

# News

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## COVID-19 SPECIAL REPORT AND UPDATES

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## We Need to Keep Stepping Through the Obstacles



Every story we love with a hero, e.g. Harry Potter, is about the hero who goes through obstacles. Everyone loves the hero, but the obstacles are what make the hero. Strength can come from overcoming hurdles and from showing up even when it is uncomfortable.

COVID-19 remains on the march around the world and has placed significant obstacles in the way we live. Even after all these months, the virus continues to impact on how we lead our daily lives. Every one of us has tried to innovate, change and adapt to ever-evolving living and working environments. The virus has been a catalyst for change.

Change is difficult for many at the best of times, and the crisis has been far from the best of times.

We have seen some momentous changes to our world, as we collectively battle this pandemic. These have forced us to see what happens when we do things differently.

These new ways of doing things, are learnt so that we can go about the business of life under these new COVID-19 circumstances.

We have embraced:

- Working remotely
- Zoom meetings
- Use of technology to keep us connected to family and friends, i.e. livestreaming of family events
- Digital platforms have become the only way for many of us to work, get fit or be educated and entertained

- Developing ways of offering goods and services to customers online, to maintain income during lockdown restrictions
- Washing your hands and using sanitiser more often than before
- Social distancing guidelines
- New ways of greeting and interacting with each other – salutes or elbow bumps instead of handshakes
- When you have meetings for work, people are starting to ask, “Do we need to meet in person?”, which is not something we would have said before
- Neighbourliness

Collectively, we had to overcome obstacles created by COVID-19. We have adapted to the circumstances in which we found ourselves. We have avoided becoming a dinosaur in our own lifetimes.

Two articles that follow in this newsletter are:

- A story showing persistence and resilience;
- Adaptability to ever-changing business circumstances to be operating for 100 years

Inspiring stories for these times.

Perhaps the last word should go to Charles Darwin.

“It is not the strongest of the species that survives, nor the most intelligent, it is the one most adaptable to change”.

Andrew Evans



# COVID-19 SPECIAL

## COVID-19 – Payroll Tax and Land Tax Measures



In response to the difficulties being faced by businesses, the South Australian Government has announced measures regarding Payroll Tax and Land Tax, to try and ease the burden on businesses and taxpayers during these difficult times.

### Payroll Tax

#### JobKeeper Exemption

Payments by businesses to employees under the Federal Government's current \$1,500 per fortnight JobKeeper wage subsidy scheme, will be exempt from Payroll Tax in SA.

Business groups with annual Australian group wages of up to \$4 million, will receive a six-month Payroll Tax Waiver between April and September 2020. There are no requirements for these businesses to show any downturn in revenue, in order to be eligible for the relief.

Eligibility will be assessed, and the relief applied by RevenueSA automatically, without the need for taxpayers to make an application.

Businesses are required to continue to lodge Payroll Tax Returns disclosing wages for the month, but no payments are required, with the relief finalised as part of the Annual Reconciliation for 2019/20 and 2020/21.

An online application form will be made available to businesses that were not liable for Payroll Tax in 2018/19.

### Land Tax

#### Deferral

Taxpayers who pay Land Tax quarterly in the 2019/20 financial year, will be able to defer payments of their third and fourth quarter instalments, for up to six months. Instalment notices of assessment will be sent as usual, with information regarding the deferral provided with the notice.

The deferral is automatic, and taxpayers are not required to notify or contact RevenueSA to obtain the deferral.

The deferral does not relate to amounts outstanding from prior quarters.

#### Land Tax Relief for Landlords

The South Australian Government has announced Land Tax Relief for non-residential and residential landlords in response to COVID-19.

Landlords who provide tenants impacted by COVID-19 with rent relief, may be eligible for a 25% reduction on the Land Tax payable in the 2019/20 Land Tax Year.

