

News

September 2015



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Words without actions are meaningless

The sign “Drive to Arrive” makes an obvious statement. It is telling us to drive in such a manner that we arrive at our destination without an accident. “Survive This Drive” has a similar meaning. When we set out on a drive, we have the intention to both arrive and survive.

Intention is an important part of any plan. Successful people have a plan. The heading, “Overnight Success”, is a sensationalist approach to acknowledging success.

A recent article about a local icon, Maggie Beer, noted that she is about to list her business, Maggie Beer, on the Australia Stock Exchange, at the age of 70. Maggie noted that it took 20 years to be an overnight success! The article made me start to think about, “what are the ingredients to a successful business?”

Who would now believe that:

- In 1962, the Decca recording company declined to sign the Beatles because, “we don’t like their sound, and guitar music is on the way out”.
- In 1943, Thomas Watson, the Chairman of IBM said, “I think there is a world market for maybe five computers”.

History tells us that the initial rejection of these business opportunities, proved to be seriously flawed. Many examples of this type of experience can be found, at all levels of business. Persistence, determination and resilience are qualities associated with successful people.

“Nothing in the world can take the place of persistence. Talent will not – nothing is more common than unsuccessful people with talent. Genius will not – unrewarded genius is almost a proverb. Education will not – the world is filled full of educated derelicts. Persistence and determination are omnipotent. The slogan, ‘press on’ has solved and always will solve the problems of the human race.” – (Calvin Coolidge, 30th U.S. President)

The famous boxer, Muhammad Ali, once noted that “the fight is won or lost, far away from witnesses – behind the lines, in the gym or out there on the road, long before I dance under those lights.”

Practice, pain and tenacity are essential. The motivation to succeed must come from within. You have to tap deep into you physical and mental reserves. The effortless rise to the top is a myth. The work ethic is fundamental. Press on. Never give up.

Andrew Evans

Finance

The Danger of Linking MyGov to the ATO

If you have linked the ATO to your MyGov account, most correspondence you receive from the ATO will go directly to your MyGov inbox, rather than be posted to RJC Evans & Co.

This means that important notifications which may require our attention, can go unnoticed.

One of these documents is your Notice of Assessment. Before forwarding this on to you, we check it against our tax estimate. This ensures no mistakes have been made in your income tax return and there are no surprises in the Notice of Assessment.

If you have a MyGov account and use RJC Evans & Co to prepare your tax return, we recommend you do not link it to the ATO. If you already have your MyGov account linked to the ATO, you can unlink it by going into the 'Services' tab and clicking the unlink button to the right of 'Australian Tax Office'.

Tax cuts for unincorporated small businesses

Legislation is currently before Parliament that proposes to give individuals who receive business income from an unincorporated business, with an aggregated annual turnover of less than \$2 million, a 5% discount on the tax payable on that income, up to a maximum of \$1,000.

The bill is currently before the House of Representatives is expected to come into effect in the 2015/2016 income year.



Asset Tests Thresholds for Aged Pensioners

Following the announcement in the Federal Budget, the asset test thresholds, after which pensions are reduced, will be increased as follows:

- A full pension may be received if the relevant value of assets (other than excluded assets) is less than \$250,000 (currently \$202,000) for a single person homeowner, or \$375,000 (currently \$286,500) for a pensioner couple homeowner. Non-homeowner pensioners will also have an increase in their threshold to \$200,000 more than homeowner pensioners.
- However, the current 'taper rate' at which the Aged Pension begins to phase out, will be increased from \$1.50 to

\$3 for every thousand dollars of assets over the relevant assets test threshold. People who lose pension entitlements on 1 January 2017, as a result of these changes, will automatically be issued with a Commonwealth Senior's Health Card, or a Health Care Card, for those under Aged Pension age.

- The maximum value of assets a couple can hold, outside the family home, while still qualifying for a part pension, will also be reduced from \$1.15 million to \$823,000. Additionally, the threshold will drop from \$775,000 to \$547,000 for single retirees.



Australian Government Agricultural Competitiveness White Paper – some key points

MUST READ

The Government has recently released an independent report into agricultural competitiveness. The following recommendations were made in this report.

- A proposal which will allow farmers to opt back into the income tax averaging after ten years
- Farmers will be able to double their Farm Management Deposits (FMDs) to \$800,000.
- Banks can allow farmers to use FMDs as a loan offset, thereby reducing interest costs.
- Accelerated depreciation for fencing has been simplified – farmers are able to immediately deduct the cost of new fencing in the year of purchase.
- Immediate tax deduction for the cost of new water facilities for farmers and depreciation of capital expenditure on fodder storage assets over three years.
- Up to \$250 million in Drought Concessional Loans each year for 11 years.
- Farmers in drought can access their FMDs when needed, without losing tax concessions.

