

# News

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# The Clock's Ticking - Don't Waste a Second!



**Despite time being one of the most widely used nouns in the English language, it remains a mystery.**

The experience of time and the need to adapt our life to it, are as old as human history.

The sun rises in the morning and sets in the evening. The passing of time is unstoppable – it will march on regardless of what anyone says or does.

We are all born with different abilities. However, the one thing that we each have is exactly the same amount of time in each day – 24 hours, 1,440 minutes, or 86,400 seconds! What are we going to do with them? DECISIONS! DECISIONS!

Hardly a week goes by where I don't think, "I wish I had more time. Where did it all go?"

A recent call from a client, reminded me of the importance of time. As soon as I heard his voice, I knew that this would be a difficult call.

"Andrew, I will get straight to the point. I have just been told that I have two weeks to live. What do I need to do?"

Two weeks – 336 hours. The clock's certainly ticking. His "To Do List" now has a new sense of urgency.

"I want you to do these things for me now and once I pass away".

"Of course, I will do them straight away".

There is no time for procrastination – the thief of time.

There will be difficult times, reflective times and no doubt the constant thought, "I wish I had more time".

At this moment, in the life of this client, it is clear that, "Time isn't the main thing. It is the only thing" (Source: Miles Davis).

"Have you got the time to do these things?"

"I will make the time".

Harvey McKay once wrote:

"Time is free  
But it is priceless.  
You can't own it  
But you can use it.  
You can't keep it  
But you can spend it.  
Once you have lost it  
You can never get it back".

There is no time like the present. Just do it.

*Andrew Evans*

# Business

## Payroll Tax – SA

**From 1 January 2019, the Payroll Tax threshold was increased from \$600,000 to \$1,500,000.**

With this increase in the maximum threshold, the deduction allowed has not changed, and remains at \$600,000.

### What does this mean for Employers?

- ▷ If you pay up to \$1,500,000 in remuneration, you do not need to register for Payroll Tax, as you do not pass the maximum threshold.

- ▷ If you pass the maximum threshold of \$1,500,000, you are only allowed to have a deduction for \$600,000.
- ▷ For example, if you have \$1,600,000 of remuneration, your maximum deduction will be \$600,000. Thereby leaving you with \$1,000,000 of your remuneration on which Payroll Tax will be paid.
- ▷ This is a trap and something to be aware of, as it is one of those situations where, “the devil is in the detail”.



What does this mean for Employers?

## Single Touch Payroll (STP) – What are the Final Starting Dates?

**The final STP start dates depend on the type of employer. The remaining STP employer groups are:**

- **Smaller employer (19 or less employees)**

The original start date of 1 July 2019 has changed so that employers can commence reporting any time from 1 July 2019 to 30 September 2019.

- **Micro Employers (1-4 employees)**

These employers who rely on a registered Tax Agent or BAS Agent (registered bookkeeper) can report quarterly for the first two years of STP, rather than each time payroll is run.

- **Businesses with only closely held employees**

These employers will have an additional 12 months to report via STP, in respect of those employees who are family members.

For other employees of such businesses who are paid a regular salary however, STP reporting will need to have commenced by 30 September 2019 for small employers.

The Commissioner has confirmed that there will be no penalties for mistakes, missed or late reports for the first year of STP reporting.

## 2019 Annual Wage Increase

**In May 2019, the Fair Work Commission handed down its decision to increase the National Minimum Adult Wage by 3%. This increase will be applicable from the first full pay period commencing on or after 1 July 2019.**

The new National Minimum Adult Wage is \$740.80 per week or \$19.49 per hour. This constitutes an increase of \$21.65 per week to the weekly rate.

## Changes to the SA Labour Hire Licensing Act



**From the end of August 2019, labour hire providers (including vineyard contracting providers & picking and pruning gangs) will need to hold a relevant license in order to comply with the Labour Hire Licensing Act (2017).**

Failure to meet the licensing requirements could see labour hire providers and their clients submit to a \$400,000 fine and a three-year imprisonment term.

To apply for a license, or for more information, head to the Consumer and Business Services website.

# State Budget - Proposed Land Tax Changes



## The 2019/20 South Australian Budget announced proposed changes to the Land Tax Regime.

A change will be made to the aggregation rules, and a surcharge will be imposed on certain trusts from 1 July 2020 (ie land held at midnight on 30 June 2020).

