

News

December 2018 - February 2019

A Simple Family Tradition

The existence of some things is difficult to believe. I have never seen a unicorn, troll, leprechaun or Father Christmas, but I have a mental picture of them.

How would you go about describing Father Christmas or even Christmas to someone who knew nothing about it? Just explaining why a person would wear a red and white woollen suit in Australia, during hot summer weather, would be difficult for someone to believe!

Despite the myth of Father Christmas' existence, we have all developed family Christmas traditions.

It is the simple family tradition of making gravy on Christmas Day that Paul Kelly captures in the lyrics of his song, "How to Make Gravy". This song is told from the narrative of Joe who is incarcerated over Christmas. At the family Christmas together, he traditionally makes the gravy, so he has written a letter to Dan, his brother, to let him know how to make the gravy, and reminisce on how they traditionally spend their Christmas Day together.

"I guess the brothers are driving down from Queensland and Stella is flying in from the coast.

They say it it's gonna be a hundred degrees, even more maybe, but that won't stop the roast.

Who's gonna make the gravy now? I bet it won't taste the same.

Just add flour, salt and a little red wine.

And don't forgot a dollop of tomato sauce for sweetness and that extra tang.

Give my love to Angus and to Frank and Dolly. Tell 'em all I'm sorry...

Oh praise the Baby Jesus, have a Merry Christmas, I'm really gonna miss it..."

While the spirit of Christmas has a common thread between families, all families have developed their own unique Christmas experience.

As the lyrics of Paul Kelly's song, "How to make Gravy" capture, traditions can be as simple as being responsible for making the gravy.

It might just be the hot roast lunch, present giving, going to church or simply relaxing.

Unlike the mythical figures mentioned earlier, these things are tangible.

As Christmas festivities approach, all of us at RJC Evans & Co would like to take this opportunity to wish you and your family, a safe and Merry Christmas, and a prosperous New Year.

Andrew Evans



/RJCEvansandCo

**All families
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General

In this Issue

A Simple Family Tradition	1
Christmas Break Office Hours	2
Tax Time Scams	2
Generating Ideas	3
Credit Card Security	3
Fringe Benefits Tax & Christmas Parties	4
Gift Cards	4
Fodder Storage Assets Tax Write-Off	5
Instant Asset Write-Off	5
Superannuation: The Carry-Forward Provision	5
Director Penalty Notices	6
Revised FBT Guidance Relating to Private Usage of Work Vehicles	6
CyberCrime – Stay Alert	7
Relationship Register	7
12 Commandments for the Family Business	8
Self-Managed Superannuation Funds (SMSF) Member Limit Increase	8
Milestone – 50 Years Ago	8
Car Expenses for Current Kilometre Rate for 2018/19	8

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Christmas Break Office Hours

Our office will be closed from
12:30PM ON FRIDAY THE 21ST OF DECEMBER 2018
 and returning on
MONDAY THE 7TH OF JANUARY 2019
 for the Christmas break.



The ATO has warned taxpayers to be on high alert for tax-related scams.

It has been reported that the most common is the, “Fake Tax Debt” phone scam.

There has also been an increase in, “Fake Refund” or “Refund for a Fee” scams. These involve emails and SMS’ enticing people to click on a hyperlink, download a file or open an attachment.

It should be noted that the ATO will not:

- Use aggressive or rude behaviour;
- Threaten a taxpayer with arrest, jail or deportation;

- Request payment of a debt via iTunes, pre-paid Visa cards, crypto currency, or direct transfer to a bank account with a BSB that is not either 092-009 or 093-003;

- Request a fee in order to release a refund owed to them;
- Email or SMS taxpayers asking them to click on a link, provide log in, personal or financial information, or to download a file or open an attachment.

There has also been an increase in, “Fake Refund” or “Refund for a Fee” scams.

Generating Ideas



Have fun – children love to imagine and see it as part of their playtime.

The Christmas season is often associated with people taking additional leave to add to the public holidays over this period.

Downtime and recuperation are an essential part of preparing one's self for the next period of work.

Often downtime provides a great opportunity to think without the pressures of day-to-day living. Perhaps during the holiday break this year, you could:

- **Keep a pen at the ready** – creativity can't be forced and ideas usually bubble just under the subconscious. This may be at bed time or while travelling, so make sure you get the idea down while you still remember.
- **Try new things** – innovation is an idea put into action, so don't be scared to break the mould.
- **Have fun** – children love to imagine and see it as part of their playtime. Holidays are a great opportunity to have fun yourself, and with family.

