

## **Happy New Year!**

**January 2017**

The New Year is upon us again. We are all excited about the New Year and have some exciting client events coming up. Details of these can be found on our **'Upcoming Events' Page** on our website. Please keep an eye on this page as we will be continually adding more events as details are confirmed.

### **How your MyGov account affects us**

Please be aware: Previously, as your accountant, we received all of your correspondence from the ATO. Not anymore - we do not receive Notices of Assessment (NOA's) or other correspondence that are sent directly to your MyGov account. We can gain access, but only if we know to look. If you have set up a MyGov account, but can no longer access it, you should sort it out, or set up a new one. We are aware of how much angst this is causing people – there is not much that we can do to help with this though as the Australian Taxation Office has made it clear they intend forging ahead with their technological reinvention – with or without the proper funding to do so.

### **Increase in number of "schemes" targeting those nearing retirement**

There has been an increase in the number of schemes promoted by licensed advisors to those nearing retirement (i.e. Aged 50+). Some of these schemes involve the recommendation of SMSF's, non-arm's length limited recourse loans, and PSI diversion of income to SMSF's. The ATO have issued tax alerts with regards to these types of arrangements. We strongly urge you to contact us for advice if you have received such suggestions from your advisors.

Quite often advice received is not only legitimate but incredibly valuable to your retirement nest egg. If you are at all unsure, please ask us to review any recommendations or advice you have received. It doesn't take us long and can avoid a lot of heartache when you retire.

### **Do you own a property that is more than two hectares (4.94 acres)?**

Regardless of whether you use your property for business purposes or as your main residence, if the total area of your dwelling exceeds two hectares (4.94 acres), any acreage above this threshold will be subject to Capital Gains Tax. What does this mean for you? If you own a home which contains fifteen hectares of land, you can select two hectares out of the whole property to be treated as your main residence. Once you decide to sell your property you will be required to obtain a valuation for the two hectares you select and the remaining value of the property which will be subject to Capital Gains Tax.

### **Upfront tuition fees v HECS-HELP**

When undertaking tertiary students, such as at university, you will be asked to pay tuition fees. You may choose to pay either upfront or by entering into a HECS-HELP arrangement. There is no longer a discount if you pay your fees upfront.

A tax deduction may be allowed if your subject has the required nexus to your current employment.

If you enter into a HECS-HELP arrangement to pay off your tuition fees, you will be required to make compulsory repayments based on a percentage of your taxable income in any returns lodged following the census date of the subject studied. The total amount of these fees will be added to any outstanding HECS-HELP fees and you will only make a payment towards this outstanding amount if your taxable income goes over the prescribed threshold for the year in question. You cannot claim a tax deduction for the repayment of these fees.

If you lodge your returns late, or request an amendment, you may be required to make a HECS-HELP repayment in a tax return year in which you had not yet incurred the HECS-HELP debt.

## ***Keeping Track of Deductions Made Easy***

No more forgotten claims or faded receipts as you can record your expenses on the go using your phone or device. By using the “myDeductions” tool in the ATO app you can easily keep track of your work-related expenses, car trip data, gifts and donations. Contact us if you need help making your deductions easier with this app. This App is useful for:

- Individuals not in business: Simply email your expenses direct to us (and then again to yourself) at the end of the year, and
- Small Businesses: there are a couple of choices here depending on what record keeping software you use. Call us and we can help.

We think this App is awesome, as good as, if not better than a lot of others available. Regardless of which App you use, we encourage you to give it a go and avoid the risk of losing receipts or finding they have faded beyond being able to be read.

## ***Wondering why your return has not yet been lodged? OR***

### ***Looking for easier ways to pay our fees?***

**REMINDER** – We will not lodge your return until we have received payment or a payment arrangement has been agreed with one of our team members.

A payment arrangement includes:

- Payment in full by Cash, Cheque, Direct Deposit, or EFTPOS (including credit card & American Express)
- Multiple payments taken from your nominated card over a selected period of time
- EziDebit – a 3<sup>rd</sup> party service provider that debits your bank account or credit card on a nominated date. This is really useful to have your fee paid after your refund has been received. There is a small fee - usually \$3.30 when paid in one instalment only.
- Fee Funding – usually reserved for larger invoices where we arrange with a fee funding provider for you to “borrow” the amount of our fee and repay the funding company over 6, 9 or 12 months. We work with 2 companies and both have proven to be very helpful for our clients.
- Monthly payment arrangements – again, usually reserved for our larger business clients with multiple lodgements (e.g. BAS) throughout the year. We determine your fee up front and then you make payments on a weekly, fortnightly, or monthly basis.

