

News

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/RJCEvansandCo

Demonstrating Resilience to Start Over

The shoots of recovery are beginning.

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The New Year has commenced in such a disastrous manner. It is difficult to be anything but shocked at the devastation. Catastrophic bushfires have scorched the landscape over hundreds of locations across Australia. People and animals have died. Homes and livelihoods destroyed.

Many of us would have friends or family members who have been impacted by these bushfires. A disaster of this scale has not been experienced in Australia's modern and peace time history. So much has been taken away from so many.

Our heartfelt sympathy goes out to those who are facing the loss of loved ones, homes and livelihoods.

Following a disaster, it is anything but business as usual for the people affected, a business, its employees, customers, suppliers and the broader community. Those not affected, can't imagine the uncertainty being experienced at this time.

The heroes are the firefighters and many volunteers, risking their lives to protect the country and communities. Their actions have been inspirational. They are amazingly brave and courageous.

On many levels, we have seen people showing resilience, compassion and true grit.

In the introduction to his book, "The Barefoot Investor", Scott Pape described the magnitude of his family's loss in the severe fires of 2014.

"I gripped my wife Liz's hand and continued driving down our driveway towards our family home.

Two chimneys and a pile of rubble were the sum total of a lifetime of possessions.

That moment, when everything was falling apart, I looked in the rear-view mirror and said to myself the first thing that came to my mind – "I've got this".

The fires and their devastating loss, were the impetus for Scott's now famous best-selling book.

The shoots of recovery are beginning. Sprouts of green are rising from the blackened ground and trunks of eucalyptus. New life is starting to burst through the ash and charcoal. The bush is slowly healing the bushfire scars.

Like the resurgent foliage, people are putting down fresh roots, rebuilding their homes and lives – demonstrating amazing resilience. They are starting over.

Following the total destruction of his Roo Lagoon Homestead and Australian Redgum Gallery in the recent Kangaroo Island fires, Jonny Gloyne stated, "We have just got to get farms and industry going and get back on the horse".

Now that's digging deep. A message we can all take into 2020.

Andrew Evans

General

BUSHFIRE - TAX UPDATE

ATO Defers Income Tax & GST Deadlines

“Payments that are normally taxable under the Disaster Recovery Funding Arrangements, including grants to small business and farmers, will be exempt from tax.”

Individuals and businesses recovering from the bushfires, are relieved of their immediate tax deadlines.

If you live in one of the identified impacted postcodes, the ATO has automatically deferred the due dates.

Tax Exemption for Government Payments & Allowances

People affected by bushfires declared as disasters, can apply for various payments, including:

Disaster Recovery Payment

– one-off tax-exempt payment.

Disaster Recovery Allowance

– tax exempt short-term income support.

For NSW volunteer firefighters – tax-exempt payments of up to \$300 per day and up to a total of \$6,000 per person for self-employed individuals or those employed by small/medium businesses if called out for more than 10 days during the fire season.

Non-Resident CGT Main Residence Exemption Changes Now Law

The legislative amendments to remove the CGT main residence exemption for non-residents have become law.

The measure will deny the main residence exemption to non-residents except in certain circumstances, for example a terminal illness, death or divorce, where they occur within six years of the individual becoming a non-resident.

The amendments generally apply to CGT events occurring on or after 9 May 2017, although transitional rules are in place for dwellings sold on or before 30 June 2020.



Redeeming Damaged Banknotes

What to do
when your
money goes up
in flames.

With the recent bushfires, the Reserve Bank of Australia have reminded Australians that if they have banknotes that have been damaged in the bushfires, you can submit a damaged banknote claim.

The Reserve Bank will determine the value of the damaged banknotes and reimburse the assessed amount.

There are only two things you need to do to make a claim for reimbursement:

1. Collect all the banknote debris, place it into a plastic bag and label it "bushfire".
2. Take the bag to your local bank who can assist you in making the claim.

Other useful information when submitting a claim:

- The RBA can help if banknotes have been partially or completely destroyed. The RBA will analyse the banknote debris sent to them, determine the value and reimburse the assessed amount for the lost money.
- If the cash was in a tin, drawer or wallet for example, it might be easier to include the receptacle and its contents in the bag.

In order to streamline the process, a claim form needs to be completed. This can be located on the website of www.rba.gov.au.

While the RBA encourages those affected to submit via their local bank, you can also submit the claim form yourself using the Damaged Banknote Claim Form



General



Changes to Luxury Car Tax

From 1 January 2020, primary producers can claim a refund of Luxury Car Tax (LCT) paid on one eligible vehicle per financial year, up to a maximum of \$10,000 (it used to be \$3,000). This is for vehicles delivered to them on or after 1 July 2019.

If you have lodged a claim for an eligible vehicle delivered on or after 1 July 2019, you won't need to make another claim to receive the increased refund amount.