Thought for 2019 – Life is Like a Camera

Focus on what is important, capture the good times, develop from the negatives, and if it goes wrong; take another shot.

(source: The Notebook of Life)

Credit Card Security

The Christmas period will see most people using both their credit and debit cards more often than at any other time of the year. It is timely to revisit security arrangements with these.



Keeping your information secure is vital. This includes your cards, Personal Identification Numbers (PINs), phone passcodes and pattern lock codes, internet banking passwords, online account passwords, SMS and security codes.

Bank Credit and Debit Cards

- Sign the back of new cards as soon as you get them.
- Don't let anyone else use your cards.
- Regularly check that you still have your cards.
- Advise your bank as soon as you realise your card or PIN has been lost, stolen or used by someone else.
- Don't use a payment device if you think something isn't right – forgers have been known to use fake equipment to steal cards or capture PIN details.
- When your card expires, destroy it by shredding or cutting it up. Make sure you slice through the embedded microchip, magnetic strip and security code.

Keeping Your Banking Information Secure

- Don't share your passwords or PINs with anyone.
- Make your passwords/PINs hard to guess.
- Don't choose passwords/PINs that are easily identified with you (e.g. date of birth, car registration, telephone number or name).
- Never write passwords/PINs down. Change them frequently. Use a different password/PIN for each of your online accounts.
- Don't let anyone watch you enter your internet banking passwords or PINs at an ATM.
- Treat your mobile phone like your wallet or purse. Keep it close at all times.

(Source: NAB – Don't Get Caught Off-Guard)

General

Fringe Benefits Tax & Christmas Parties

The festive season looms and we look forward to some good cheer, with Christmas parties and gifts being received. This is a complex area which often causes confusion.

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

A must read this Christmas Season

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

As can be seen from the chart above, if you want to keep it simple, have the Christmas party in the office, staff only. Costs including serving food and drink, at a Christmas party in the office are exempt from FBT. It must also happen on a work day. The FBT exemption applies, regardless of the costs.

If you invite an employee's partner or other family along, FBT is payable on their costs, unless the minor benefits FBT exemption applies. Minor benefits are free from FBT if they have a value of less than \$300 per person and meet certain other conditions.

What About Gifts? - The hamper, bottles of wine or the gift voucher

These will be free from FBT if the value is less than \$300.

If an employer gives a present at the staff Christmas party, both the meal and the gift will be free from FBT as minor benefits, even if together they cost more than \$300. If the value of each is less than \$300, and the other relevant conditions are met.

Is Any of this Tax Deductible?

The general rule is the employer can get a tax deduction for providing a Christmas party, to the extent that it is subject to FBT. Costs that are not subject to FBT are not tax deductible. That includes the costs for which the employer can get a minor benefit exemption.

The exception to this rule is the provision of a gift to an employee, of less than \$300 (GST inclusive) and provided infrequently. This is an exempt minor tax-deductible benefit.

Gift cards



A recently passed law introduced a new validity period for Australian gift cards. The new national framework for the regulation of gift cards includes a requirement to prominently display expiry information and a prohibition on certain post-supply fee.

The mandatory validity period for a gift card has been legislated at three years.

The Australian Treasury have estimated that annual losses from gift card expiry in Australia, are approximately \$70 million.

The new law defines "gift cards" as an article that is commonly known to be a gift card or voucher, whether in physical or electronic form, which is redeemable for goods and services.

The main components of the new law are:

- **Validity requirement** – gift cards must be valid for at least three years. Any terminal condition that has the effect of reducing the validity period to less than three years, would be void;
- **Display requirement** – gift cards must prominently display the expiry date or the words "no expiry date" if the card will not expire; and
- **Post-supply fee prohibition** – post-supply fees are prohibited, except for some acceptable fees, which will be specified in the regulations.

Those changes are legislated to come into effect Australia-wide, by November 2019.

However, for those of us in SA and NSW, the extension of the minimum expiry date has already been legislated.

It looks like this year's Christmas gift cards will last a little bit longer!

Fodder Storage Assets Tax Write-Off

Recent amendments to the Income Tax Assessment Act have been made to allow Primary Producers to immediately deduct (rather than depreciate over three years) the cost of fodder storage assets, such as silos and hay sheds, used to store grain and other animal feed.