## ***Estate Planning Service***

**Question:** How good is your estate and succession planning?

**Answer:** Only as good as the questions you ask yourself.

Asking the right questions is the only way to ensure that your estate is handled in accordance with your intentions. Contact an advisor at Kerri Dickman & Co today to determine the questions you should be asking to ensure that you have an effective estate and succession plan.

The same goes for Powers of Attorney – it’s a fact of life that we are living longer, and sometimes the decline through poor health, dementia etc., can be sudden and leaves your family with no choice but to hand your affairs over to a government agency such as the Public Trustee. The Public Trustee can take a long time to administer an estate and won’t always make decisions that are best for the loved ones of those they represent. Remove the doubt and have a will or power-of-attorney drawn up.

This is a relatively new service we are offering in conjunction with a national law firm - TopDocs. We think it’s the best of both worlds with our clients getting top legal advice, whilst dealing with the accountant that they know and trust. However you don’t have to be our client to avail yourself of these services – we would love to help out with your parents, or your friends.

Think about your parents and ask yourself what happens if they can no longer look after their affairs.

Think about your children that are now young adults and have a superannuation fund...what happens to their life insurance if they die? Unfortunately we have had a few cases lately and the resulting legal battles that ensure can be costly both financially and emotionally. All adults (over the age of 18) should have a will and a Power-of-Attorney.

## ***Selling a property for more than \$2 Million?***

Australian residents who are selling a taxable Australian property with a market value of \$2 million or more need to obtain a clearance certificate from the ATO, to avoid a 10% withholding amount from the settlement proceeds. Be aware of this obligation and apply for your certificate early rather than risking the delay at settlement. Please contact us, or speak to your conveyancing solicitor, for more information.

## ***Medical expenses – 2015 was probably your last year to claim***

Medical Expenses claims have been on the way out since 2103. 2015 was the last year of claiming for the majority of taxpayers.

The only medical expenses that can now be claimed are:

- Disability support aids – for example: new wheel chairs, hearing aids but not doctors' visits or medical prescriptions, and
- Aged care accommodation costs in nursing homes.

So what's the good news? You don't need to keep all of your receipts and chase Medicare for an annual statement.

No more excuses for delaying your appointment to get your tax done.

## ***Government does a backflip on proposed superannuation reforms***

The government has decided to scrap the \$500,000 lifetime non-concessional contributions cap on superannuation; but in order to recoup the cost of doing so there are a number of changes to the package announced on Budget night.

These include a new \$100,000 annual cap (previously \$180,000) which will be effective from 1 July 2017. The three year 'bring forward' rule will still be available for individuals aged under 65 who have a balance of less than \$1.6 million.

The "work test" will also continue under the existing arrangements. They have scrapped plans to abolish the test for the 65 – 74 year olds. Individuals in this age group will still need to meet minimum work requirements before making voluntary contributions to their super.

## ***ATO's duty to disclose GST and Tax Debts to Credit Reporting Bureaus***

The ATO will be required to disclose the tax debt information of businesses that have not effectively engaged with the ATO to manage these debts to credit reporting bureaus. This means your Australian Taxation Office debt will be available when a prospective lender does a credit rating search on you. This takes effect on 1<sup>st</sup> July 2017.

If you have a debt with the Australian Taxation Office that is not under a payment arrangement, you should make an arrangement before 30<sup>th</sup> June 2017. Let us know if we can help. The ATO App is useful in working out what repayments you should be expected to pay as a minimum.

## ***Taxpayers who are not Employees but Contribute to Super***

If you want to claim a tax deduction for your personal super contributions, you must first notify your fund that you intend to do so. You can provide your notice in the approved form by either:

- Completing a "Notice of intent to claim or vary a deduction for personal super contributions" (search NAT 71121 on the ATO website [www.ato.gov.au](http://www.ato.gov.au)) or
- Using the form created by your fund – search their website.

You must receive the acknowledgment from your fund before you claim the deduction on your tax return. We can finalise your return pending this acknowledgement being received from your fund and then lodge once it is received – please remember to send it to us if this is the case.

## ***Are you receiving emails that could be a scam?***

If you have received an email and want to check the authenticity, visit [www.snopes.com](http://www.snopes.com) – they can be anything from the "ATO" stating you haven't lodged your tax return to "Telstra" stating you have an unpaid bill. If you have any doubts, it is best to delete the email because once you open the email your computer may be at risk of an infection immediately. Reputable companies (even the Australian Taxation Office) will never ask you to pay your account with iTunes vouchers.

