RJC EVANS & Co

News

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Set your SMART goals and objectives for 2022

While the new year has started with a significant amount of uncertainty, a clear set of goals and objectives will help you prosper in 2022.

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Whether you would like to learn a new skill or brush up on a long-lost talent, there are a number of steps you can implement to help you achieve success this year.

Your goals will take you on a journey. According to American motivational speaker Tony Robbins, "Setting goals is the first step in turning the invisible into the visible". The first step is often the most difficult to take. All steps which follow will take you on a journey with many undulations, twists and turns. At times you may need to adjust your trajectory to ensure you stay on course due to items or events you do not anticipate.

When setting goals, it is important to ensure they are SMART:

- **Specific** – you should clearly document the specific goals you would like to achieve
- **Measurable** – your goals should be quantifiable, allowing you to track your progress towards their completion
- **Achievable** – you should set goals which you can reasonably accomplish by stretching yourself
- **Relevant** – you should set goals which provide value to you, whether in a business or personal capacity
- **Time-bound** – you should set a deadline to assess whether you have achieved your goals

Congratulations if you have achieved your goals! If not, you may wish to reflect on your goals and consider adjusting them if necessary. We do not always achieve success the first time, Elbert Hubbard once quoted "there is no failure except in no longer trying". You should not be disheartened if you do not achieve your goals, but instead learn from the experience and harness this as additional motivation.

You may need external assistance to achieve your goals. At R J C Evans & Co we can assist you set, achieve and review your financial goals for 2022. We wish you all success with your goals for the current year!

General

Luxury Car Tax

What is Luxury Car Tax?

Luxury Car Tax (LCT) is a tax imposed on the purchase of new luxury vehicles in Australia. It is levied at 33% of the value of the vehicle above a given LCT threshold, with the threshold increasing annually with indexation. In order to increase demand for fuel-efficient vehicles, the government has implemented a higher threshold for cars that use less than 7 litres of fuel per 100km.

Only the cost of the vehicle (including GST) and vehicle accessories attract the LCT. Stamp duty, on-road costs, extended warranties and services plans are not factored into the vehicle's value for LCT purposes.

Luxury Car Tax thresholds:

Financial Year:	Fuel Efficient (<7 litres per 100km)	Other
2018/19	$75,526	$66,331
2019/20	$75,526	$67,525
2020/21	$77,565	$68,740
2021/22	$79,659	$69,152

Luxury Car Tax Exemptions:

2-year rule
Locally manufactured vehicles are liable for LCT for 2 years from their manufacturing date. Imported vehicles are liable for 2 years from the date they are first imported into Australia. If a vehicle is sold again within 2 years, it will only attract LCT if it has increased in value and only applies to the excess amount.

Non-conventional Vehicles
Vehicles designed for the purpose to carry goods, or more than 9 passengers, are exempt from LCT. These include buses, campervans, and motor homes. Motorcycles are also exempt.

Trading Stock
Vehicles purchased as trading stock with the intention to resell may have their LCT deferred by quoting your ABN. The subsequent customer will be held liable for the LCT.

Luxury Car Tax Refunds:
Primary Producers and tourism operators who are registered for GST are entitled to claim back their LCT on eligible vehicles. Primary Producers can claim on one eligible vehicle per year, whereas tourism operators can claim on each eligible vehicle, both up to a maximum of $10,000 per year. To apply for this refund, the form (NAT 72601) needs to be completed within 4 years of the original purchase date. Feel free to contact our office for any assistance regarding eligibility & lodgement of your refund application.

REMINDER

Director IDs - Application deadlines

- **Existing Directors** must apply by the 30th of November 2022.
- **New Directors** must apply within 28 days of appointment.
- From the 5th of April, **New Directors** must apply before appointment.

Applications must be made by the director, and cannot be undertaken by anyone else on their behalf.

Please contact our office should you require assistance.

Single Touch Payroll 2 The time has come

From 1 March 2022, the amount of detail required to be reported, and identified separately, has been extended

Since 1 July 2019 employers have been required to report details of their wages to the ATO when they are paid. This is known as Single Touch Payroll (STP) and is done digitally via specialised computer software.

