

June 2017 New Financial Year Edition



Members of the Institute of Public Accountants



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HOURS: 9am to 5pm
Monday to Friday

Welcome...

from everyone at Hern & Associates to the 2017 edition of The Informer.

This issue is filled with a lot of important changes with the ATO as well as addressing some issues that may clarify how the ATO works. Tax Time is coming soon and we look forward to seeing you this New Financial Year!

Tax News

5 day promise for BASIC Income Tax Returns

Hern & Associates will continue to offer our 5 Day Promise for Basic Income Tax Returns. If you can't come in to see us, why not send in your work? On receipt of all your tax information in to our office, we can have your Tax Return completed and sent back to you, ready to sign, in 5 working days. You can post or scan & email your information to reception@herns.com.au

Fees for 2017

Our fees for a Basic Tax Return* will now be \$242 and can be paid either by cash, cheque or EFTPOS. If it is estimated that you will be receiving a tax refund, you may opt to have our fee deducted from that refund, if you wish.

Please be aware that we have not increased our fees in over 5 years, but rising costs we have made this increase necessary.

*a basic tax return does not include extra schedules required for rental properties or business schedules

Do you have a myGov Account?

Since 2015 anyone with a myGov Account that has chosen to link the Australian Taxation Office to their account will no longer receive their documentation in a paper form from Hern & Associates.

The types of communication you will receive via your MyGov Inbox include:

- Notice of Assessments
- Statements of Account
- Confirmation and Reminder Notices
- Activity Statements or Instalment Notices (BAS & IAS)
- Requests for Information

By opting to link the ATO to your myGov Account you have agreed to receive ATO correspondence in your myGov Inbox, instead of a paper form being sent to your Registered Tax Agent.

If there has been correspondence sent to you from the Australian Taxation Office you will be notified by email or SMS when there is mail in your myGov Inbox to be opened.

In the meantime, we ask that you please be diligent in checking your myGov Inbox for any correspondence received from the Australian Taxation Office as Hern & Associates don't receive a copy of these letters any longer and cannot action requests in a timely manner.

Have you changed your name?

Have you have recently changed your name? When we are processing your Tax Return we will need one of the following identity documents issued by the Department of Births, Death & Marriages to verify your new name:

- Australian Birth Certificate
- Australian Marriage Certificate
- Australian Change of Name Certificate (Deed Poll)

This is a new identity procedure in place by the Australian Tax Office. To ensure your Tax Return is not delayed please bring this document to your appointment.

Are your bank details correct?

Since 2014 the Australian Tax Office has been issuing Refunds via EFT, as they are phasing out the printing of cheques. If the incorrect bank details have been given to us when completing your return, then the payment will bounce back and a cheque will then issued. This delays the refund process, usually taking over a month for you to receive your refund. When completing your return this year, please check your bank account details carefully so that you can receive your refund quickly and efficiently.

Tax News

What is PAYG and why do I have to pay it?

If your income from business or investment reaches a certain level, then the ATO require your income tax to be paid in instalments. This is called the Pay As You Go (PAYG) instalment system. You are entered in to this system by the ATO if you have a large tax bill at your yearly assessment. It is designed so you don't have to pay your tax in one lump sum, but monthly or quarterly spread over the financial year. When you lodge your next tax return you may receive a refund or a bill for the shortfall. The ATO will send you a letter letting you know that you are now in the PAYG system and the amount of tax you will be required to pay each quarter. Each quarter you will receive a PAYG instalment notice also known as Income Activity Statement (IAS). This will come as a letter or via your myGov account.

BAS & IAS is now online

No more paper copies – need to lodge with AUSKEY through business portal or send information to us.

The ATO, in its endeavours to make more work for Taxpayers, has announced that it will be phasing out the distribution of paper forms for Quarterly BAS and IAS. Clients are expected to register on line to receive, prepare and lodge these forms.

This new policy has been in operation since the September 2014 quarter, so some clients may not have received a paper form for some time. In the past the receipt of these forms by post has been the trigger to remind us to prepare returns.

As the ATO has been unable to give us a reliable record at this date of those who have lodged or not lodged their BAS or paid their IAS, we will be posting reminders via our Hern & Associates Facebook page.

BAS & IAS must now be lodged by the client online via the ATO Business Portal. This requires an AUSKEY available from the Australian Business Register. More information about the Business Portal can be found here: <https://www.ato.gov.au/general/online-services/register/businesses-and-tax-practitioners---register-for-an-auskey/>

Hern & Associates is able to offer you the service of lodging your BAS & IAS via the Tax Agent's Portal, if you still prefer that option. Please contact our office on 83446011 to discuss.

Office News

Peterborough Visit

Brian will be making his annual visit to Peterborough on Friday 18th August 2017

Please contact us on 8344 6011 or reception@herns.com.au to book an appointment time.