From 1 January 2020, when the law comes into effect, the ATO should adjust the refund based on the amount already received.

You are not able to claim a GST credit for any luxury car tax you pay when you purchase a luxury car, regardless of how much you use the car in carrying on your business.

A refund, however, may be available if you are a primary producer or tourism operator who buys luxury vehicles.

Primary producers and tourism operators can claim a refund of the LCT they have paid on eligible vehicles purchased or leased in a financial year. An eligible vehicle is a 4WD or all-wheel drive, and is either:

- A passenger car with a ground clearance of at least 175mm;
- An off-road passenger vehicle.

For LCT purposes, a primary producer is an individual, partnership, trust or company, carrying on a primary production business.

Claiming the Refund

The refund can be claimed on the "Application for Luxury Car Tax Refund – for Primary Producers and Tourism Operators" form. This refund must be claimed within four years of becoming entitled to it.

Please contact our office, should you require any assistance.

Single Touch Payroll

Single Touch Payroll (STP) is one of the biggest tax changes in terms of impact on employers since the GST was introduced.

STP started from 1 July 2018, for employers with 20 or more employees.

It then started from 1 July 2019 for smaller employers with 19 or fewer employees.

The key focus is now on Closely Held Employers. These type of employers need to start reporting through STP from 1 July 2020. The ATO defines a Closely Held Payee as anyone who is directly related to the entity from which they receive payments. For example, if you employ a family member, they would be considered a Closely Held Payee.

STP means the Australian Taxation Office (ATO) will receive instant reporting regarding employees' wages, withholdings and superannuation. The ATO will have that information in real-time. Consequently, they can warn people if their employers are not taking out enough tax, or are not paying their superannuation guarantee.

Information, over the course of time, will also be fed into other Government departments.

Employers reporting employee tax and superannuation information in STP, will no longer need to issue Payment Summaries to employees. There will also be no need to send the ATO a Payment Summary Annual Reconciliation Report, for information reported and finalised through STP.

Further, the ATO will prefill finalised STP information into individual income tax returns and make this information available to authorised agents.

Procrastination and Powers of Attorney

Some people resist doing a Power of Attorney (POA) or Advanced Care Directives (ACD). The concepts of ageing, illness and incapacity are confronting. They can seem premature and unnecessary when a person is well.

However, accidents and illness are unpredictable. If you have not taken the time to set up a contingency plan, prior to your incapacity, then it will be too late and your family will be faced with major difficulties in trying to access your information and documents, to help you and them cope with the consequences of your incapacity.

An Enduring POA is a powerful document that allows you to name an agent (called an Attorney) to handle legal and financial matters on your behalf.

For example, your attorney can deal with Government departments on your behalf, sign documents, access your bank accounts, manage your superannuation and any other investments to ensure that your financial well-being is taken care of, if you are not able to do so yourself.

Similarly, an Advanced Care Directive allows you to name a substitute decision-maker or advocate who can make decisions for you, when you are medically unable to make decisions in your own best interests.

Such decisions may include the type of medical treatment you receive, which hospital or care facility you are placed in when you cannot care for yourself, and they may also be involved in decisions with regards to end-of-life, such as removing you from life-support.

If you have adopted a procrastination approach, when you lose your capacity to make decisions yourself, then a State body such as SACAT (previously the Guardianship Board) may need to be convened to appoint a Guardian or Financial Administrator for you.

A Guardian is the name given to the person who oversees your well-being and makes lifestyle and accommodation decisions for you.

Partitioning the SACAT is time consuming, and may be frustrating and expensive for family members. It could be a difficult process when it need not have been.



“You should appoint one of your own Guardians so you will not be reliant upon the decisions of a group of strangers as to who will look after you.

Taking the time to set up these documents while you are healthy and competent, is extremely important.

Procrastination is not an option. There is no time like the present.

General

Aged Care Terminology

“If you are paying your accommodation costs using the RAD, you would pay the full cost in an upfront lump sum within 28 days of moving into your room.”

Residential Accommodation Deposit (RAD)

The RAD is a one-off lump sum accommodation payment that is fully refundable at the end of a person's aged care stay, minus any amounts you agree to have deducted.

The RAD is similar to Bond money in the context of a rental property leasing agreement. As with Bond money, you receive your RAD back at the end of the living arrangement. The refund of the RAD is guaranteed by the Australian Government.

If you are paying your accommodation costs using the RAD, you would pay the full cost in an upfront lump sum within 28 days of moving into your room.

A Combination Payment (RAD and DAP)

Combination payments involve making a one-off lump sum payment that is less than your total accommodation costs (RAD), and then making ongoing payments for the balance (DAP).

You can choose the amount of the one-off payment (RAD) you would like to contribute initially. The aged care provider will then calculate the ongoing payments (DAP) required to cover the remainder of the accommodation costs.