From 1 March 2022, the amount of detail required to be reported, and identified separately, has been extended to include the following:

- Allowances
- Bonuses and commissions
- Directors' fees
- Overtime
- Paid leave
- Salary Sacrifice

Digital Service Providers (DSPs) can apply for a deferral if they need more time to make changes and update their solutions. Such a deferral then automatically applies to customers of that provider. For example, Xero & MYOB have advised that they have been granted a deferral until 31 December 2022. This means that all customers using Xero & MYOB for their payroll will also have until that date to report their first STP Phase 2 pay run.

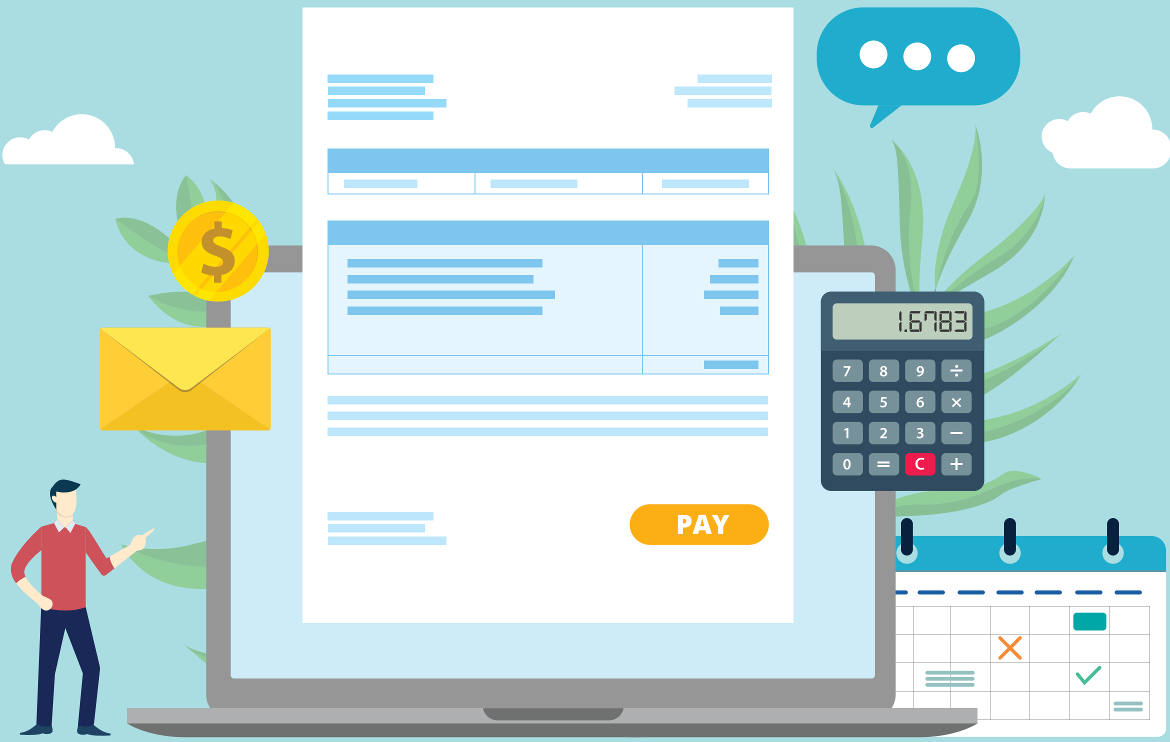
Should you require more time to transition, you (or our office your behalf) may apply for an extension beyond your software provider's deferral.

The ATO has advised that genuine reporting mistakes pre 31 December 2022 will not be penalised.

The expansion of the STP regime is envisaged to provide the following benefits:

- Employers will no longer need to send employee TFN declarations to the ATO (they will still need to be collected and filed in employee records).
- Simplify the application for concessional reporting, such as when paying closely held payees.
- When making Lump Sum E payments, employers will not need to provide Lump Sum E letters to employees.
- Payroll information reported will be shared in near real-time with Services Australia (ie. Centrelink), who can use it to streamline requests and adjust employee's government entitlements accordingly.

