

Helping you achieve



your financial goals

JULY 2020

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Happy New Financial Year!



What a start to the new decade! The worst bushfire season on record, a global pandemic, stock market losses, loss of jobs and day to day life as we know it changed, and we are only 6 months into the new year.

The JSA team started working from home at the end of March 2020 through to June 2020 and it has been an interesting experience. Technology is amazing when we can all be sitting in our home office or spare room and continue to communicate with our clients and keep up with lodgements and deadlines. Our first online Zoom team meeting may have been a little like herding cats but that is another story.

As we head into the new tax season, things will be a little different at our office this year. We will be promoting the convenience of phone appointments or contactless appointments via email. We would love to see you all face to face but as we adopt the “new normal” it is unfortunately not practical to have lots of people physically “through the door” each day. Rest assured there will always be an accountant to see you at a mutually convenient time if your tax matters are complex or if face to face is the only way we can assist you.

If you are unwell, someone you live with is unwell, or recently travelled we respectfully ask that you do not attend our office. We will happily rebook your appointment at short notice and we don't charge cancellation fees.

We thank you for your support over the last 12 months and we look forward to working with you in the coming year.

*Jill Hoadley & Jessica Ni, Directors
Bob, Amy, Nicola, Maggie, Harrison, Jen, Nikki, Nicolle*

JOBKEEPER / JOBSEEKER PAYMENTS ARE TAXABLE

If you receive either a JobKeeper or a JobSeeker Payment as part of the Government's COVID Stimulus Package you will need to include the sum received as income in your tax return.

\$1,080 TAX OFFSET IS BACK AGAIN

Remember – it is a tax offset not an additional payment.

It will reduce your overall tax payable which means a bigger refund or you will pay less tax if you receive a tax bill.

The rebate ranges from \$255 up to \$1,080 depending on your income and phases out when taxable income reaches \$126,000.

WORK FROM HOME DEDUCTION

The ATO has made special arrangements to allow people working from home to claim a rate of 80 cents per hour for **ALL** running expenses. More details later in the newsletter.

BUDGET ANNOUNCEMENTS

Usually we would give you a budget update but the COVID-19 virus has delayed the Federal Budget until 6 October 2020. In the meantime, a detailed economic and fiscal update including a review of the JobKeeper program is expected on 23 July.

DO YOU WANT A PRINTED COPY?

You might notice that we do things a little bit different at your appointment this year. The last few months have encouraged us to ensure all of your client files and records can be accessed securely on our server from any of our offices and for phone appointments.

Therefore our checklists will be completed electronically and you may also be asked to sign your lodgment declaration on an iPad. Your signed tax return including declarations will then be emailed to you.

Of course – if you would still like a printed copy we are happy to do so for you – just ask!



REVENUE SA LETTERS – LAND TAX

Many property owners are currently receiving letters from Revenue SA requesting they confirm and/or update their property holdings on the Revenue SA website.

The purpose behind this requirement relates to new aggregation rules for taxpayers that hold multiple properties, both personally and through investment entities.

Many investors with only one or two properties will not be affected by these changes, however it is recommended that you log on to the Revenue system to confirm your property holdings/ownership.

If you require assistance with this, please email our office or consider sending/bringing your land tax notice with you to your tax appointment.

WORK RELATED TRAVEL

The ATO is expecting work related travel claims to be significantly less this year given the interstate and overseas travel restrictions from March 2020. If you are claiming travel expenses similar to previous years, ensure you are able to substantiate these expenses.

NEW CATCH UP CONTRIBUTIONS

The 2020 income year is the first opportunity to take advantage of the catch-up concessional contributions, in respect of any unused concessional contributions cap amounts from the 2019 income year. The unused contributions may be carried forward and used up within a 5-year period where conditions are satisfied, in particular where the total super balance is less than \$500,000 at the start of the year in which you are making the contribution.