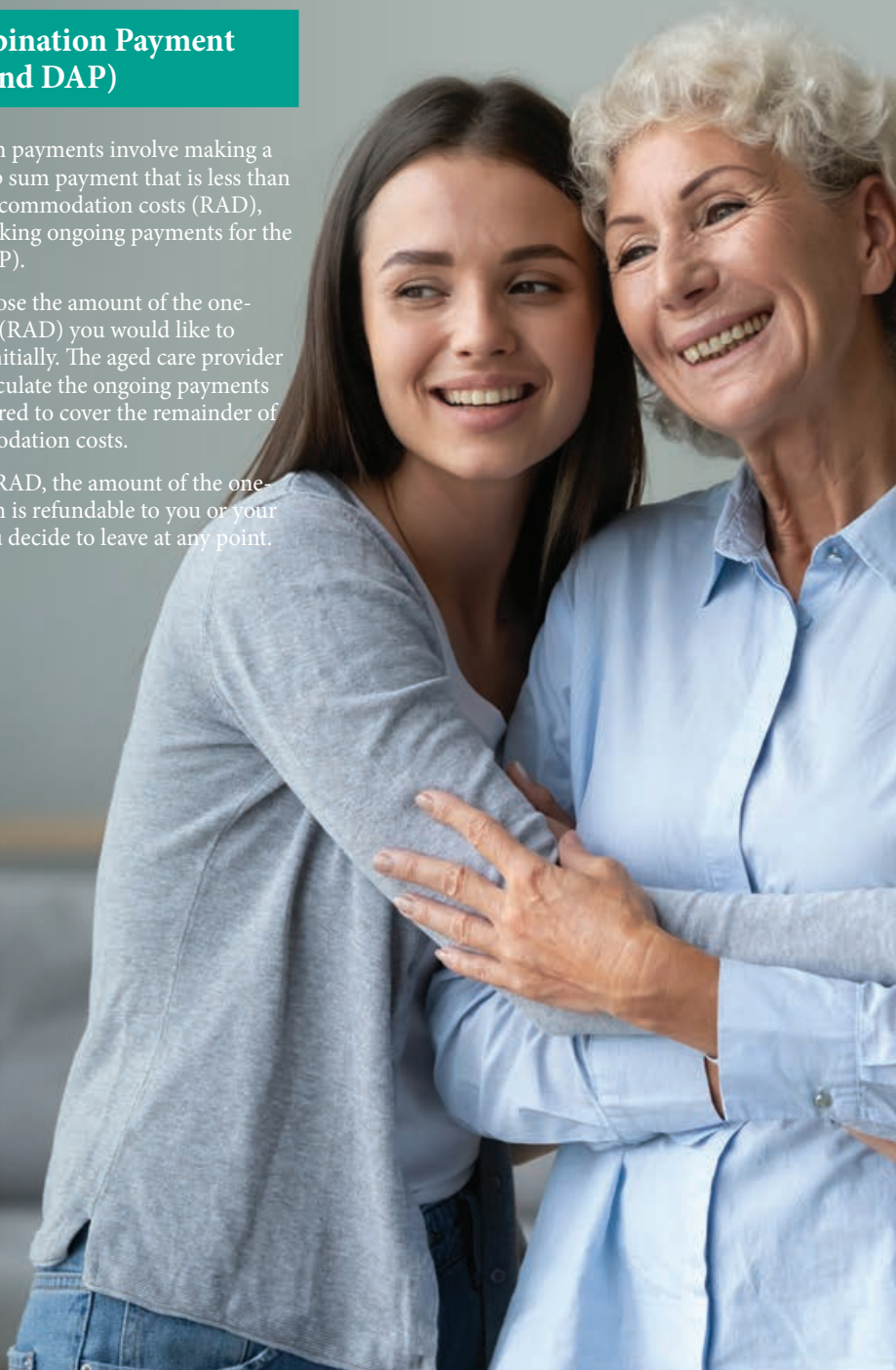
As with the RAD, the amount of the one-off lump sum is refundable to you or your family, if you decide to leave at any point.

Daily Accommodation Payment (DAP)

The DAP involves converting your accommodation cost into an ongoing daily payment that is billed monthly. The daily payment is charged periodically at the maximum permissible interest rate (MPIR) as set by the Australian Government.

The DAP is like rental payments in the context of a residential leasing agreement. As with rent, you make an ongoing number of payments that are smaller than the initial outlay, with a one-off lump sum outlined above (ie the RAD).

As with rental payments, payments made through the DAP are not refunded at any point.



SA Farmers Receive Rate Reprieve

Immediate council rate and pastoral lease rent relief will be granted to SA farmers through a State Government \$21 million Drought Relief package.

