

# News

December 2014



*From all the team  
at RJC Evans & Co*

# News

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Over 2,000 years ago a strange star in the heavens announced the good news of a very special birth to the world. That star guided Three Wise Men from the East to Bethlehem to the Manger where Jesus lay. Jesus was the centre of that first Christmas, bringing precious gifts of Joy, Peace and Hope to the world. What would be different today? Half the population might say finding Three Wise Men! The technology minded would use a GPS, rather than follow a star.

There wouldn't be too many people bringing gold, frankincense and myrrh: particularly myrrh as it was used as an embalming ingredient. An odd gift to take to the birth of a child!

Traditions over time have changed the way Christmas is celebrated. However, the spirit of Christmas remains the same. With the hundredth year anniversary of World War 1 it might be time to watch the film Joyeux Noel (Merry Christmas) over the holiday break. The story was inspired by the Christmas Truce of 1914. A miraculous occurrence of peace for two days when men laid down their arms, came out of their trenches and celebrated Christmas together.

Despite the background of war these two combative opponents felt the Christmas spirit of sharing and joy.

The central message of, "do unto others as you would have them do unto you" remains as relevant today as it was more than 2,000 years ago.

It is a theme worth remembering on Christmas Day beyond the tinsel, wrapping paper and celebrations.

The presents and food are all good fun, but Christmas quite simply is about being nice to each other.

Christmas is Christmas. To seek out the real meaning of the "Spirit of Christmas" we need only to drop the last syllable of the word, and it becomes the, "Spirit of Christ".

Merry Christmas

*Andrew Evans*

## Christmas office hours

Our office will be closed from

**1pm on Tuesday 23rd of December 2014, until  
Monday 29th December 2014 for the Christmas break.**

The office will open again on Monday 29th of December, with a skeleton staff operating on the 29th and 30th of December. The office will then be closed from Wednesday 31st of December 2014, until Monday 5th January when the office will reopen with a full team.



## Fringe Benefits Tax & Christmas Parties

With the Christmas season almost upon us, thoughts inevitably turn to Christmas parties and gifts. This is a complex area which often causes confusion.

The Fringe Benefits Tax (FBT), Goods and Services Tax (GST) and income tax consequences have been summarised in the schedule below. Please do not hesitate to contact our office for any clarification.

Event	FBT?	Deduction	Claim GST?
Gift for Employee <\$300	No	Yes	Yes
Gift for Employee >\$300	Yes	Yes	Yes
Party on Premises - Employee	No - regardless of cost	No	No
Party on Premises - Spouse	Only if benefit exceeds \$300	Only if benefit exceeds \$300	Only if benefit exceeds \$300
Party off Premises - Employee	Only if benefit exceeds \$300	Only if benefit exceeds \$300	Only if benefit exceeds \$300
Party off Premises - Spouse	Only if benefit exceeds \$300	Only if benefit exceeds \$300	Only if benefit exceeds \$300

## Power of Attorney

The Power of Attorney allows you to appoint someone to deal with your assets on your behalf. For example, they may buy and sell land or operate your bank account for you.

It is usually wise to create an Enduring Power of Attorney which will operate if you lose your mental capacity.

If you intend to grant a Power of Attorney, you'll need to consider who you will appoint as your Attorney(s). You may appoint one or more people, and you can choose whether they can act together or separately.

If you do not appoint an Attorney and you lose mental capacity, your family will be unable to deal with your assets until they have applied to a Government panel, known as the Guardianship Board, to seek the appointment of a financial administrator.

## Claiming Rental Property Expenses?

Australian Taxation Office is increasing their focus on rental property deductions, so it's important to get your claims correct.

Some common errors that may apply to rental property owners include:

- Claiming rental deductions for properties not generally available for rent
- Incorrectly claiming deductions for properties only available for rent part of the year, such as a holiday home.
- Incorrectly claiming structural improvement costs as repairs, when they are capital works, such as re-modelling a bathroom or building a pergola.
- Claiming pre-rental expenses following the purchase of a property as an income tax deduction. As these costs have occurred prior to the property being rented, they are not deductible.

**MUST READ**

# Superannuation

## MySuper Explained

MySuper is part of the Government's Strong Super Initiative, which aims at improving the simplicity, transparency, and comparability of default Superannuation options.