Lyndal is Engaged!

We are very happy to announce the engagement of Lyndal Hern to Eddie Morrison. We look forward to celebrating their wedding next year!





Global Business Camps 30 July -1 August 2018

Global Business Camp is a 3 day camp that we attended in early December 2016 to work on our business and also to really check out the whole concept. The event proved to be excellent and we came up with many great ideas and strategies, and now Brian and Maria are keen to attend with you. We believe that spending these 3 days to help drive your business for the next 12 months, and address all of the concerns that small-to-medium business owners are worried about, is time well spent.

The next event will be held on the Gold Coast in July 2018 and, as we mentioned above, we want you to attend with us so that we can work together on improving your business. One of advantages of this event is that you will have Brian and Maria working closely with you for the 3 days. That is a massive value add opportunity. You will be given so many ideas to help grow the business and you will also spend time planning and working out strategies for improvement.

We would like you to seriously consider coming along with other key team members from your business. The whole event is 100% tax deductible, as the Government wants small businesses to succeed. As clients of Hern & Associates you also have access to a VIP discount of \$2,200 – saving \$1,100. You can register to book your spot, and then pay by instalments if you wish. Global Business Camps are so confident in the product, the content and execution of the camp that they offer a 100% money back guarantee if you are not satisfied.



To register your interest and for more information about travel and payment plans.

Talk to Adrienne, Maria or Brian on 83446011 or email adey@herns.com.au



Don't wait to be affected, get on the front foot and grow your business now!

Budget 2017

How the Budget will Affect You

This year's Budget aims to boost the economy and benefit small business, but there are tougher deduction rules for property investors and everyone will be affected by the increased Medicare levy.



Here is a brief outline:

Small Business

Small businesses, sole traders and start-up businesses with a turnover less than \$10 million will get an immediate tax deduction for individual assets they purchase which cost less than \$20,000. This tax deduction can apply to as many items as you like. This arrangement has now been extended for another year and will continue until 30 June 2018. From 1 July 2018 the immediate tax deduction will revert back to items costing less than \$1000.

Rental Properties

Since 9 May 2017 investors have been able to claim a deduction for plant and equipment over the effective life of the asset. However, if the investment property is sold to new owners they will be unable to claim deductions for plant and equipment purchased by the previous owners of the property. This is a measure to address concerns that some plant and equipment items are being depreciated by successive investors in excess of their actual value.

From 1 July 2017, investors will no longer be able to claim for travel expenses related to inspecting, maintaining or collecting rent for a residential rental property. Investors will still be able to claim a deduction for using third party services such as real estate agents, for property management services.

Medicare

The Government will increase the Medicare levy low-income thresholds for singles, families and seniors and pensioners from the 2017 income year.

- The threshold for singles will be increased to \$21,655.
- The family threshold will be increased to \$36,541 plus \$3,356 for each dependent child or student.
- For single seniors and pensioners, the threshold will be increased to \$34,244.
- The family threshold for seniors and pensioners will be increased to \$47,670 plus \$3,356 for each dependent child or student.

The Medicare levy will increase from 2% to 2.5% of taxable income from 1 July 2019. The current exemptions from the Medicare levy will also remain in place.

If you have any queries about how the Budget will affect you, please call us on 8344 6011 or email reception@herns.com.au



Is now the time to move to online accounting?

Now that online accounting solutions have been in the market for a number of years, it's time to consider whether it's a good idea for your business. In all honesty, we think online accounting will make a big difference to how you manage your business accounts.

One of the greatest opportunities available to businesses today is to take advantage of the power of the cloud. What's the cloud? It's a fashionable term for the internet.

Online accounting gives you the freedom to access your 'live' business data anywhere, anytime via the internet. You also have peace-of-mind knowing your data is always backed up and accessible.

With MYOB online accounting, you can:

- Access your accounts on any internet-connected computer or smartphone anywhere, anytime
- Link your bank account to automatically import and match your bank transactions
- Store your data securely online
- Enjoy improved data sharing between your business and our practice.

That last point is very important. It means we have visibility of your accounts throughout the year - not just at year-end. This ensures improved data accuracy, eliminates delays at key compliance times, and helps us to provide timely financial advice to you.

The other feature we like is MYOB's automatic bank feed. This ensures all your transactions, like the payments you make and the payments you receive, are securely transferred into your software for you - saving you time in data entry.

What's more, you can access features such as real time invoice tracking, receive EFTPOS and credit card payments on the spot, and import invoices directly into your software - to name just a handful of time-saving innovations and cashflow improvements.

MYOB have an exclusive 50% off discount for clients wanting to move from AccountRight desktop to AccountRight online.

You can learn more about MYOB online accounting solutions on the MYOB website or if you wish to take up this unbeatable offer, give Maria a call on 83446011.