Current income year	Current year CCs cap	Catch-up CCs cap from prior year(s)*	Total CCs cap (including catch-up cap)
2020	\$25,000	\$25,000	\$50,000
2021	\$25,000	\$50,000	\$75,000
2022	\$25,000	\$75,000	\$100,000
2023	\$25,000	\$100,000	\$125,000
2024	\$25,000	\$125,000	\$150,000

**Only unused CCs cap amounts from the 2019 income year can be carried forward under the 'catch-up' concession for CCs. Therefore, any unused CCs cap amounts for the 2018 and earlier income years cannot be carried forward under the catch-up concession, and are therefore lost. Contributions must be made to an eligible fund.*

APPOINTMENTS – BOOK EARLY! CALL TO MAKE A PHONE APPOINTMENT

We will be promoting the convenience of phone appointments or contactless appointments via email whenever possible.

You can call the office and book in a time for one of our accountants to call you at a convenient time to complete your tax return over the phone. You will still receive a copy of your tax return by email or post and the fee can be deducted from your refund as normal.

Appointments during school holidays, on Saturdays and after hours are always popular.

Call our office today on 08 8322 5088 to book your appointment.

We're Flexible! If you find it difficult to attend our offices, don't forget you can email, or post your information to us, we will prepare your tax return, contact you with any queries and to discuss the result, and send your return to you for review.

Our Hindmarsh office will be open Tuesday to Thursday 9:00am to 5:00pm during tax season. Late night appointments are available on Wednesday night at Hindmarsh.

Our Reynella office is back to normal. Open Monday to Friday 9:00am to 5:00pm, and late night appointments on Tuesday and Wednesday nights.

Saturday appointments will be available at Reynella and Hindmarsh as well this year!



DOWNSIZER CONTRIBUTION

The downsizer contribution allows older Australian's selling an eligible dwelling to make an additional contribution to their Super fund.

Individuals aged 65 years or more are able to make a non-deductible contribution up to \$300,000 from the sale of dwelling used as their main residence.

- The contract for the disposal must be entered into on or after 1 July 2018.
- The 10 year ownership test must be satisfied.
- Contribution must be made within 90 days after settlement date.

WORK RELATED EXPENSES

Vehicle Expenses

If you are using your personal car for work and claiming tax deductions, the current rate is 68 cents per kilometre. You may be able to claim the travel to and from the office if you were required to work at home between 1st March and 30th June 2020. Our accountant will discuss your eligibility with you at the appointment.

Overtime Meals

Do you get paid meal allowances for your overtime work? Overtime meal expenses may be subject to a substantiation exception. The reasonable amount per meal for 2019/2020 financial year is \$31.25 but you must be able to show a basis for a reasonable claim.

Claiming Gifts and Donations

To enable you to claim the deduction, the donation must:

- Be made to a Deductible Gift Recipient Charity (DGR).
- It is truly a donation, you don't receive a material benefit or advantage, i.e. no raffle ticket or house bingo.
- You have a record of the donation i.e. a receipt.
- Be wary of Go Fund Me pages etc, while often worthwhile causes, the donations are not always tax deductible.

Bucket Donations i.e. bushfire fundraisers - you can claim up to \$10 for your total contributions without a receipt

Medical Expenses Offset Gone

This offset is no longer available, so there is no need or benefit to collating Medical expenses from this year.

Working from Home

There are now 3 methods available for claiming working from home deductions. Speak to your accountant about which method is the most beneficial for you.

Flat rate – 80 cents p/hr – March to June 2020	Existing 52 cents p/hr – available all year	Actual Portion
<p>The 80c p/hr rate covers all running costs including Internet and Phone and new office items.</p> <p>If multiple people are living in the same house and working from home, then the rate of 80c rate can be claimed by all eligible members of the household. You do not need to have a dedicated work area at home.</p>	<p>This method will cover heating, cooling, lighting, cleaning. You will be able to separately claim expenses such as your mobile phone and internet use based on the % used for work.</p> <p>A dedicated work area at home is required.</p>	<p>Claim the actual work-related portion of all running expenses which is done on a reasonable basis.</p>

SHARE TRADER OR SHARE INVESTOR

A share trader will usually hold shares on revenue account, usually on the basis of being considered to be carrying on a business of trading in shares.