In most funds, if you joined prior to 1 January 2014 and did not make an investment choice, your contributions were directed to the default option selected, either by your employer, or by the trustee of the Superannuation Fund.

If this is you, then from 1 January 2014 you will become a MySuper member. All contributions that your Superannuation Fund has received on your behalf would have been invested into your new MySuper investment.

It is quite likely that you would have two accounts or investment options operating within your current Superannuation Fund. It might be time, in the New Year, to review whether two accounts are required. Perhaps they could now be consolidated.

Alternatively, you could move your MySuper investment back to your original default option, or choose a new option.

If you joined your superannuation fund after 1 January 2014, you would have only one account, regardless of what investment choice you made.

### SUPERANNUATION GUARANTEE

## PIZZA DELIVERY DRIVERS ARE EMPLOYEES

In ATO ID 2014/28 the Commissioner's views on whether pizza delivery drivers who are required to provide and maintain their own motor vehicles in performing their deliveries, are employees for the purposes of the Superannuation Guarantee (Administration) Act 1992.

- Delivery drivers were required to provide and maintain their own vehicles.
- The drivers were required to sign an "Independent Contract Driver Agreement" for a fixed rate per-delivery and they were provided with a delivery instruction booklet.
- The drivers were not able to negotiate the per-delivery fee.
- On the job training was offered to drivers and they were rostered to work in shifts.
- The drivers were required to have an Australian Business Number and they issued the employer with weekly invoices which indicated that payment was made on a per-delivery basis.
- The drivers were not obliged to accept work or to work exclusively for the employer.

In the Commissioner's view, pizza delivery drivers are employees as per the ordinary meaning of that term and in accordance with subsection 12(1) of the CGAA. The fact that the drivers used their own vehicles is not an overriding factor when considering the arrangement as a whole.

# Superannuation Thresholds for 2014/15

**In March, the Australian Taxation Office released a number of changes to superannuation thresholds, which will apply in respect of the 2014/15 financial year.**

The concessional contributions cap has increased to \$30,000 from \$25,000.

The Special Concessional Contribution Cap, remains at \$35,000, but will now apply to anyone aged 49 or above on the 30 June 2014.

The Non-Concessional Contributions Cap has increased to \$180,000 from \$150,000.

The "bring forward" of the Non-concessional Contributions Cap has increased to \$540,000 from \$450,000.

There has been no change to account-based pension drawdown rates.

The superannuation Guarantee rate increases from 9.25% to 9.5% from 1 July 2014.

The maximum contributions base has increased to \$49,430 per quarter.



## Electronic Business Activity Statement (BAS) Lodgement

Since 1 July 2014, there has been a significant change in the lodgement of Business Activity Statements (BAS).

From this date, once an Activity Statement is lodged through an electronic channel, the Australian Taxation Office will no longer issue paper Activity Statements. This change in the procedure has caused some confusion and anxiety amongst business owners.

**THE AUSTRALIAN TAXATION OFFICE WILL NO LONGER ISSUE PAPER ACTIVITY STATEMENTS**

Once a BAS has been received as an electronic lodgement, the next Activity Statement to be generated

will not be sent as paper. No correspondence will be received from the Australian Taxation Office in a paper form.

Sometimes our office is asked to lodge a BAS for a client as they are/have been away and/or need to take advantage of the tax agent lodgement extension. It should be noted that a single electronic lodgement in this manner, will result in a change to how the next Activity Statement is issued. If an electronic method is used in order to receive the benefits of electronic lodgement concessions, then a paper version of the BAS will not be received unless this is reinstated with the Australia Taxation Office.

This change has meant that paper Activity Statements will no longer be sent by the Australian Taxation Office. Often these were used as a reminder

to prepare, lodge and pay BAS obligations. Once the conversion to electronic has occurred, no paper will be received. The reminder to complete the BAS will be via email. The email address can be that of our office or your own. If the email address is not recorded or is incorrect, no electronic notification can be sent. This has the potential to cause confusion and/or late lodgement as there is currently no fall-back position in relation to paper being sent to these clients.

We have reviewed the electronic lodgement of BASs and have endeavoured, where possible, to record the firm's email address, when the client does not have an email facility to ensure that the reminder to lodge is sent to our office and followed up so lodgement occurs and there are no penalties.