The proposal is to introduce aggregation measures that seek to “look through” legal structures to identify one or more ultimate owners or controllers of the land.

Draft Legislation has only just been released for comment. Until it is passed through Parliament, it is subject to change

With these proposed changes, property owners are expected to bare a significant and immediate increase in annual land tax liability. In light of these developments, it is imperative that property owners are fully prepared so that they are best equipped to navigate the proposed changes.

### Legislative Approach

Commencing from 1 July 2020, the proposed measures will dramatically change the landscape for the assessment of land tax for South Australian land held in company and trust structures.

For land owned by companies, the measures will seek to group “related corporations”. Whether companies are related will turn on whether the same person or group of persons has a controlling interest in terms of:

- Holding more than 50% of the issued share capital of each company;
- Being able to cast or control the casting of more than 50% of the votes at a general meeting of each company; and
- Being able to control the composition of the board of each company.

For land owned in unit trusts, it is proposed that:

- Trustees are subject to surcharge rates of land tax unless the Commissioner is notified of the unitholders, in which case the Trustee will be assessed at general rates on the whole of the taxable land subject to the trust;
- Where the Commissioner has been notified of the unitholders, each unitholder will be assessed (in addition to the Trustee) on their proportionate interests in the land held by the unit trust. This interest is then aggregated with all interests of the unitholder in other taxable land; and
- In this latter case, the unitholder will be subject to a reduction in its land tax liability on account of the land tax paid

by the Trustee (so as to avoid double taxation). If this reduction would result in a negative amount payable, the unitholder does not receive any credit for that amount.

While discretionary trusts will not be subject to aggregation, land held by Trustees of discretionary trusts will be subject to land tax at surcharge rates. This is subject to the ability of a Trustee of a discretionary trust to nominate a beneficiary as the “owner” of the existing land held in the trust for land tax purposes (which must be accompanied by a statutory declaration by the nominee).

Significantly, the nomination must be made by no later than 30 June 2020 and can only be made in respect of “pre-existing trust land”, being land already held by the trust on the day the draft legislation is introduced to the House of Assembly. Where such a nomination is made, surcharge rates will not apply to the land owned by the trust and the land will instead be taken to be owned by the nominated beneficiary. All subsequent land acquired in discretionary trusts will be subject to the surcharge rates.

A number of specific types of trusts, including complying superannuation funds and deceased estates, are excluded from the new measures.

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(Source: Cowell Clarke Commercial Lawyers)

# Farm

## Protection Against Foreclosure for Farmers



The Act applies to all farm debts, including those that were incurred prior to 3 September 2018.

### On 3 September 2018, the Farm Debt Mediation Act 2018, came into effect into South Australia.

The Act provides for a Farm Debt Mediation Scheme, administered by the Small Business Commissioner. The purpose of the scheme is to provide for the efficient and equitable resolution of farm debt disputes, before a creditor is able to take possession of the relevant farm property.

The Scheme imposes a mandatory mediation process, prior to a creditor being able to take enforcement action over a farm mortgage in default.

Furthermore, the Scheme allows for farmers to initiate mediation with their creditor, in respect of a farm debt, even if they are not in default.

The application of the Act only extends to farmers and their creditors - where a farmer is a person or body who is solely or principally engaged in a farming operation and specifically includes a person who owns land that is cultivated under a Share-Farming Agreement.

The Act applies to any debt incurred by a farmer for the conduct of the farming operation, which is secured by mortgage over the farm, farm machinery such as a harvester or tractor, or an irrigational water right in respect of the farming operation.

The Act applies to all farm debts, including those that were incurred prior to 3 September 2018.

### The Mediation Process

The aim of mediation is to clarify issues, explore alternatives and search for solutions in an environment with as little formality and technicality as possible.

The Mediator does not impose a decision upon the parties or force them to agree - rather, it is the parties who may choose to reach an agreement.

Mediation under the Act is organised by the Commissioner who engages the Mediator.

Mediation under the Act, is an excellent opportunity for farmers and creditors to resolve disputes in a low-cost and expedited manner.

## Regional Investment Corporation - Farm Business Loans

You might recall that in the March 2019 newsletter, information was provided in relation to the Regional Investment Corporation's (RIC) farm business loans.



It is of interest to note that the Corporation's variable rate loans will drop to 3.11% across its suite of farm business loans, from 1 August 2019.