This relief is also available to residential and non-residential landowners who are unable to secure a tenant because of COVID-19. To be eligible for Land Tax Relief, eligible landlords will need to demonstrate that the land was leased until 30 March 2020 but has since been vacant due to the impact of COVID-19.

Land Tax Relief is limited only to land occupied by affected tenants or vacant due to the impact of COVID-19. A separate application must be completed for each property with RevenueSA.

If you have already paid your land tax in full, or have made your third instalment, for 2019-20 you may wish to create your relief against a future liability or to receive a refund.

The landlord land tax relief can be claimed by completing the 'Application for Land Tax Relief for Landlords' form available on the RevenueSA website.

#### Commencement of New Land Tax Provisions

New Land Tax provisions came into effect on 1 July 2020. While many taxpayers called for the commencement of these provisions to be delayed, the Government proceeded with the commencement date.

There has however, been an increase in the transitional relief fund for eligible taxpayers whose Land Tax bill will increase as a result of the changes, with the relief for eligible taxpayers increasing from 50% to 100% of the eligible amounts.

To be eligible for a relief, the increase in Land Tax assessable under the new rules in respect of relevant properties, must be at least \$2,500 more than it would have been under the previous rules. Relief is only provided to the extent that the Land Tax increase is over \$2,500 (ie. relief is not provided for the first \$2,500 of any increase of up to a maximum of \$50,000).

Under the recent announcement, 100% of the eligible increase in Land Tax over and above the first \$2,500 would now be eligible for a relief.

Any taxpayer with an annual increase in their Land Tax assessment above \$102,500 will not be eligible for any relief. The relief also does not apply to any increase in Land Tax assessed to Trustees, as a result of the higher Trust rates being imposed.

# Residential Properties and COVID-19

If you have a rental property - this is a must read!



## If COVID-19 has affected your tenants' income, this may affect the income received from your residential rental property.

It should be noted that you can still claim deductions in your tax return if your tenants are not able to pay their rent under the lease agreement due to their income being affected by COVID-19 and you will receive less rental income as a result.

You continue to incur your expenses on the property therefore these deductions can still be claimed even if you have reduced your tenants' rent to allow them to stay in the property due to COVID-19 for commercial, arm's-length reasons.

### Deductible Loan Interest

Rental property owners who have had their mortgage repayments deferred due to COVID-19 can still claim the interest in their income tax returns. As the interest is still accumulating on the loan it is a legitimate income tax deduction for those renting out their property.

### Paying Back-Paid Rent or Insurance for Lost Income

Receipt of a back payment of rent or insurance for lost rental income is assessable income and needs to be declared in the tax year in which it has been received.

### Instant asset write-off

Property investors are not able to access the instant asset write-off deduction for their rental property.

## Short-Term Rental Properties and COVID-19

Many short-term rental property owners have experienced reduced demand for short-term rental accommodation, including cancellation of the existing bookings. It has had a dramatic effect on the income received. It should be noted that deductions related to these properties are still able to be claimed. If the ability to rent the property has been affected and nothing else changes, you can continue to deduct expenses, based on how the property was used in the equivalent period in earlier years. You can only claim a deduction for the portion of expenses that relate to income-producing use. If you use your short-term rental property for some private use, you are not able to claim deductions for this period.

Whether you can continue to claim a deduction for expenses in the same proportion during the COVID-19 period depends on:

- How the property was used before COVID-19, and
- How you planned to use the property during the COVID-19 period.

This means that if during the period your property is affected by COVID-19, you use the property differently, the proportion of the expenses you can claim as a deduction may reduce.

For example:

- Increased private use of the property by you, family or friends
- A decision to permanently stop renting out your property when COVID-19 restrictions end.

## Limited Deduction for Holding Vacant Land

It should be noted that with recent changes to legislation deductions are not able to be claimed for vacant land even if building of a rental property is occurring.

Previously those holding vacant land could claim a tax deduction for the costs of holding the land if it was held for income-producing purposes, or if they were carrying on a business to produce income.