MacBook Air

## Long Service Awards

Long Service Awards are granted in recognition of 15 years or more service and are categorised as exempt benefits, provided the value of the award, does not exceed the specified maximum amount.

With a period of service being recognised by the award as 15 years, the specified maximum value is \$1,000. If the first Long Service Award received by an employee recognises a period of service greater than

15 years, the maximum value increases by \$100 for each additional year.

If the employee has already received a previous Long Service Award (that is, recognition of 15 years or more service) from an employer, the maximum value of any subsequent award is \$100 for each year in excess of 15 years that is being recognised by the additional award.

Where the value of an award exceeds the relevant maximum value, no part of the award is exempt.

This Long Service Award is also exempt from income tax in the hands of the employee to whom it has been provided.

## Business Activity Statement (BAS) Reminder

The BAS for December 2014 quarter is due by  
**28th of February 2015**  
Please note that as the Australian Taxation Office have already provided an extension to this date, there is no further extension available for either clients or Tax Agents. **The 28th of February is the final date for everyone.**

# Finance

## Private Health Insurance

Given your age profile, you may wish to consider taking out Private Health Insurance, prior to the 30th of June.

Aside from having access to quality health care treatment, there is now an important incentive for taking out Private Health Insurance as early in your life as possible.

**If you do not have Private Hospital coverage, on the 1st of July, following your 31st birthday and decide to take out coverage later in life, you will pay a 2% loading on top of your premium for every year you are aged over 30.**

Example: If you take out hospital cover at age 45, you will pay 30% (15 years x 2%) more than someone who first took out hospital cover at age 30. The maximum loading is 70%. Once you have paid loading for 10 continuous years, it will be removed provided you retain your coverage.

From the taxation stand point, following changes to the law, there is more incentive than ever to take out Private Insurance if you and your spouse's combined income exceeds \$168,000. The Federal Government has increased the penalty (in the form of the Medicare Levy surcharge) that applies to middle and high income earners who do not have Private Hospital Insurance.



## CGT-Taxi Licence

**Q** I have just sold my taxi licence which I have owned since 2006, and leased it out on a monthly payment basis. Will I pay any Capital Gains Tax (CGT) on the sale of this licence? "Will the small business CGT provisions mean that I pay no tax?"

**A** Unfortunately for the owner of the licence, he will not qualify for the small business 50% active asset reduction. An asset is an active asset if the taxpayer owns it and:

Uses it and holds it ready for use in carrying on a business.

It is an intangible asset inherently connected with a business or:

It is used in the course of carrying on a business in the taxpayer's CGT affiliate or connected entity.

As the taxi licence has been leased to an unrelated party, the taxpayer is not carrying on the business and cannot claim the active asset reduction.

## Advanced Care Directives

**NEW CHANGES**

The new Advanced Care Directives Act 2013 (SA) changes, to the consent to Medical Treatment and Palliative Care Act 1995 (SA), came into effect on 1 July 2014.

The new Advanced Care Directives (ACD) Form replaces the Medical Power of Attorney, Anticipatory Direction and Enduring Power of Guardianship with a single ACD Form. The new ACD Form

allows individuals to appoint one or more Substitute Decision-Makers and/or clearly document their values, wishes and instructions in respect to their future health, care, end of life, preferred living arrangements and other personal matters.

It is important to note the ACD Form cannot be used to make financial or legal decisions. The existing Enduring Power of Attorney Form can still be used to appoint an Enduring Power of Attorney.



## HELP/HECS Changes

From 1 January 2015, the Australian Government will remove the upper voluntary HELP repayment bonus of 5 percent.

People who have a HELP debt and make a voluntary payment of \$500 or more towards that debt, currently receive a bonus of 5 percent. The amount of the bonus is an additional credit against the student's outstanding HELP debt.

With the removal of this discount, due to take effect on 1 January 2015, it might be timely to consider making a voluntary lump-sum payment towards this debt. On a \$500 contribution, the 5 percent discount amounts to an extra \$25 off your debt – every little bit helps!

## DEFICIT LEVY

The Deficit Levy is a temporary Levy that will apply from 2014/2015 until the end of 2016/2017.