## ***Claims for phone, internet and home office expenses***

The Taxation Office has recently issued a fact sheet entitled "Claiming mobile phone, internet and home office expenses", which requires taxpayers making such claims to keep a 4-week diary.

Therefore, if you believe that you will be making a claim in your 2016/2017 income tax return (i.e., for the year commencing 1 July 2016), you will need to keep a record of your calls, internet use, etc., over a 4-week "representative" period.

Please note that there have been no changes to the substantiation requirements, the Australian Taxation Office is just acknowledging that they are aware that this area is difficult to substantiate. They are also acknowledging that a lot more taxpayers are now performing more work at home, and that our use of technology (and the way it is invoiced) has changed dramatically in the 20+ years since the legislation was written. They have a task force looking at ways to make this easier...and it is hoped they will have some suggestions sometime in the next 3 years.

## ***Want to know our fee before we start your work?***

Ask ☺ We are more than happy to advise the fee before we start. Each year there is a small increase similar to CPI – this year we are averaging around 7.5%. But sometimes there is more work to do despite your circumstances being “exactly the same as last year”. We know, sounds dumb, but the Australian Taxation Office is always expecting more disclosures from us. However, we can always give you a price before we start the work. We even offer a 5% discount if you pay before we commence your work. Feel free to ask when we start your work.

## ***Not sure what we do and don't need for your tax interview?***

We know it's getting hard to know what we do and don't need with the ATO Prefilling Reports (PFR) providing so much more information. If you are struggling to find something, have your appointment anyway. Chances are we have it, or we can set it for “Homework” for you. No point doing your homework if it's not necessary – we are all too busy for that ☺.

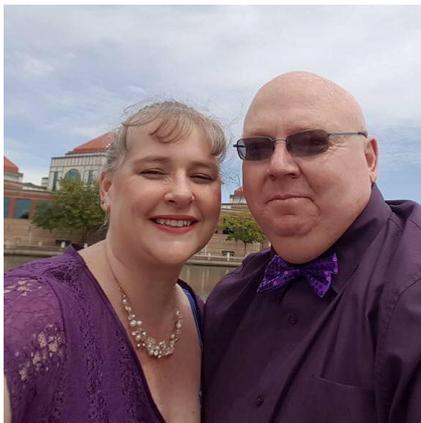
The types of information we may have available through the PFR include:

- Payment Summaries (Group Certificates)
- Government Pensions,
- Investment income such as Interest and Dividends, and some managed funds,
- Your Private Hospital Insurance,
- HELP - HECS debt amounts
- PAYG Instalment Credits
- And often more.

We won't have details of your deductions though - you still have to provide this information – read our article on the ATO App which will definitely help with this.

## ***Have you heard the exciting news?***

Kerri Dickman & Malcolm Selby surprised everyone and got MARRIED!! ☺



Kerri & Mal finally tied the knot on the 27<sup>th</sup> of December in a secret ceremony with Kerri's sons & Mal's parents. They spent their honeymoon soaking up the sun on a cruise.

## ***Incentive 'Raffle' Winner!***

We would like to congratulate our client, Stephanie, on winning our 2015/2016 new financial year 'Raffle' – ***The Christmas 'Raffle'***.



## ***Don't get caught Snoozing – Get your work in to win the next Incentive 'Raffle'!***



For your chance to win the next Incentive 'Raffle', bring your **2015/2016 financial year** work in as soon as possible!

In the first week back after our Easter break, we will draw the winner from everyone who has dropped their work in since our Christmas/New Year break.

## ***Some recent training we have done***

- Tax updates.... Always! In particular PSI, CGT, BAS prep, and generally.
- Diploma of Leadership and Management – several of us are doing this Diploma
- Using CRMs
- Effective Planning and Goal Setting Workshop
- Pricing for Profit for small business
- ATO open forum on the reinvention and technology changes and Kerri was asked to present to the CPA Discussion group on this given her industry involvement.
- Governance for Not-for-profits
- Effective Estate planning
- Kerri thinks going to hear Jimmy Barnes promote his book should count ... but we don't think it should! What do you think?

## ***Not sure if Kerri got your email?***

Instead of sending it to Kerri, send it to [admin@dickmans.biz](mailto:admin@dickmans.biz) and Caity and the admin team will nag her for you ☺

## ***Please whitelist our domain***

As we often talk about money, the tax office, debt, bank accounts etc, in our emails, we are quite often blocked as spam. It would help ensure that our emails get through to you if you whitelist our domain. Thanks.