

Helping you achieve



your financial goals

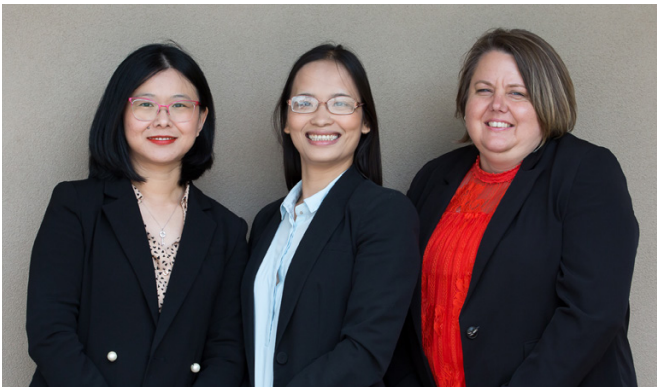
JUNE 2021

SMSF Newsletter IN THIS GUIDE...

- » [Federal Budget 2021 Announcements](#)
- » [SMSF Audit Changes](#)
- » [Contribution Caps](#)

- » [Top 12 Tips Pre 30 June 2021](#)
- » [Checklist of information we need for your tax return](#)

Dear SMSF Trustees



As the end of the financial year approaches, we hope our annual newsletter finds you safe and well. It has certainly been an interesting 12 months – interest rates remain at a record low, government spending is at a record high, international borders remain closed and the vaccine rollout in Australia not yet at full speed. As we adapt and adjust to the “new normal” of the Covid world, the JSA team is thankful to our clients for the kindness and support you have shown us over the last 12 months.

The Government returned to delivering the Federal Budget in May - a big spending budget aimed to accelerate Australia’s recovery from the global pandemic. Further on in the newsletter we will discuss the budget announcements.

Our team has undergone some changes this year. In December 2020 Bob Julian announced to our team that time had come for the calculator to be set aside for more time with his family and on the golf course. Bob has been around the office for the last 6 months, still checking in that we are doing things “the JSA way” and attending to some final matters. We wish Bob and his wife Di a relaxing and fun-filled retirement!

Jessica and Amy will continue to work closely with our SMSF clients so if you have any queries throughout the year, please give them a call.

The team at JSA Accounting look forward to working with you in the coming year.

*Jill Hoadley & Jessica Ni, Directors
Amy, Maggie, Harrison, Shimin, Nikki, Jen, Nicolle & Ruby*

SMSF AUDIT CHANGES

As you know your SMSF requires an annual audit and we arrange for the audit to be conducted on your behalf. There have been changes to the Auditor Independence Legislation which in brief, means that an accounting practice can no longer attend to both the accounting and taxation functions and the audit function for a SMSF client. Therefore, if we prepare your financial statements and tax return, we can no longer audit those financial statements, and firms need to have more than one referral relationship for auditing work to promote auditor independence. These changes are currently in a transition period, coming into full effect from 1 July 2021.

What this means for you and your fund is that we now have a pool of auditors that we will be using to audit your SMSF. You are of course, entitled to choose your own auditor and that will certainly be an option for you. We will discuss your individual situation when we next prepare your tax return.

ALERTS FOR CHANGES MADE TO SMSF INFORMATION

You may have received a text message or email from the ATO when changes are made within your SMSF, such as when we lodge the tax return. The ATO has introduced this measure to reduce fraud and misconduct. Please note, the ATO will never ask you to reply via text or email or to provide personal information such as your Tax File Number or banking details. If in doubt, give our office a call.

BRING FORWARD LEGISLATION PASSED

Depending on your super balance, clients aged less than 67 years on 1 July 2020 may now be eligible to make a Non Concessional Contribution:

- Up to \$300,000 in 2020/2021
- Exceed the annual cap of \$100,000 in 2020/21 and make additional NCC in 2021/22 and 2022/23, up to a maximum of \$300,000
- Up to \$330,000 from 1 July 2021



BREAKING NEWS

On 29 May 2021, the Morrison Government announced that the temporary 50% reduction to pension withdrawals would be extended for another 12 months to 30 June 2022.