It increases the top marginal tax rate by 2 percent but has no impact on taxpayers who earn below the top marginal tax rate, which applies once your taxable income exceeds \$180,000. Combined with the 0.5 percent increase to the Medicare Levy, the 2014/2015 Medicare-Inclusive marginal tax rates are as follows in table on right:

2013/2014		2014/2015	
Income threshold \$	%	Income threshold \$	%
0-18,200	0	0-18,200	0
18,201-37,000	20.5	18,201-37,000	21
37,001-80,000	34	37,001-80,000	34.5
80,001-180,000	38.5	80,001-180,000	39
180,001-above	46.5	180,001-above	49

\*Please note that the Levy will only be applied to the amount in excess of \$180,000.

### REMINDER

## Centrelink Rule Changes to Account-Based Pensions – effective 1 January 2015

From 1 January 2015, there will be a significant change to how Account-Based Pensions will be assessed for income test purposes for those applying for the Aged Pension. The change, will place Account-Based Pensions in the same category as Term Deposits for deeming purposes.

#### Will this change affect you?

If you are currently in receipt of the Age Pension and have an Account-Based Pension, you are protected from the changes by the grandfathering arrangements. However, if you are not yet a pensioner, have not yet commenced an Account-Based Pension, or if you make changes to your existing Account-Based Pension after 1 January 2015, it may affect your retirement income.



## GST Thresholds

ITEM	*THRESHOLD
Requirement to issue a tax invoice	\$75
No requirement to withhold if supplier does not quote ABN	\$75
Turnover for compulsory registration for GST	\$75,000 (for any 12 months)
Annual turnover for compulsory use of non-cash accounting	\$2 million

\* All amounts are GST exclusive

# Personal Alert Systems Rebate Scheme



**\$380 REBATE  
FOR APPROVED  
APPLICANTS**

The Personal Alert Systems Rebate Scheme (the Rebate Scheme) is an initiative of the Government of South Australia, and is administered by the Department for Communities and Social Inclusion (DCSI).

The Rebate Scheme aims to support frail older South Australians, who are at risk of falls or medical emergencies, to live independently in their own homes for longer by assisting them to obtain a Personal Alert System.

A Personal Alert System is a device that enables people to call for help in an emergency if they are unable to access or use a telephone. Personal Alert Systems generally consist of a light weight pendant worn on the wrist or around the neck that can be activated to alert someone, such as neighbours, relatives, friends or a monitoring centre, in an emergency. By pressing a button on the pendant, a signal or message is sent and a personalised pre-agreed response is put into action.

The Rebate Scheme provides a rebate of up to \$380 for approved applicants for the purchase and installation of an approved Personal Alert System, and up to \$250 per year towards the cost of monitoring services.

To be eligible for the rebate, an applicant must meet the following criteria:

## Age and Concessions Criteria

- Be aged 75 years or older.
- Have a Centrelink Pensioner Concession Card or a Department of Veterans' Affairs Pensioner Concession Card (not gold card).
- Be a permanent resident of South Australia.

## Clinical Criteria

- Be at high risk of falls.
- Suffer from a major medical chronic condition that requires an immediate and urgent response in an emergency.
- Have a referral from a registered health professional who has certified that the applicant meets the clinical and functional criteria.

*Many thanks to Alex Sawka from Doctors' Safety Line for the information in this article.*

## IN BRIEF

### SOME INTERESTING FACTS

#### 300 BILLION

The estimated number of mobile transaction payments processed globally in 2013.

*Source: Chris Grant, Protiviti*

#### 500 BILLION

The number of disposable coffee cups which go into landfill worldwide every year.

*Source: In the Black CPA Australia, September 2014.*

#### 370 MILLION

Estimated cost over four years in preparing for and staging the G20.

*Source: itbdigital.com November, 2014.*

#### 16 BOMB-PROOF

4.3 tonne Mercedes Benz limousines, rented for \$1.8 million (\$112,500 each), with nail-proof tyres, night vision technology and on-board oxygen to withstand a chemical attack. These are the vehicles used during the G20 Leaders Summit.

*Source: itbdigital.com November, 2014.*



**He believes in Santa Clause.  
He doesn't believe in Santa Clause.  
He is Santa Clause.**