

News

March 2015



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Decisions have consequences

Picture yourself. As you cross the line at the end of 150km Tour Down Under ride, you raise a hand in celebration: a smile of relief splits your face. Somewhere in your head, Vangelis plays the theme from, “Chariots of Fire”. Your legs are aching – but all you feel is pride. I made it. I finished. My commitment to the training program has paid off.

The decision to commit to the training program helped create the euphoria surrounding the finish described in the above paragraph.

Colin Powell, a former United States Secretary of State and a retired four-star General in the United States Army, said, “There are no secrets to success. It is the result of preparation, hard work, and learning from failure”.

These thoughts resonated with me in thinking about the year ahead for clients.

What could be done differently this year? You could:

- Set a budget and some financial goals?
- Review your Will?
- Review home loans?
- Check you have an Enduring Power of Attorney in place?
- Review insurances?
- Check that an Advance Care Directive or Enduring Power of Guardianship is in place?
- Consider retirement goals?
- Review when to retire and how you would pay living expenses when you leave work?

WHAT ARE YOUR GOALS?

If required, review and tidy these up. Remember, no decision is in fact, a decision.

Pump up your tyres, strap on your helmet and get ready to ride into 2015. Lycra is entirely optional!

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Superannuation

The Case for Superannuation – for all ages

The tax concessions available on superannuation mean it is still a good investment vehicle. Superannuation is merely a framework for holding investment assets – it is not an investment itself. Therefore, superannuation per se, is not at fault for poor returns. The performance of the underlying assets in a superannuation fund combine to create a net gain or loss.

There are three layers of taxation concession on superannuation:

- concessions on contributions, on earnings and on final benefit payments.

Salary Sacrificing into superannuation

Salary sacrificing is where a person makes before-tax superannuation contributions.

Under a superannuation salary sacrifice arrangement, your employer can make additional superannuation contributions when you arrange for some of your pre-tax salary to be paid into your superannuation fund. Your salary for income tax purposes

is then reduced, while the additional contributions are treated as employer contributions.

Although “contributions tax” of 15% is deducted by the superannuation fund from the contributions, and potentially contributions tax of 30%, if you earn more than \$300,000.

Watch your contributions cap

If you are under 49 years of age, on 30/6/14, you can make concessional contributions worth up to \$30,000 each year (for the 2014/15 year), and if you are 49 years or older on the 30/06/14, you can make concessional contributions worth up to \$35,000, before you have to deal with excess contribution issues.

Any salary sacrifice arrangement that you agree to, can only relate to future salary, not past earnings. You can salary sacrifice performance bonuses, if the agreement regarding your salary sacrifice was entered into before you became entitled to your performance bonus. The following chart showing salary sacrifice superannuation contributions, highlights the tax advantages of this strategy.

Salary Sacrifice Superannuation – Example \$20,000

	No Salary Sacrifice	Salary Sacrifice
Salary	\$100,000	\$80,000
Tax & Medicare	(\$26,947)	(\$19,147)
Super Contribution	\$9,500	\$29,500
Contributions Tax	(\$1,425)	(\$4,425)
Net Package	\$81,128	\$85,928

- 2014/2015 ATO Resident Tax Rates
- Medicare Levy 2%
- SGC 9.5%



SuperStream and SMSF's – are you ready for electronic contributions

With an increasing number of employers sending electronic contributions using SuperStream, all SMSFs which receive employer contributions should be prepared to receive them through SuperStream.

SMSF members who receive employer contribution payments from an employer with 20 or more employees, should have

had a discussion with their employer about when contributions will be sent using SuperStream. Members will have to sign up with an SMSF messaging provider to obtain an electronic service address (also known as an alias) for the receipt of contributions data messages.

To be able to receive electronic contributions, members of an SMSF must provide the following information to their employers – the SMSF's:

- Australian Business Number
- Bank BSB and account number for receipt of contribution payments
- Electronic service address (alias) for receipt of the contribution message

If you have not taken these steps yet – it is not too late, but now is the time to finalise your preparations.

Sign up for an electronic service address and speak to your employer about when they plan to send electronic contributions using SuperStream.

Remember, this is a big change for your employer as they deal with many superannuation funds. In order to help them with their preparations make sure your SMSF is ready to comply with the new SuperStream requirements before they start sending contributions electronically. Do not leave it to the last minute and run the risk of not receiving contributions electronically.

MUST READ

What is the Personal Property Securities Register?

The Personal Properties Securities Register (PPSR) is the single, National online database of security interests in personal property in Australia.

The easiest way to think of the register is as a noticeboard that lets you know whether personal property has a security interest attached to it. This includes, for example, the interest a bank might take over a car to make sure a car loan is repaid.

- You can go there and check if there is a security interest on something you want to buy.
- You can register a security interest which acts as a notice that someone owes you money on a particular piece of property.

How can the PPSR protect my business from risk?

There are two main ways the Personal Properties Securities Register can protect your business from risk.

- Protects you when buying second-hand goods.

Searching the register helps you make an informed decision when buying second-hand goods by indicating if there is a security interest on the item you are interested in.