However, from 1 July 2019 legislation changes were implemented which limited deductions for expenses associated with holding vacant land to land that was used for a business or was available for rent. In short, if you are building a rental property you can claim the deductions for the costs of holding the land such as interest.

However, there is an exception for those people whose rental property was destroyed in the bush fires and who are currently rebuilding. In this situation you can claim the costs of holding your now-vacant land for up to three years while you rebuild your rental property.

***If the ability to rent the property has been affected and nothing else changes, you can continue to deduct expenses***



# COVID-19 SPECIAL

## COVID-19 HomeBuilder Grant



**The HomeBuilder Grant is designed to provide eligible owner occupiers (not just first home buyers) with a tax-free grant of \$25,000 to build a new home or substantially renovate an existing one.**

The grant will run from 4 June 2020 until 31 December 2020, with construction required to be commenced within three months of the contract date.

For new homes, the total value of the land and new build cannot exceed \$750,000. It must become the grant recipient's principal place of residence.

Renovation contracts must be between \$150,000-\$750,000, where the value of the property prior to the renovations does not exceed \$1.5 million.

Your annual income needs to be less \$125,000 for individual applicants, or less than \$200,000 for a couple based on your 2018-2019 tax returns or later.

The HomeBuilder Grant will be non-taxable. It will be paid by the relevant State or Territory authority. The grant is not available for investment properties or to owner-builders.

Additions to a property such as tennis courts, swimming pools, sheds and garages that are unconnected to the property, are excluded for renovation contract purposes.

## JobKeeper Extension



**Are you on  
JobKeeper?**

**The Federal Government have announced that JobKeeper payments will undergo some changes and will be extended at a reduced amount for another 6 months from October 2020 to March 2021.**

The changes include an extension of time but will feature a two-tiered JobKeeper payment.

### JobKeeper Payment Rate

From 28 September 2020 to 3 January 2021, the JobKeeper payment rates will be:

- \$1,200 per fortnight for all eligible employees who, in the 4 weeks of pay periods before 1 July 2020, were working in the business or not-for-profit for 20 hours or more a week on average, and for eligible business participants who were actively engaged in the business for 20 hours or more per week on average in the month of February 2020; and
- \$750 per fortnight for other eligible employees and business participants.

From 4 January 2021 to 28 March 2021, the JobKeeper rates will be:

- \$1,000 per fortnight for all eligible employees who, in the 4 weeks of pay periods before 1 July 2020, were working in the business or not-for-profit for 20 hours or more a week on average, and for eligible business participants who were actively engaged in the business for 20 hours or more per week on average in the month of February 2020; and
- \$650 per fortnight for other eligible employees and business participants.

### JobKeeper Eligibility

- Eligibility will continue to be based on the 30%, 50% or 15% (depending on business size and if a charity) reduction in turnover test.
- This test will remain the same but will need to be re-applied at the end of September 2020 and again at the start of January 2021.
- Employers will need to demonstrate they have met the relevant turnover decline in the September 2020 quarter to be eligible for JobKeeper in the December 2020 quarter.
- Employers will need to demonstrate they have met the relevant decline in the December 2020 quarter to remain eligible in the March quarter in 2021.
- The reference date for assessing which employees are eligible for the JobKeeper payment is now 1 July 2020 (previously 1 March 2020) with effect from the fortnight beginning 3 August 2020. This means that new employees who commenced after 1 March but before 1 July will now be eligible so long as they are only claiming with one employer at a time. Long term casuals who hadn't been employed for more than 12 months on 1 March but now have been by 1 July will also now fall into the JobKeeper net.

The reference period for employees regarding their hours worked to determine their tier of payment will be the two fortnightly pay periods before 1 March 2020 or before 1 July 2020. The period with the higher number of hours is to be used for employees who are eligible at 1 March 2020.

### JobSeeker

From 25 September 2020 Job Seeker reduces to \$815.70 per fortnight. This will remain in place until the 31 December 2020.