2015-16 State Budget

The following taxation measures were announced by the State Government as part of the 2015-16 State Budget:

From 18 June 2015

- Abolition of Stamp Duty on non-real property transfers and on non-quoted marketable securities.
- Introduction of a Stamp Duty exemption for a principal place of residence, transferred into a Special Disability Trust, for no consideration.

From 1 July 2015

- Extension of the small business payroll tax rebate to 2015-16.
- Introduction of a land tax principal place of residence exemption for property transferred into a Special Disability Trust.

From 1 July 2016

- One third reduction of conveyances duty on non-residential, non-primary production real property transfers. This reduction will continue each year, until 1 July 2018 when there will be no conveyance duty on non-residential, non-primary production real property transfers.

The Importance of Having Enduring Powers of Attorney

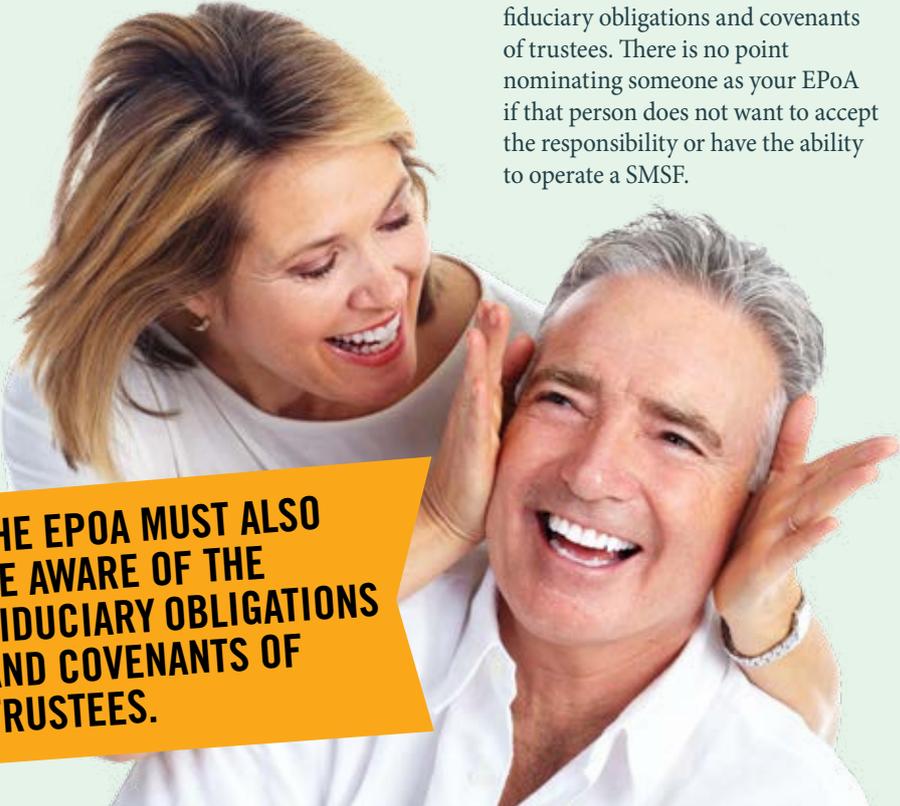
If a member of a Self-Managed Super Fund (SMSF) is incapacitated for any reason and is unable to act as trustee or director of the corporate trustee, another person may step in and act as the trustee in his/her place if they hold an Enduring Power of Attorney (EPOA) for the person.

A Legal Personal Representative (LPR) of a member, who has an Enduring Power of Attorney (EPOA) for the member, can also act as the trustee or director of a corporate trustee of a SMSF, in place of the member, assuming the trust deed's provisions allow it.

Important Points:

- If individual trustees are replaced by an EPOA, the transfer of the investment ownership must be actioned to ensure the SMSF assets reflect the new trustee names.

- Corporate trustees simply appoint the replacement EPOA as a director, without the need for asset name changes.
- EPOAs acting as the trustee/director are obliged to complete a new Trustee Declaration within 21 days of their appointment.
- The person appointed under an EPOA must be aware of, and understand their personal liability for trustee penalties, levied by the Tax Office, and other penalties which may be imposed by the SIS Act or Corporations Act.
- The EPOA must also be aware of the fiduciary obligations and covenants of trustees. There is no point nominating someone as your EPOA if that person does not want to accept the responsibility or have the ability to operate a SMSF.