Please contact our office should you require any assistance with STP or guidance on how these changes may impact you.



Superannuation

Topping up your Superannuation with Concessional Contributions

Thinking about making up for lost time and making extra contributions to top up your super?

The good news is that the "catch-up" Concessional Contribution (CC) rules can help individuals who feel they have missed out on building their retirement savings to make extra before-tax contributions.

Remember, CCs can include super guarantee contributions from your employer, salary sacrificed amounts and tax-deductible personal contributions.

What are catch-up CCs?

You can carry forward any unused CC cap amounts that have accrued since 2018/19 for up to five financial years and use them to make CCs in excess of the general annual CC cap (currently $27,500 in 2021/22).

You can then make a CC using the unused carry forward amounts provided your total super balance at the end of the previous financial year is below $500,000.

Once you start to use some of your unused cap amounts, the rules operate on a first-in first-out basis. That is, any unused cap amounts are applied to increase your CC cap in order from the earliest year to the most recent year. So, when you use some of your unused cap from prior years, the unused cap from the earliest of the five-year period is used first.

And remember, if you don't use your accrued carry forward amounts after five years, your unused cap amounts will expire. So it's best to use it before you lose it!

It is also important to note CCs cannot create a tax loss. A CC will be limited to your taxable income.

Example: Stephanie's accrued unused cap amount over three years

During 2018/19, Stephanie's employer made super guarantee contributions of $10,000 into her super fund. No other CCs were made that year.

As a result, Stephanie has an unused cap amount for 2018/19 of $15,000 ($25,000 – $10,000).

Assuming Stephanie accrued unused cap amounts of $15,000 three years in a row (ie, for 2018/19, 2019/20 and 2020/21), she could make CCs in 2021/22 of up to $72,500 ($45,000 unused cap amounts + $27,500 annual cap for 2021/22) without exceeding her CC cap.

	2018/19	2019/20	2020/21	2021/22
Current year CC cap	$25,000	$25,000	$25,000	$27,500
Carried forward unused CC cap from prior year/s	$0	$15,000	$30,000	$45,000
Total CC cap including carried forward unused	$25,000	$40,000	$55,000	$72,500
CCs made in the current year	$10,000	$10,000	$10,000	$72,500
Cumulative unused CC cap amount remaining at year end	$15,000	$30,000	$45,000	$0

Note, for Stephanie to utilise her unused cap amounts, her total super balance at 30 June 2021 must be below $500,000.

Who can benefit from catch-up contributions?

Catch-up contributions may assist individuals who:

- Previously couldn't afford to make additional contributions;
- Have spent time out of the workforce to study, look after children or elderly family members;
- Work part-time or are casual employees;
- Have interrupted or non-standard work patterns (ie, self-employed people);
- Dispose of an asset and want to reduce their tax and further maximise their contributions to super;
- Receive a windfall/inheritance and want to contribute the funds to super.

If you finally have capacity to make extra contributions and want to build your super, utilising the catch-up CC rules can allow you to make up for lost time and be an easy way to boost your super for retirement.

Should you consolidate your superannuation accounts?

Multiple accounts mainly occurs when employees change jobs and do not nominate the same (or any) account for their super guarantee to be paid into.

Did you know that there are approximately 10 million unintended multiple super accounts, which represents around 35% of all member accounts held by funds?

While in some cases this outcome may be intended, more often than not the creation of multiple accounts is unintended and mainly occurs when employees change jobs and do not nominate the same (or any) account for their super guarantee to be paid into.

These multiple super accounts are costing Australians an extra $690 million in duplicated administration fees and $1.9 billion in insurance premiums per year, which is eroding many Australians' hard earned super benefits.

If you are one of these individuals with multiple super accounts, there may be benefits to rolling your accounts onto one super fund.

The benefits for consolidating funds

There are a number of benefits of rolling your accounts into one fund, including:

- Prevent duplicated fees – having one super fund means one set of fees, potentially saving you hundreds and thousands of dollars over your lifetime.
- Easier to manage – having all your super in one account makes it easier to manage as there is less paperwork and administration to worry about.
- Maximise your investment returns – once you have consolidated your funds, it will be easier to manage your investment strategy and you'll be able to maximise the funds to invest.