There is a catch in that the main purpose of the asset must be to store fodder for the farmer's own use, rather than to be sold.

Any fodder storage assets first used or installed ready for use on or after 19th August 2018, can be claimed in full.

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Instant Asset Write-Off

Using the simplified depreciation rules, assets costing less than the Instant Asset Write-Off Threshold are written-off in the year they are bought and used or installed, ready for use.



This applies irrespective of whether the asset is purchased new or second-hand.

The current threshold is \$20,000.

The entire cost of the asset must be less than the Instant Asset Write-Off Threshold, irrespective of any trade-in amount. If the purchaser is registered for GST the \$20,000 threshold is a GST exclusive amount.

The availability of this Instant Asset Write-Off is legislated to conclude on 30 June 2019.

Superannuation: The Carry-Forward Provision

If you work casual or part-time, take time out of work (e.g. raising a family or career break/sabbatical) or have 'lumpy' income (e.g. a small business owner) this can mean periods where no or limited superannuation contributions are made to your superannuation account.

In situations where this is the case, it could have flow-on effects in regards to your superannuation balance over time.

From 1 July 2018, a carry-forward provision applies to the Concessional Contributions Cap. This is aimed at giving people with less than \$500,000 in superannuation the opportunity to make 'catch up' Concessional Contributions, if you have the capacity and wish to do so.

Briefly, what this means is that, subject to meeting the relevant eligibility requirements, you will now be able to carry-forward Concessional Contributions Cap amounts on a rolling basis, for a period of up to five years.

General

Director Penalty Notices



Does this apply to you?

Provisions of the Taxation Administration Act advise that the directors of companies are required to ensure that their company complies with obligations to:

- Lodge and pay PAYG Withholding by the due date.
- Lodge and pay the Quarterly Superannuation Guarantee Charge (i.e. if superannuation is not paid to the relevant fund by the 28th day after the end of each quarter).

In the event the above obligations are not met, directors of the companies are held personally liable for these debts.

What is a Director Penalty Notice (DPN)?

A DPN is a formal notice issued by the Deputy Commissioner of Taxation to the director/s of a company to:

- Notify them that as a result of the company's failure to lodge and/or pay either the Superannuation Guarantee Charge or PAYG Withholding, the director has become personally liable for those debts;
- Notify them of the manner in which the debt can be discharged; and

- Provide 21 days' notice of their intention to commence proceedings to recover the debts.

DPNs are sent to the director's place of residence or business address as recorded on ASIC's database. If the address on record is not correct, the director is deemed to still have received the notice.

The 21-day period commences on the day the notice is mailed out, not when it is received.

What Should a Director Do Upon Receipt of a DPN?

Upon receipt of a DPN, directors need to act quickly. Legal and/or accounting advice from an insolvency practitioner, should be obtained immediately, to understand and assess what options are available.

Given the strict time limits that apply in respect of the DPN regime, failure to act promptly upon receipt of a DPN, could prevent a director from successfully having a DPN penalty remitted.

It is also critical that directors keep their lodgements in respect of PAYG Withholding and Superannuation Guarantee Statements up-to-date. Failure to do so, will be the difference between whether or not the director can take steps following receipt of a DPN, to cause some of, or the entire penalty, to be remitted. Advice should be sought sooner rather than later.

Revised FBT Guidance Relating to Private Usage of Work Vehicles



Generally, the ATO will consider a business vehicle to be solely business related if its private use is minor, infrequent and irregular.

Whilst the law has not changed, recent ATO guidance provides clarity to employers regarding what they will consider "minor, infrequent and irregular".

The guidelines note the following circumstances may result in a business vehicle being deemed partly private:

- Private use travel exceeds 1,000kms in a year
- Any personal journeys exceed 200kms
- Any trip between home and work, has a diversion that adds more than 2kms

Employers should note the onus is on them (not the employee or ATO) to provide evidence contrary to the above, should they claim that a vehicle is solely used for business.

The new interpretation provides stricter, but clearer rules, on motor vehicle private usage. This clarification, along with the improving tracking methods, could leave many employers at risk of an unforeseen tax bill.

Thus, it is necessary for business owners to consider the implications of private travel, not only for planning trips, but also in deciding on the most tax effective way to purchase a new vehicle, as well as how best to retain and attract staff.