THE EPOA MUST ALSO BE AWARE OF THE FIDUCIARY OBLIGATIONS AND COVENANTS OF TRUSTEES.



ABOLITION OF STAMP DUTY ON NON-REAL PROPERTY TRANSFERS AND ON NON-QUOTED MARKETABLE SECURITIES.

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Business

Fuel Tax Credits – Six monthly indexation

The Australian Taxation Office has just issued a reminder that Fuel Tax Credit rates will increase for fuels acquired from Saturday 1st of August, 2015. Rates are indexed twice a year, in February and August, in line with the CPI.

When completing each Business Activity Statement, you should ensure that you check the appropriate revised rate, as you may have more than one rate in a BAS period. The ATO's Fuel Tax Credit calculator is also a handy tool to assist in the calculation of this rebate.

The following chart, while not extensive, identifies fuel tax credit rates for liquid fuels acquired from 1 July 2015 for the most commonly used fuels.

Business Use	Eligible Liquid Fuel	Rate for fuel acquired from 1 July 2015	Rate for fuel acquired from 1 July 2015
In a heavy vehicle* (including emergency vehicles) for travelling on public roads	Liquid fuels – for example, diesel or petrol	12.76**	13.06**
All other business uses – such as on private roads, off public roads and non-fuel uses.	Liquid fuels – for example, diesel or petrol	38.9	39.2

* A heavy vehicle is a vehicle with a gross vehicle mass (GVM) greater than 4.5 tonnes. Diesel vehicles acquired before 1 July 2006 can equal 4.5 tonnes.

** This rate accounts for the road user charge (which is subject to change) and applies to fuel used in a heavy vehicle for travelling on public roads.

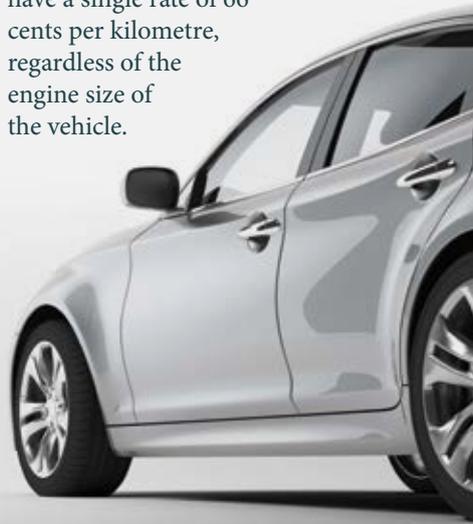
A fuel tax credit calculator is available at www.ato.gov.au/fueltaxcreditcalculator which has up to date fuel tax credit rates for liquid, gaseous and blended fuels.

Work Related Car-Expenses

Prior to 30th June 2015, there were four methods that an individual or a partnership, with at least one individual partner, could use to claim a deduction for car expenses for a vehicle they owned or leased:

1. The cents per kilometre method
2. The one-third of actual expenses method
3. The twelve percent of original value method
4. The log-book method

As part of the recent Federal Budget, from the 1st July 2015, methods two and three, listed above, will be removed. Additionally, the cents per kilometre method will have a single rate of 66 cents per kilometre, regardless of the engine size of the vehicle.



IN BRIEF

Mortlock Shield Football Carnival

Congratulations to the EP Shark Warriors on winning the 2015 Mortlock Shield Football Carnival, held in Pt Lincoln in June. RJC Evans & Co are proud sponsors of the team which is made up of Eyre Peninsula Ex-Pats.

The BIG numbers

Concrete numbers

6.6 gigatons

World concrete production has grown by a factor of 25 since 1950. Much of it is going into China's burgeoning new cities. In the book, Making the Modern World, author Vaclav Smil, estimated that between 2011 & 2013, China used 6.6 gigatons of cement, the key ingredient in concrete.

This is more cement in three years than the 4.5 gigatonnes the US used in all the 20th century.

Phone Numbers

U.S. – \$25 billion

The amount consumers may now be spending each year on Apple and Google Play smartphone apps, according to Andreessen Horowitz analyst Benedict Evans.

By comparison, 2014 movie box office revenue worldwide was about US\$38 billion.

What do you want for your Children?

I want my children to have all the things I couldn't afford... And I want to move in with them!