Things to consider before consolidating

Before you consolidate your funds, there are a few things you should consider, including:

- Check whether you have any insurance cover – you may hold life, total and permanent disability cover and income protection through your super funds. When changing funds, you may lose this cover or not receive the same level of cover in the new fund. Individuals with pre-existing medical conditions and those aged over 60 need to be particularly vigilant.
- Compare your super funds – it is important to compare your super funds to check on things like fees, insurance premiums, variety of investment options available, performance data, etc before you choose a super fund that meets your needs.
- Check if you can rollout of your current fund – it may not be possible for you to transfer your money out of your account e.g., if you have a defined benefit fund.
- Speak to your licensed financial advisor to help you make the right decision, particularly if you're not sure about the adequacy of your new or existing insurance coverage.

How to consolidate

Consolidating your super is now easier than ever, using ATO online services or your myGov account.

If you're not sure whether you might have other super accounts, you can also search for lost or unclaimed super via the ATO or by logging into your myGov account linked to the ATO and clicking on 'Manage my super'.

myGov

Legal Structures

Aside from tax, there are many factors to consider when determining the best structure (or combinations of structures) for your business or investment, including ease of understanding, set up and compliance costs, the ability to admit new owners, asset protection etc.

You can change your business structure at any time, however there may be costs involved such as Capital Gains Tax (CGT) and Stamp Duty.

Following is a summary of the features associated with the various legal structures available.

	Tax	Tax Rate
Sole Trader	• The individual is responsible for tax on the income and capital gains • Eligible for 50% CGT discount on capital gains	• At the individual's marginal tax rate
Partnership	• Each partner is responsible for tax on their fixed share of the partnership income and capital gains • Each partner eligible for 50% CGT discount on capital gains.	• At each partner's marginal tax rate
Trust	• Each beneficiary is responsible for tax on the income and capital gains of the trust they have been made presently entitled to • Trustee pays tax on behalf of non-residents and minors • Eligibility for CGT discount depends on the beneficiary	• Beneficiaries taxed at their marginal tax rate • Undistributed profits taxed at 47%
Proprietary Company	• Company is responsible for tax on income and capital gains • Not eligible for CGT discount on capital gains • Shareholders incur tax on company dividends, less a credit for company tax paid	• 30% - Large business or non-business. • 25% - Small Business, also known as Base Rate Entities
Self-Managed Superannuation Fund	• Fund is responsible for tax on income and capital gains • Each member's share of tax is deducted from their member account • Eligible for 1/3rd CGT discount on capital gains.	• 15% on earnings of accumulation balance • 0% on earnings of pension balance • Pension balance subject to Transfer Balance Cap ($1.7m at 1/7/21)

You can change your business structure at any time, however there may be costs involved such as Capital Gains Tax (CGT) and Stamp Duty.

Control	Liability	Costs & Requirements
• Full control of the business and day to day decision making	• Unlimited personal liability	• Minimal set up costs. • Annual Income & Expenses included in individual Income Tax Return • Business Activity Statements (if applicable)
• Control details can be set out in Partnership Agreement • Ultimately dependent on partnership interest • Generally, a partner has the authority to act as an agent for the partnership, and each member shares control of the management decisions	• General – partners have unlimited liability for the debts and obligations of the partnership • Limited - partners liability is limited to the amount they have invested into the partnership	• Minimal set up costs. • Partnership Agreement recommended • Annual Partnership tax return • Business Activity Statements (if applicable)
• Trustee holds the legal title to property and administers the trust for the benefit of the beneficiaries • Appointor (if applicable) appoints the Trustee of the trust and therefore has ultimate control • Beneficiaries have no control or say over the trust	• Trustees are personally liable for the debts of the trust they administer, however can be compensated out of trust property for liabilities incurred in exercise of the trustee's powers	• Trust Deed • Annual Trust tax return. • Annual distribution resolution • If a corporate trustee, some company costs & requirements also incurred • Business Activity Statements (if applicable)
• Run by directors, who are appointed by the shareholders • Ownership rests with the shareholders	• Directors can be held liable if found to be in breach of their duties. • Shareholders only liability is the amount unpaid on their shares.	• Statutory Register and constitution • ASIC Incorporation Fee (currently $469) • Annual ASIC Return Fee (currently $273) • Annual Company Tax Return • Regular director and shareholder meetings and minutes • Business Activity Statements (if applicable)
• For individual trustees, all members must be trustees of the fund • If corporate trustee, all members must be directors of the company • Trustees/members control investment decisions and asset mix	• SMSF's can only incur liabilities in limited circumstances (via a LRBA) • Only assets subject to a fund's LRBA (if applicable) are at risk if in default • SMSFs not eligible for compensation resulting from theft or fraud • Penalties of non-compliance can be levied on trustees/members personally.	• Fund Deed • Annual SMSF Return • Annual audit • Written Investment Strategy • If a corporate trustee, company costs & requirements also incurred. • Business Activity Statements (if applicable)