A 50% rebate for rates in 2019/20 and 2020/21 will be provided for primary producers receiving the Farm Household Allowance. These rebates will be funded by the State Government and will not impact local council's revenue.

Changes have also been made to the On-Farm Emergency Water Infrastructure Rebate Scheme. This scheme will be increased from 25% to 50%, or up to \$50,000.

Incorrect Work-Related Expenses

The ATO has published research showing that the estimated gap between the tax the ATO collects from individuals not in business, and what the ATO believes it would have collected if every taxpayer was fully compliant with the law, is significant at \$8.7 billion.

According to the ATO, this gap is primarily driven by incorrectly claimed work-related expenses.

Common mistakes include claiming deductions where there is no connection to income or earnings, claims for private expenses, or there is no substantiation/receipt to show that an expense was incurred.

Other areas of concern include high rates of incorrect claims for rental property expenses and non-reporting of cash wages.

Land Tax Changes

Land Tax is based on the site value of the land, which does not include buildings or other improvements to the land.

The new changes will apply from 1 July 2020. The tax-free threshold will increase from \$391,000 to \$450,000pa.

Land that is currently exempt from land tax, for example a person's principal place of residence and land used for primary production, will remain exempt from land tax.

The reforms also include changes to how land is aggregated together. In simple terms, aggregation means when the site value of all land owned by the same taxpayer is combined to calculate land tax. If an individual owns two or more taxable properties that do not currently appear on the same tax bill, they may be aggregated together and appear on the same bill from 2020/21 onwards, under the changes.

Land held in certain Trusts may also be subject to higher surcharge rates of land tax. Trustees can nominate the beneficiaries or unit-holders of a trust for land tax and be subject to the general rates of land tax, or pay the higher surcharge rates of up to 0.5%.

The Trust surcharge will be capped at a fixed amount each financial year, depending on the land tax thresholds. In 2020/21, the Trust surcharge will be capped at a maximum of about \$6,500. If the Trustee chooses to nominate the beneficiaries or unit-holders for land tax purposes, the beneficiary's interest in land will be aggregated with any other interest in land that they own.

Current (2019/2020) (\$)	
0 to 391,000	0 + 0.00%
391,001 to 716,000	0 + 0.50%
716,001 to 1,042,000	1,625.00 + 1.65%
1,042,001 to 1,302,000	7,004.00 + 2.40%
Over 1,302,000	13,244.00 + 3.70%

Current (2020/2021) (\$)	
0 to 450,000	0 + 0.00%
450,001 to 755,000	0 + 0.50%
755,001 to 1,098,000	1,525.00 + 1.25%
1,098,001 to 1,350,000*	5,812.50 + 2.00%
Over 1,350,000*	10,852.50 + 2.40%

The land tax percentage rates apply to every \$100 or part \$100 within the relevant land tax bracket.

**Except for those which are fixed by legislation (marked with an asterisk), thresholds are indexed annually by average site value growth determined by the Valuer-General. The thresholds presented are estimates only and subject to change based on the final determination of site value growth by the Valuer-General in the relevant year.*

A Milestone Achievement



On the 5th of March, Sharon Lawrence achieved an employment milestone when she celebrated 30 years of being part of the RJC Evans & Co team.

Sharon performed so well on a work experience placement, she was offered a full-time position once she completed her studies. From a young age, Sharon showed potential and was soon promoted to a Tax Manager.

During this time, Sharon has provided knowledgeable and continuous service to clients. Both clients and fellow team members have benefited from Sharon's willingness to help, train and solve problems for others.

Sharon, all of us not only congratulate you on this milestone, but thank you for the significant contribution you have made over the years.

*Farewell
& Thank
you*

It is with a heavy heart that we say farewell to our office manager, Toni Giles.

Toni started at RJC Evans & Co in 1999, after moving to Adelaide from Streaky Bay.

Toni's adaptability, willingness to "have a go" and excellent problem-solving skills have seen her take on numerous roles over the years within the firm.

These attributes coupled with her friendly manner, will mean that she will be sorely missed when she returns to Streaky Bay.

We wish Toni the very best and much happiness for the future.



Thank you Toni, for being a special part of the RJC Evans & Co story.

IN BRIEF

Two Young Nomads



Congratulations to Oliver and Meg Clothier on, not only their recent nuptials, but for what they are doing on their honeymoon!

These two, have chosen to spend the first year of marriage to care-take for drought-stricken properties so farmers can take a well-earned break.

"We want to travel around a bit and just help people. We know how people are feeling and they need to have a break because Australian farmers are the backbone of Australia". There is no catch. The pair simply ask for a full-tank of diesel to get them to their next property and a place to rest their head.

To request a visit from the Two Young Nomads, simply send an email with the preferred dates and property details to twoyoungnomads2020@outlook.com.

Congratulations and thank you Oliver and Meg!