## Taking on a New Employee Just Got Easier

**Gone are the days of completing multiple paper forms when a new employee starts.**

Pre-filled Tax File Number Declarations and Super Choice forms can now be completed by new employees using the ATO Online Services account linked through MyGov.

An employer will need to provide new employees with:

- Their ABN;
- Type of employment arrangement they will be hired under, for example, full time, part time or casual;

- The employer's nominated default superannuation fund's details, including:
  - ▷ Full name
  - ▷ Unique superannuation identifier (USI)
  - ▷ Their ABN

Employees will then need to print out the completed form summary and provide this to their new employer. Once the form is received, the employer can:

Work out how much tax to withhold from payments being made to these employees;

Pay the superannuation to their chosen superannuation fund

This form does not need to be returned to the ATO, but is kept in the employer's wages records.

## Director Identification Numbers are coming!

**The much discussed Director Identification Numbers (DIN) regime has recently been passed into Law.**

These changes are being introduced to combat illegal phoenix activity. Phoenix activity is a process of stripping a company of its assets then liquidating that entity, leaving creditors with no way to recover their debts, whilst at the same time creating another company into which the assets are transferred for little or no payment and carrying on the same business in a new company.

Establishing a more cohesive Registrar overseeing the registration of directors, will help to more accurately track individual's directorships and insolvency events. It is thought that this should lead to efficiency gains in insolvency processes, and eventually serve as a deterrent for rogue directors.

Prior to this legislation, directors could have had multiple records with ASIC systems with minor variations of name (with a middle name), address and/or other personal details. Such incorrect information has hindered regulators, insolvency practitioners and credit providers.

Under this new legislation:

- Directors would need to apply for a DIN prior to their appointment, with a grace period for existing directors to continue in their current roles.
- The resignation of a director will then only take affect from the date of notification and a director who fails to notify ASIC of their resignation with 28 days can be held to account.
- Any existing directors will be subject to a transition period of up to 15 months, to apply for DIN's.

This new DIN regime is expected to be implemented in mid-2021.

## ABN Lookup

### Are you aware of ABN Lookup?

This site is the public view of the Australian Business Register (ABR). It provides access to publicly available information supplied by businesses when they register for an

Australian Business Number (ABN).

By simply searching by the name of the business, you can use **ABN Lookup** to:

- Verify ABNs (this is recommended when you are dealing with a new supplier/customer);
- Check whether a business is GST-registered;
- Check whether an organisation is a Deductible Gift Recipient (DGR). You can only claim a deduction for a donation if the recipient is a DGR;



# General

## Inspiring Australian History



Lennie and Ginger Mick pictured at the official opening of the Bridge.

Image Source: ABC News

**It is 1932 and Australia is in the grip of the Great Depression. One in three workers are unemployed.**

On the outskirts of the South Gippsland town of Leongatha, an injured farmer lies in bed unable to walk, or work.

World War 1 hero, Captain Leo Tennyson Gwyther is in bed with a broken leg and the family farm is in danger of falling into ruins. Up steps his son, nine-year-old Lennie.

With the help of his pony Ginger Mick, Lennie ploughs the 24 paddocks and keeps the place running until his father is back on his feet.

How to reward him?

Lennie had been obsessively following one of the biggest engineering feats of the era – the construction of the Sydney Harbor

Bridge. He wants to attend its opening.

With great reluctance, his parents agree he can go.

So Lennie saddles up Ginger Mick, packs the bare necessities into a sack and begins the 1,000+ kilometre trek to Sydney, alone.

There was no social media or mobile phones, but it didn't take long for the Bush Telegraph to let word out about this boy, his horse and their epic trek.

The entire population of small country towns gathered on the outskirts to welcome his arrival.

When he reaches Canberra, he is welcomed by Prime Minister Joseph Lyons, who invites him into Parliament House.

