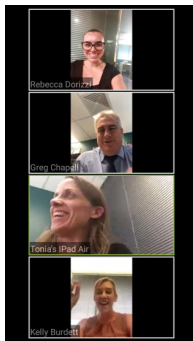
- Preparation of Tax Returns
- Preparation of Financial Statements
- SMSF Tax & Audit
- GST & BAS Lodgement
- Tax & Strategy Planning
- Bookkeeping
- Corporate Secretary Management
- Dashboard Reporting
- Due Diligence Review
- Financial Planning
- Estate Planning

Welcome Back Sherryl

We are excited to say, welcome back **Sherryl McCambridge**. Sherryl returned to work on 15 June 2020, after being on maternity leave. Sherryl has returned on a part time basis, working Mondays, Thursdays and Fridays.

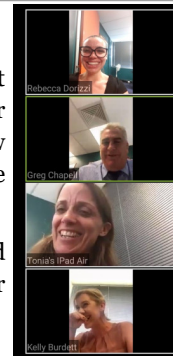


Working From Home



As we all know, we had to adapt and work from home, with most of our office working from home for 6–7 weeks, tackling the ever changing Covid-19 ATO rules, grants and incentives, slow internet, home schooling, zoom staff meetings, and not raiding the fridge of all its food.

We succeeded, even with Greg struggling with technology and zoom chats, but we all survived and thank all our clients for their support and understanding through that time.



Tony Gets A Buzz Cut

Tony gave us all a shock on a weekly zoom chat, with his new buzz haircut. We think it looks great and makes him look young and dashing, (not that he wasn't before).

Facebook and Instagram

We are getting with the social times and have branched out into social media. I know right, first the Website, now Facebook and Instagram (we promise Greg is feeling ok, he just gave into the arm twisting).

Please jump on to Facebook and Instagram and like us and share us. Remember we have the referral competition, one drawn on 1 July 2020 and the second one on the 1 January 2021.



Charging of our Time—Fee Reminder

A reminder to our clients that per our engagement letter we charge on a ***per time basis***. This means that every contact with our firm is recorded against your account. **All time spent liaising with you, including phone calls, emails, contact with the ATO, mortgage brokers, car finance people or anyone else on your behalf is also recorded.** We regularly consider the account and issue an invoice.

Further, we have had to introduce payment before lodgement (unless covered by a refund) rule due to a number of clients defaulting on their debts.

Please respect that where an error is made by us, no charge is applied to correct the error. If an error is made by the client or the ATO or any other person, which we then have to assist you to correct the error, then charges will apply.

Chapell & Associates is a close knit and friendly team of staff, who all enjoy helping you with your business. We are experienced in all areas of clients advice and all work together to provide you with the best possible outcomes.

When you call, if your usual adviser is not available let us know your question and one of our team members may be able to help you. If they can help they will, then update your normal adviser on any discussions you may have had with them.

However, if you prefer to wait for a call back, then of course leave a message. Thank you for your business, and we look forward to hearing from you all soon.