A share investor will usually hold shares on capital account, as they are not considered to be carrying on a business of trading in shares.

Numerously court cases have established a number of accepted criteria that can be used to make the distinction between the two:

- Does the tax payer have a profit making intention in buying and selling shares?
- Repetition, regularity, volume and turnover
- Are the activities carried out in a business like manner and the degree of sophistication i.e. research undertaken?

RIDE SOURCING SERVICES i.e. UBER

Under the ATOs data matching protocol, the ATO has been requesting information from facilitators such as Uber which includes – vehicle registration details, payments made to drivers.

The ATO has noted that all ride sourcing drivers require an ABN and be registered for GST.

RENTAL PROPERTY DEDUCTIONS

The ATO announced it will be doubling the number of audits undertaken in respect of rental properties after a sample of 300 audits resulted in an error rate of 90%. Primary focus:

- Interest deductions not being correctly apportioned such as where loan moneys were used partly for rental and private purposes.
- The property is not genuinely available for rent.
- Capital works included as deductible repairs.
- Where a rental property is not actually rented or genuinely available for the entire income year, deductions for mortgage interest, building insurance and land tax, depreciation and capital works must be apportioned and claimed only for the period that the property was actually rented or genuinely available for rent.

Deductions for vacant land have also been removed in some instances from 1 July 19.

CGT MAIN RESIDENT EXEMPTION

This exemption has been removed for non-residents from 30 June 2020.

PRIVATE HEALTH INSURANCE REBATE (PHI)

The PHI Rebate is a contribution the government makes towards your private hospital health insurance premiums, the amount of rebate you have received throughout the year is shown on your annual insurance statement.

The rebate is income tested, which means if your income goes up a tier in the table below, you may need to repay some or all of the rebate when you lodge your personal tax return.

If you would like avoid the repayment at tax time please update your income information with your insurance provider by advising them which income tier you are on from the table below.

Don't forget your income for this rebate includes Reportable Super and Fringe Benefit Amounts as well.

Rebate Entitlement

Based on age and income from 1 April 2019 to 30 June 2020

	Base Tier	Tier 1	Tier 2	Tier 3
Singles	\$90,000 or less	\$90,001 – \$105,000	\$105,001 – \$140,000	Above 140,000
Couples/ Families	\$180,000 or less	\$180,001 – \$210,000	\$210,001 – \$280,000	Above \$280,000
Less than 65 years	25.06%	16.71%	8.35%	0%
65-69 years	29.24%	20.88%	12.53%	0%
70 years+	33.41%	25.06%	16.71%	0%
Medicare Levy Surcharge (if no health insurance)				
All ages	0.00%	1.00%	1.25%	1.50%

NEW RULES FOR EMPLOYEES WHO BREACH THE \$25,000 CONTRIBUTIONS CAP WHEN WORKING FOR MULTIPLE EMPLOYERS.

As part of the 2018-19 Federal Budget, the Government announced that the Superannuation Guarantee rules would be amended to allow eligible individuals to avoid unintentionally breaching their annual concessional contributions cap (currently \$25,000) when they receive super contributions from multiple employers.

From 1 January 2020 certain employees working for multiple employers can opt out of the SG regime for a period in relation to a specified employer i.e. nominate that salary and wage income from a particular employer is effectively not subject to the SG rules and the employer will not be penalised for not making SG contribution for the benefit of the employee.

FINANCIAL PLANNING SERVICES

We are able to provide advice and services in the following areas:

- Retirement Planning
- Recommendation and Investment of Funds
- Personal Insurances
- Aged Care Advice and Planning
- Estate planning

We believe we have the knowledge and expertise in both tax and financial planning matters to provide our clients with an excellent and expert service. Indeed, we believe that being both tax agents and financial planners gives us a point of difference over many financial planning firms.

If you are interested in meeting with us to discuss your financial plans, retirement plans or superannuation please make an appointment.

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