When he finally arrives in Sydney, more than 10,000 people line the streets to greet him.

He becomes a key part of the official parade at the Bridge opening.

Even Donald Bradman, the biggest celebrity of the depression era, requests a meeting and gives him a signed cricket bat.

By the time Lennie leaves Sydney for home a month later, he had become one of the most famous figures in the country, craving for some uplifting news. Large crowds waved handkerchiefs and shout "goodbye".

Lennie finally arrives home to a tumultuous reaction in Leongatha.

He returns to school and soon life returns to normal for Lennie.

These days, you can find the bronze statue in Leongatha commemorating Lennie and Ginger Mick.

In any era, a courageous and inspiring feat.

## Common Myths About Work Expense Deductions

### 1 A MYTH:

Everyone can automatically claim \$150 for clothing and laundry, 5,000km under the cents per km method for car expenses, or \$300 for work-related expenses, even if they didn't spend the money.

#### FACT:

There is no such thing as an "automatic" or "standard deduction". Substantiation exceptions provide a relief from the need to

provide receipts in certain circumstances. While you don't need receipts for claims under \$300 for work-related expenses, \$150 for laundry expenses (Note: this is for laundry expenses only and does not include clothing expenses) or if you are claiming 5,000km or less for car expenses under the cents per km method, you still must have spent the money. This must be related to your income and you must be able to explain how you calculated your claim.

### 2 A MYTH:

I don't need a receipt: I can just use my bank or credit card statement.

#### FACT:

To claim a tax deduction, you need to be able to show that you spent the money, what you spent it on, who the supplier was, and when

you paid. Bank or credit card statements alone do not have this information. The only time you don't need these details is if substantiation exceptions apply.

### 3 A MYTH:

I can claim my Gym Membership because I need to be fit for work.

#### FACT:

While you may like to keep fit, there are only a small number of people who can claim Gym Memberships, such as a special operations personnel in the Australian Defence Force. To be eligible, your job would have to depend on you maintaining a very high level of fitness, for which you are regularly tested.

# Sacrificing Leave on Termination

We often receive questions around whether annual leave or long service leave owing on termination of employment (whether by resignation or being fired), can be salary sacrificed to superannuation.

To salary sacrifice annual leave or long service leave during employment, you can only salary sacrifice future leave entitlements. That is, a Salary Sacrifice Agreement must be in place before the leave that you are sacrificing has been accrued (you cannot salary sacrifice leave that has already accrued).

However, on termination, even where a Salary Sacrifice Agreement was in place, annual leave and long service leave that is owing, can never be salary sacrificed into superannuation.



These amounts are assessable to the employee and cannot be sacrificed

# When to Pay Superannuation



Generally, if you pay an employee \$450 or more (before tax) in a calendar month, you are required to pay them a Superannuation Guarantee (SG) on top of their wages.

If your employee is under 18 or is a private or domestic worker, such as a nanny, they must also work more than 30 hours per week to qualify. For example, an employer will have to pay the employee superannuation on top of their wages for each week that the employee has worked more than 30 hours.

It should be noted that you are required to pay superannuation for some contractors, even if they quote an Australian Business Number (ABN).

You pay superannuation regardless of whether the employee:

- ▷ Is full time, part time or casual;
- ▷ Receives a superannuation pension or annuity while still working;
- ▷ Is a temporary resident, such as a backpacker or a working holiday maker – when they leave Australia, they can claim their superannuation back through the departing Australian Superannuation Payment (DASP) program;
- ▷ Is a company director; or
- ▷ Is a family member working in your business – provided they are eligible for SG

# Accelerated Depreciation

Businesses with an aggregated turnover of less than \$500 million in an income year can deduct capital allowances for a qualifying depreciating asset at a rate of 50% of its cost.

This is in addition to the normal depreciation that is claimed on the cost of the asset after deducting the 50% amount.