CyberCrime – Stay Alert

CyberCrime is a big problem in Australia and all over the world. The financial costs to businesses and society, is rising every year.

Scamwatch reported that between January and August 2018, \$48 million had been lost, to over 38,000 online-based scams.

Research has demonstrated that over six million Australians were affected by Cybercrime last year.

The following are some simple actions which will assist to keep you protected when connected:

1. When shopping online, check reviews, do your research and only pay with secure payment methods.
2. Be wary of free downloads and website access - such as music, games and movies. They may install harmful programs without you knowing.
3. Always keep your computer security up to date.
4. Only buy a computer and anti-virus software from a reputable source.
5. Don't click on any links or open any attachments from emails claiming to be from your bank or other trusted organisations, asking you to update or verify your details – just delete the email.
6. Choose passwords and PINs that would be difficult for others to guess and update them regularly. Don't save them on your phone or computer.
7. Never give an unsolicited caller remote access to your computer.



Stop cyber criminals from getting the keys to your life – lockdown your online security today!

SOUTH AUSTRALIA

Relationships Register



The purpose of the Relationships Register is to provide legal recognition for adults in a relationship as a couple.

In August 2017, the South Australian Parliament passed a number of Acts relating to LGBTIQ people and de facto relationships.

The purpose of the Relationships Register is to provide legal recognition for adults in a relationship as a couple (other than marriage), irrespective of their sex or gender identity.

This includes both heterosexual and same-sex couples, and also includes same-sex marriages that took place overseas.

From 25 August 2017, adults in a registered relationship will have their registration recorded on their child's Birth Certificate.

When you die, your partner's name will now appear on your South Australian Death Certificate, if your relationship was registered.

To register, both adults need to complete the form and Statutory Declaration available on the SA Births, Deaths and Marriages website and pay the fee.

It is important to note that at least one of the adults must live in SA. If you were

previously married, then you are not able to register a new relationship until you have obtained a divorce from your former spouse.

Just like marriage, if the relationship with your partner ends, then you should ensure the registration is revoked.

One or both partners can apply for revocation. There is a cooling-off period for registering the relationship (28 days) as well as revoking the relationship (90 days).



12 Commandments for the Family Business

Family Business Australia has these tips for making a family business work:

1. Leave work at work, and home at home;
2. Communicate. Don't avoid the bad news. Family members must be transparent about their intentions, motivation and reasons;
3. Have clearly assigned roles for each family member and non-family member in the business;
4. Pay the market rate. Remunerate the job, not the person;
5. Develop a succession plan before you need it. Ensure it is endorsed by all involved;
6. Develop a robust management structure for both business and family governance;
7. Prepare the next generation;
8. Use external advisers, they can be an objective sounding board;
9. Undertake professional development to build lasting support networks and better manage business ownership transition;
10. Enhance your family business brand. Research shows consumers have more trust in family business, so make sure they know you are family owned;
11. Build your online profile. Customers expect to be able to access your business around the clock;
12. Make philanthropy part of your strategy. Not only can it make your business stand out in the community, it can strengthen the bond between generations and the legacy of family business values.

Self-Managed Superannuation Funds (SMSF) Member Limit Increase



The Government has increased the maximum number of allowable members in new and existing Self-Managed Superannuation Funds, from four to six, beginning 1 July 2019.

This will provide greater flexibility for joint management of retirement savings, in particular for large families.

IN BRIEF

Milestone – 50 Years Ago



A significant stage in the history of RJC Evans & Co occurred on 1 December 1968. It was then that the partners of the firm, led by John Evans, moved to newly built premises at 116 Greenhill Road, Unley.

It was an exciting time! A new building with a modern intercom communications system!

Comments about the move centred on, “Why would you want to leave the city?”

Leave the city, the firm did. The old Waymouth Street offices were no more. The new building provided space to grow and expand, as well as easier access and parking for clients.

Thanks to those who have come before us for the foresight to move, we have all enjoyed these benefits for 50 years.

Car Expenses for Current Kilometre Rate for 2018/19

The cents per kilometre rate for claiming work-related motor vehicle expense deductions has increased to 68 cents per kilometre (previously 66 cents) for the income year commencing 1 July 2018 – with 5,000km still being the maximum number of kilometres able to be claimed.