If there is a prior security interest on the goods, they could be repossessed no matter how trustworthy the person you are buying from is.

- Protects you when selling on terms, such as retention of title, or hiring or leasing out equipment.

If you do register your interest in goods and your customer goes into bankruptcy, or is placed into liquidation, it will assist to lessen the risk of losing goods that have not been paid for as yet.

The register legally defines the priority of security interests, with a “first in best dressed” principle.

How much does it cost?

It costs just \$4 to do a PPSR search and PPSR registrations start from \$8.

***Source: Australian Financial Security Authority.*

Tips on How You Can Keep Your Money Safe

You’ve worked hard for your money, so the last thing you want is other people enjoying it at your expense. Here are some tips on how you can keep your money safe when using your cards, Telephone Banking and Internet Banking.

Keeping your cards safe

- Sign your card as soon as you receive it and always carry it with you.
- Don’t give your card or devices such as security tokens to anyone, including family or friends.
- Take your cash, cards and receipts with you after every transaction.
- Don’t leave your card out when at places like a bar, café or restaurant.
- Cut up and dispose of your card when it expires.

Protecting your codes, such as PINs and passwords

- Memorise your codes and destroy any letters advising you of new ones.
- Don’t tell anyone your codes, including friends, family or businesses.
- Don’t write down your codes, or keep them on your phone or computer.
- Avoid letting anyone watch you enter your code during a transaction.
- If you choose your own codes, don’t select the obvious such as your birthday, name, phone number, postcode, driver’s license number, or numbers which form a pattern.

Contact your credit card provider immediately if:

- Your card, or any other device such as security token, is lost or stolen.
- Someone has found out your PIN, passwords or other codes.
- There has been unauthorised access to your account or you believe there is an error or an unauthorised transaction.

***Source: Commonwealth Bank of Australia*

**SIGN YOUR CARD
AS SOON AS YOU
RECEIVE IT AND
ALWAYS CARRY
IT WITH YOU.**



Business

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Single Touch Payroll in a Media Release Dated 28th December 2014

The Government have announced that red tape for employers will be cut by simplifying tax and superannuation reporting obligations through Single Touch Payroll.

Under Single Touch Payroll, employers' accounting software will automatically report payroll information to the ATO when employees are paid.

This will eliminate a need for employers to report employee-related Pay As You Go Withholding (PAYGW) in their activity statements throughout the year and employee payment summaries at the end of the year.

In addition, the Government will streamline Tax File Number declarations and Super Choice forms by providing digital services to simplify the process of bringing on new employees. Single Touch Payroll will be available from July 2016. Transition arrangements will be the subject of consultation with the business community in early 2015. The ATO and the Treasury will consult with the community on the phasing in of the start date for different sized employers and the arrangements to support the move to Single Touch Payroll. This will include how the new arrangements will build on the SuperStream changes currently being implemented.

In addition, consultation will examine the potential for employers to remit PAYGW and the Superannuation Guarantee at the same time employees are paid their salary and wages, and also what support businesses may require to enable such a transformation in payments to Government and superannuation funds. Watch this space.

Restart Programme

What is Restart?

Restart is a wage subsidy which aims to assist mature age people participate in the workplace by encouraging employers to take on workers 50 years of age or older. It will deliver support to employers who hire eligible job seekers who have been unemployed and on income support for six months or more.

The value of a Restart wage subsidy is up to \$10,000 (GST inclusive).

The full rate of the subsidy is paid in four six-monthly instalments:

- \$3,000 at 6 and 12 months of employment
- \$2,000 at 18 and 24 months of employment.

Mature age job seekers employed for at least 30 hours per week will attract the full rate of the Restart subsidy. Eligible job seekers employed between 15-29 hours per week will attract a pro-rata Restart subsidy.

What types of jobs can be offered?

The mature age worker must commence in the position on or after 1 July 2014 and the position must:

- Be for a minimum of 15 hours per week;
- Comply with minimum standards for employment according to Commonwealth, State or Territory law;
- Not be commission-based, subcontracting or self-employment;
- Not be for an immediate family member;
- Not displace an existing employee; and be ongoing and sustainable.

RESTART IS A WAGE SUBSIDY WHICH AIMS TO ASSIST MATURE AGE PEOPLE PARTICIPATE IN THE WORKPLACE



IN BRIEF

Fuel Tax Credit Rates

Fuel tax credit rates increased for fuels acquired from 10/11/2014. Rates will be indexed from 1st of February and 1st of August each year in line with the consumer price index.

When calculating fuel tax credits, including fuel used in heavy vehicles, you need to use the rate that applied when you acquired the fuel.

There are time limits to claiming fuel tax credits. Generally you must claim within four years. The four years commences from the day after you were required to lodge the Business Activity Statement for the tax period in which the fuel was acquired.

What is an eligible employer?

To be eligible for the Restart wage subsidy, an employer must:

- Be a legal entity with an Australian Business Number;
- Have not previously received a Restart wage subsidy for the same job seeker; and
- Not be a Commonwealth, State or Territory government agency.