FEDERAL BUDGET 2021 – WHAT YOU NEED TO KNOW

| Type | What this means for you |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| First Home Super Saver Scheme Increasing the maximum releasable amount to \$50,000. | This could allow you to use the tax concessions associated with super to save an even larger deposit towards the purchase of your first home. |
| End of the work test for after tax contributions for people aged up to 74 People up to the age of 74 will be able to make or receive after tax or salary sacrifice super contributions without meeting the work test, subject to existing contribution caps. | If you are a retiree under age 75, you will have more flexibility to top up your super savings without needing to work at least 40 hours in 30 consecutive days. |
| Reduction of the eligibility age for downsizer contributions to 60 Anyone 60 years of age and older will be eligible to make a downsizer contribution – a one off after tax contribution of up to \$300,000 from the proceeds of selling their home they have held for at least 10 years. | If you are over 60 and sell the home you have held for at least 10 years, you can contribute up to \$300,000 from the sale proceeds to your super fund. |

Measures expected to take effect on 1 July 2022 pending the passage of legislation through parliament

ASSETS OF THE FUND NEED TO BE VALUED AT THEIR MARKET VALUE

Market value is the amount that a willing buyer of the asset could reasonably be expected to pay to acquire the asset from a willing seller if all of the following assumptions are met:

- Buyer and seller deal with each other at arm's length
- Proper marketing of the asset has occurred
- Buyer and seller act knowledgeably and prudently in relation to the sale.

ATO SUPERVISORY LEVY

The Supervisory Levy is a fee charged by the ATO to all SMSFs. The Levy is added to the Fund's annual tax return and needs to be paid to the ATO. We anticipate the Levy for the 2021 tax return will remain at \$259.

ASIC FEE

If your Super Fund has a corporate trustee, the ASIC Annual Fee for special purpose companies will increase by \$1 from 1 July 2021 to \$56. Late fees increasing to \$83 for up to one month late and more than one month late the fee is \$344.

LODGING YOUR SMSF TAX RETURN LATE WILL CHANGE THE STATUS OF YOUR FUND

If your SMSF is more than 2 weeks overdue on any annual return lodgement due date, the ATO will change the status of the Fund on 'Super Fund Lookup' to "regulation details removed". This status will remain until any overdue lodgements have been brought up to date.

- A "Regulation Details Removed" status means APRA funds will not rollover any member benefits to the SMSF
- Employers will not be able to make any super guarantee contribution payments for members of the SMSF.

YOUR SMSF AND PLANNING FOR THE NEXT GENERATION

Benefits of adding children as members of your SMSF include:

- The family super accounts can be combined to enable building a bigger and more diversified investment portfolio and purchasing assets of greater value such as property
- Creating one fund for 4 members can reduce costs of the superannuation for the family unit.

ESTATE PLANNING

| | |
|---------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Binding Death Benefit Nomination | A legally binding nomination that allows you to advise the trustee of the Fund who is to receive your superannuation benefit in the event of your death. |
| When a member dies without a binding nomination, determining the best outcome. | The distribution of the death benefit is at the discretion of the remaining trustees. This can allow the situation after the death of the member to be taken into account when paying the benefit. |

CONTRIBUTION CAPS FROM 1 JULY 2021

| Type | Details | Cap |
|--------------------------------|--------------------------------------------------------------------------------------------------------|-------------------|
| Concessional Contributions | Including employer contributions and personal contributions claimed as a tax deduction | CAP = \$27,500 |
| Non-Concessional Contributions | Personal contributions for which tax payers do not claim an income tax deduction | CAP = \$110,000 |
| Transfer Balance Cap | It is a limit on the total amount of superannuation that can be transferred into the retirement phase. | CAP = \$1,700,000 |

HOLDING PROPERTY IN SUPER

This is the current ATO audit hotspot for SMSFs especially if property is the only asset held. The Fund's investment strategy needs to document that the trustees have considered the concentration risk associated with a lack of diversification and how the investment will still meet the fund's investment objectives.

| | |
|---------------------------|-----------------------------------------------------------------------------------------------------------------|
| Property Valuation | A local real estate agent should be able to provide you with a valuation of your property at little or no cost. |
| Rent Review | Rent need to be charged at commercial rates |



TOP 12 TIPS PRE 30 JUNE 2021

Value the Assets

The SMSF assets must be valued each financial year – particularly where real estate is included in the assets of the fund.

Contribution Splitting

You are able to split your concessional contributions with your spouse. The maximum amount that can be split for a financial year is 85% of concessional contributions up to the concessional cap. You must make the split in the financial year immediate after the one in which your contributions were made.

“Carry Forward” Concessional Contribution

For members that have a total super balance of less than \$500,000 at the end of last financial year. You will be able to use the unused concessional contributions cap on a rolling basis for five years from 2019 financial year.

Contributions

Need to be received in the SMSF bank account on or before 30 June 2021 if they are to count for this financial year. Don't exceed your contribution caps!

Super Co-Contribution – Government Co-Contribution

If you meet the 10% eligible income test and your total income is between the amounts of \$39,837 and 54,837 and you make a \$1,000 after tax contribution to super, the government will contribute up to \$500 to your super account.

Employer Contributions

Check when the Fund received your employer SG contributions for the June 2020 quarter. If received in July 2020, include them in your concessional contribution cap for the 2020/2021 financial year.