RIC's variable interest rate is linked to the ten-year bond rate. It is reviewed twice a year. It is set at a level that covers the cost of the Government raising the capital for loans and the Corporation's operating costs.

The Corporation has Farm Investment Loans, Ag Rebuild Loans, Water Infrastructure Loans and Drought Loans.

More specific details can be found at: [www.ric.gov.au](http://www.ric.gov.au).

## HELP Debts



Higher Education Loan Program (HELP) debt repayments are not tax deductible. If you had a HELP debt in the year ended 30 June 2019, then repayments commenced once your salary exceeded \$51,957 (*Note: the threshold has decreased to \$45,881 as of 1 July 2019*).

The specific amount required to be repaid will depend on a range of factors, including your taxable income.

If you are working and have filled out a Tax File Number Declaration form, indicating that you have a HELP debt, your employer will withhold additional tax from your salary to assist you to cover your HELP debt repayments.

The ATO will automatically calculate what your HELP repayment is for the year, once you lodge your tax return. If you don't notify your employer that you have a HELP debt through the TFN Declaration, your employer will not withhold the additional tax and you may therefore find yourself facing an unexpected hefty tax bill.

People who are overseas with a HELP debt, are required to make repayments based on their world-wide income, and must complete a Non-Resident Foreign Income Declaration with the ATO each year.

## Cars and Vehicle Tax



### Motor Vehicle Cost-Base Limit

There is an upper limit on the cost you can use to work out the depreciation for the business use of your car or station wagon (including 4-wheel drives). This is called the Motor Vehicle Cost-Base Limit.

The cost-base limit for the 2019/20 year is \$57,581.

Generally, if you purchase a car, and the price is more than the vehicle limit, the maximum amount of GST credit you can claim is 1/11 of the car vehicle limit amount (being \$5,234).

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 a business.

### Luxury Car Tax

As of 1 July 2019, the tax threshold for luxury cars has increased to \$67,525.

The threshold for fuel-efficient luxury cars for the 2019/20 year remains for \$75,526.

## Eligible Self-Education Expenses

**If your study is directly related to maintaining or improving your skills in your current occupation, or could increase your income from your current employment, you can claim self-education expenses in your income tax return.**

Typical self-education expenses can include:

- Course fees
- Textbooks
- Stationery
- Student Union Fees
- Depreciation of assets such as computers, tablets and printers

By contrast, if you are embarking on study for the first time, or if the study is unrelated to your work, then the expenses incurred are not deductible.

# Superannuation

## Federal Budget Superannuation Changes

Do these changes apply to you?

### Work Test for Older Taxpayers

The current superannuation Work Test will be removed for people aged 65 and 66, from 1 July 2020.

This will enable individuals in this age bracket, to make concessional and non-concessional voluntary superannuation contributions, even if they are not working.

Under previous rules, they could only make voluntary contributions if they met the Work Test, which required them to have worked a minimum of 40 hours over a 30-day period.

### Extending Eligibility for the Bring-Forward Cap

Access to the Bring-Forward Cap will be extended, for taxpayers aged less than 65 years of age, to those aged 65

and 66. This will enable these taxpayers to make up to three-years' worth of non-concessional contributions (capped at \$100,000 a year) to superannuation in a single year (but no more in the current year, or two subsequent years).

### Superannuation Insurance Opt-In Rule Delayed

The Government has confirmed that it will delay the start date from 1 July 2019 to 1 October 2019, at which time insurance within superannuation is only offered on an opt-in basis in respect of members with account balances of less than \$6,000 and any new accounts belonging to members under age 25.

## Superannuation Changes from 1 July 2019

**From 1 July 2019, no Superannuation Fund will be able to charge more than 3% on balances below \$6,000. Additionally, exit fees will also be removed if you choose to move your money to a new fund.**

## Changes to Superannuation Legislation

Recent changes to Superannuation Legislation under the Federal Government's "Protecting Your Super Package", relate to Superannuation accounts which are low balance (being account values below \$6,000) and are inactive accounts (being accounts that have received no contributions or rollovers into the account for at least 16 months).

To avoid the closure and transfer of these accounts to the Australian Taxation Office (ATO), and the loss of any insurance cover held in these Superannuation accounts, it is important that action is taken to ensure they remain active and in your name.