General

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MICROSOFT OFFICE TIPS AND TRICKS

From the humble beginnings of high school friends Bill Gates and Paul Allen, the Microsoft Office suite is now an essential group of products for the digital age. We use Microsoft Office every day to prepare letters, spreadsheets and emails. Shortcuts exist in these programs which assist users perform tasks without the need to manually duplicate blocks of text, locate specific buttons, or switch between use of the keyboard and mouse.

Common keyboard shortcuts which use the Ctrl key are:

Combination	Purpose
Ctrl + C	Copy selected text/cells
Ctrl + X	Cut selected text/cells
Ctrl + V	Paste selected text/cells
Ctrl + Z	Undo the last typing performed
Ctrl + P	Print a document
Ctrl + S	Save a document
Ctrl + N	Create a new document
Ctrl + A	Select all text/cells
Ctrl + F	Search box pop-up used to find text (F4 in Outlook)

Combination	Purpose
Ctrl + B	Bold selected text/cells
Ctrl + I	Italicise selected text/cells
Ctrl + U	Underline selected text/cells
Ctrl + Home	Navigate to the top of a document(Cell A1 in Excel)
Ctrl + End	Navigate to the end of a document(the lowest non-empty cell in Excel)
Ctrl + Up	Navigate up a document by paragraph or block of cells
Ctrl + Down	Navigate down a document by paragraph or block of cells
Ctrl + Left	Navigate left in a document by word or block of cells
Ctrl + Right	Navigate right in a document by word or block of cells

The Shift in combination with Ctrl allows you to select a block of text:

Combination	Purpose
Ctrl + Shift + Home	Navigate and select text to the top of a document(Cell A1 in Excel)
Ctrl + Shift +End	Navigate and select text to the end of a document(the lowest non-blank cell in Excel)
Ctrl + Shift + Up	Navigate and select text up a document by paragraph or block of cells
Ctrl + Shift + Down	Navigate and select text down a document by paragraph or block of cells
Ctrl + Shift + Left	Navigate and select text left in a document by word or block of cells
Ctrl + Shift + Right	Navigate and select text right in a document by word or block of cells

There are also several shortcuts which use the mouse:

Combination	Purpose
Single mouse left-click	Select a location in the document
Two mouse left-click	Word / Outlook: Select a specific word. Excel: Click into the cell
Three mouse left-click	Word / Outlook: Select an entire paragraph
Click the mouse scroll wheel	Switches between scrolling and mouse movements to navigate up or down the selected document
Ctrl + use of mouse scroll wheel	To adjust the zoom in or out for the selected document

Multiple shortcuts can be combined to perform tasks. For example, if you wish to move a paragraph from one location to another within a document you can follow these steps.

1. **Click a word** in the relevant paragraph three times to select the paragraph
2. Use **Ctrl + X** to cut the selected paragraph of text
3. **Single click** to select where you would like to move the paragraph to
4. Use **Ctrl + V** to paste the paragraph

Another handy tip is to hover the mouse over a button in the Office ribbon until an information box appears. This box will notify you if a shortcut is available. Finally, if you need help with an Office product, press **F1** to access the Help menu.