The qualifying depreciating asset must satisfy several conditions including:

- It must be new. It must not have been previously held by another entity;
- It is an asset for which an entity has not claimed depreciation deductions, including under the instant asset write-off rules; and
- It is first held, first used or installed ready for use, for a taxable purpose between 12 March 2020 and 30 June 2021;

# Work Expenses Ruling Extended



New for 2019-20 income tax year is the additional method for calculating running expenses incurred as a result of working from home (shortcut method).

This was introduced to help employees working from home during the COVID-19 pandemic. This method was initially only available to be used from 1 March 2020 to 30 June 2020. It has now been extended until the 30th September 2020.

# General

## Congratulations

### GRAHAM DAY

#### Congratulations to Graham Day for being a worthy recipient of an Order of Australian Medal in the 2020 Queen's Birthday Honours List.

Graham received the medal for services to the Livestock industry.

"I am grateful, and it is a great honour", Mr Day said. "My family's been involved in agriculture for a long time and it is my life's work".

Graham's father, Allen E Day, founded the Allendale Stud business in 1931, with the purchase of Suffolk ewes.

Even with the success of his Allendale Stud,

Graham has always found time to give back to the industry he holds so dear by serving on countless committees.

Elders' former National Stud Stock Manager, Tony Dowell said, "Graham's authentic character was just one of the attributes that made him a worthy recipient of an OAM.

He has judged at major Royal Shows in every state in Australia, with great aplomb and great success. He has bred some of the very best Poll Hereford bulls the industry has seen.

The thing that really makes him stand out is that he is such a decent person and he has always been willing to help young people improve their own knowledge, aptitude and stock-handling ability".

Congratulations Graham!

Edgar Jr and William eventually sold the business to Keith, and he opened the workshop to the public during the 1960's.

"The business continues to make show-stopping pieces to this day."

The core of Bell and Brunt's success is the supreme quality of their products and their devotion to creating an excellent service experience.

They embrace technology and the power it has, to spread their beautiful creations far and wide whilst staying true to traditional methods of hand-making, that have been handed down through the family.

The family notes that, "The values that underpin our enduring legacy are energy, integrity, passion, quality, authenticity, respect and persistence. These are the values we live by".

For five generations and 100 years, they have served the business well.

Congratulations on your centenary!

### BELL AND BRUNT

#### Being in business for 100 years is a milestone, not easily achieved.

Bell and Brunt are fifth-generation world class jewellers who have been operating since 1920. Their work captures stories of love and family, in hand-crafted pieces of jewellery.

It all started with jeweller Edgar Bell, who operated a trade jewellery repair business tucked away upstairs on James Place, in 1920.

Mr Bell's son Edgar Bell Jr and William Brunt, joined the business as apprentices and went on to become master repair jewellers.

When William's son Keith joined the business, he had goals to take the business beyond repairing jewellery to custom-making rings.

## IN BRIEF

### Instant Asset Write-Off – Extended

#### The Instant Asset Write-Off has been extended from 30 June 2020 to 31 December 2020.

The features of the Instant Asset Write-Off include the following:

Certain business entities can access an immediate deduction for the full cost of depreciating assets costing up to \$150,000 (GST exclusive);

The asset must be first used, or installed ready for use for a taxable purpose from 12 March 2020 to 31 December 2020;

The write-off will be available to businesses with an aggregated turnover of less than \$500 million;

Note, that for a car that costs above the luxury car cost limit, only the cost limit of the car can be claimed as an immediate tax deduction in this period;

### Superannuation Guarantee & JobKeeper

Job Keeper Payments have been exempted from the definition of ordinary time earnings for Superannuation Guarantee purposes. Consequently, any Job Keeper payments made to an employee from 30 March 2020 are exempt from the Superannuation Guarantee.

### Net Medical Expenses Tax Offset – Now Phased Out

From 1 July 2019, the Net Medical Expenses Tax Offset is no longer able to be claimed for medical expenses for disability aged, attendant care and aged care.