Some options to retain your Superannuation accounts in their current form and any insurance cover you would like to keep are listed below:

- ▷ Respond to the communication your Superannuation fund has sent you in relation to this;
- ▷ Call or write to your Superannuation Fund to confirm you would like to "opt-in" for the insurance. If this is not done, the insurer must cancel your insurance on or shortly after 1 July 2019;
- ▷ Make a contribution to your Superannuation account;
- ▷ If it is an "inactive" account, ensure that at least one contribution or rollover is made into the account to make it "active", at least every 16 months.

Insurance will be provided on an opt-in basis for members with balances below \$6,000 or who are under 25 years or have not touched their account for 16 months.

If you are in this category, and you wish to keep the insurance, you will need to contact your Superannuation Fund so that the cover is retained.

# Downsizer Contribution into Superannuation

## Factual Information Only

Great  
Advice  
on your  
Super

**Individuals aged 65 and over are now eligible to make a personal superannuation contribution of up to \$300,000 consisting of proceeds from the sale of a family home provided all criteria below are met:**

- ▷ You are age 65 or older at the time you make the downsizer contribution;
- ▷ The amount you are contributing is from the proceeds from the sale of your home;
- ▷ Your home was owned by you or your spouse for 10 years or more prior to the sale;
- ▷ The home is at least partially exempt from capital gains tax under the main residence exemption;
- ▷ The downsizer contribution is made within 90 days of receiving the sale proceeds;
- ▷ You have not previously made a downsizer contribution on the sale of another home; and
- ▷ You and/or your spouse were recorded on the title at the time the property was sold.

**Please note:**

- ▷ A couple can contribute up to \$600,000 for the same home via the downsizing cap;
- ▷ The maximum contribution cannot be greater than the total proceeds of the sale of your home;

- ▷ The provision applies to a residential dwelling plus up to 2 hectares of adjacent land; and
- ▷ This contribution is in addition to the concessional and non-concessional contribution caps.

Age pension recipients should consider what impact the sale proceeds of their home will have on their entitlements before taking any action. The family home is exempt from both the Centrelink Income and Assets Test. However, any remaining proceeds, after a new home is purchased, will count towards both the Income and Assets Test regardless of whether funds are contributed into superannuation. Therefore, a sale of the existing family home may result in a reduction or loss of your age pension.

If you intend to sell a property and wish to contribute some or all of the proceeds into your Self-Managed Superannuation Fund please contact our office to obtain personal advice.

*“A sale of the existing family home may result in a reduction or loss of your age pension”.*

# General

## Commonwealth Seniors Health Care Card

Does this apply to you?



### Self-funded retirees of aged pension age, may be eligible for the Commonwealth Seniors Health Care Card (CSHCC).

The CSHCC offers several benefits for seniors. It entitles holders to:

- Prescription medicines at concessional rates through the Pharmaceutical Benefit Scheme (PBS)
- The Medicare Safety Net threshold available for CSHCC holders
- The CSHCC can also entitle holders to other concessions from State and local Government authorities

Existing CSHCC holders who have held the card continuously since 19 September 2016, are eligible for the tax-free energy supplement.

This is a quarterly payment of only \$62.66 for singles and \$69.66 for each member of a couple.

### Eligibility for the CSHCC

- In addition to being aged pension age, to now be eligible, an individual must also:
- Be an Australian resident and live in Australia
- Not be receiving a Centrelink benefit
- Have adjusted taxable income and deemed income from account-based pensions which is no greater than:
  - \$54,929 if single
  - \$87,884 for couples
  - \$109,858 for couples separated by illness, respite care or prison

## IN BRIEF

### Five Tips to Reduce Unwanted Calls



1. **Join the “Do Not Call” Register** - list your numbers on this register – it is fast, free and confidential.
2. **Know what you are signing up for** – check the fine print when you sign up to online newsletters, tick boxes, enter competitions or accept terms and conditions. You might be agreeing to receive calls from marketers.
3. **Just say no** – take control. If you receive an unwanted telemarketing call, ask to be removed from their call list. You can also contact a business directly and ask to be removed from their lists
4. **Get your block on** – your smart phone may have a setting to block numbers. There are also apps for this.
5. **Report the rule-breakers** – make a complaint to the Do Not Call Register if you think the rules have been broken.

### Other useful information

Never give an unwanted or unknown caller your personal or financial information. If you think it is a scam, tell the caller not to call again and hang up. You can report scam calls at [www.scamwatch.gov.au](http://www.scamwatch.gov.au).

(Source: Do Not Call Register website)