Spouse Contribution Tax Offset

Under the current 2020/2021 tax rules, you may be able to claim an 18% tax offset on super contributions up to \$3,000 that you make on behalf of your non-working or low-income-earning partner. You can contribute more than \$3,000, but you won't receive the spouse contribution tax offset on anything above \$3,000.

Low Income Super Tax Offset

From 1 July 2020 if you earn less than \$37,000 a year, and your employer or you made a concessional super contribution (before tax contribution), then you can expect a refund of the 15% contributions tax deducted from your super account up to \$500.

Salary Sacrifice

Avoid exceeding the concessional contribution cap.

Minimum Pension Payment

Ensure the minimum pension amount is withdrawn by 30 June 2021. If you are accessing a pension under the Transition to Retirement rules, then make sure you do not exceed the maximum limits.

Tax Deduction on Your Contributions

If you are eligible to claim a tax deduction you need to lodge a “Notice of Intent to Claim a Tax Deduction” with your SMSF trustee before you lodge your personal tax return. Your SMSF trustee must provide an acknowledgement of your intention to claim the deduction.

Super Fund Expenses

If you have paid Super Fund expenses from personal money, have the Fund reimburse you prior to 30 June 2021.

OUR SERVICES

ACCOUNTING

We offer a no obligation chat to discuss your accounting needs.

TAXATION

Our qualified team provide tailored advice giving you maximum benefit.

FINANCIAL PLANNING

We develop effective strategies to grow your financial wealth.

Insurance – we review your insurance needs and provide advice.

Retirement Planning – we prepare cash flow projections and advice to assist you to meet your income needs in retirement.

Aged Care Advice – we provide technical advice as to how best to structure your finances and assets to maximise aged care and aged pension benefits.

Estate Planning – we assist with preparing your Will and structuring your estate for maximum benefit for your beneficiaries.

SUPERANNUATION

By reviewing your super & investments, we can help you achieve your retirement goals.

BUSINESS MANAGEMENT

With 25+ years experience, let us share our wealth of knowledge & expertise.

SMSF END OF YEAR CHECKLIST

For the year ending 30 June 2021

Please provide the following documents (if applicable) to assist in the preparation of your 2021 Super Fund Income Tax Return.

If you cannot provide any of these documents please advise us so that we might be able to assist, in particular, an investment strategy for your fund is most important and is a required document by the auditor of your fund.

Bank Accounts

- Copies of all bank statements for the period 1 July 2020 to 30 June 2021.
- Details of cheque payments
- Details of deposits

Money Received by the Fund

- Employer contributions
- Employee contributions
- Other contributions - Govt co-contribution, spouse or child contributions
- Roll-overs received by the fund
- Roll-over notification forms, ETP Rollover Statements
- Benefit Transfer Schedules

Income

- Dividend Advice Statements
- Interest Statements
- Trust Distribution advice notices
- Trust annual taxation statements
- Unit trust accounts and tax return
- Any other income documentation

Sale of Assets

Please provide details if you have sold any of the following assets:-

- Shares
- Units in a Unit Trust
- Property
- Other Assets

Payments of expenses paid by the fund

- Insurance premium notices/invoices
- Share purchase contracts & certificates
- Property purchase contracts
- Audit & accounting fees
- Other payments

Property

- If the fund purchased property during the year please forward to us a copy of the purchase contract and advise the date of construction of the property.
- If any depreciable items are included, we require purchase date & cost.
- Rental Property Annual Statements
- If there is COVID rent reduction, please provide relevant minute or resolution.

Valuations

- Please provide a value of the assets held as at 30 June for assets such as real property, unit trusts, non listed securities.

Corporate Restructuring

- If any of your investments have been involved in mergers, demergers, takeovers, compulsory acquisitions, off market buybacks please provide copies of all documents.

GST

- If the Fund is registered for GST, please provide copies of Business Activity Statements for the period 1 July 2020 to 30 June 2021.

Instalments

- If the Fund has paid instalments during the year, please provide copies of Instalment Activity Statements for the period 1 July 2020 to 30 June 2021.

Investment Strategy

- Please enclose a copy of the Fund's current investment strategy.

Trustee Minutes

- Please provide copies of the Trustee Minutes.

JSA Accounting

Certified Practising Accountants,
Registered Tax Agents

62 Hillier Road
Reynella SA 5161

PO Box 702
Morphett Vale SA 5162

ABN: 48 088 331 739

Edcom Taxation

A division of JSA Accounting

60 Orsmond Street
Hindmarsh SA 5007

Contact

T 08 8322 5088
E enquiries@jsaaccounting.com.au



Helping you achieve your financial goals
www.jsaaccounting.com.au