



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 2019 edition of The Informer.

We welcome Natasha and Kate to the Hern & Associates Team. Kate is our new Director of First Impressions and will be at the front counter to greet you when you visit this year. Natasha is an experienced Chartered Accountant with a focus on audits and income tax returns.

The New Year is fast approaching and we look forward to seeing you in the office at Tax Time.

This issue is filled with a lot of important changes from the ATO and ASIC, as well as looking at some changes which were announced in the Federal Budget.

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 2019

Our fees for a **Basic Tax Return*** are still **\$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.

**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 Tax Agents don't receive a copy of these letters any longer. If you receive correspondence that you need us to assist with, please notify us promptly. The ATO has stated that in the near future your myGov account will feature a tick box that will allow your Tax Agent to receive copies of the correspondence. We ask all clients to please tick the box to allow us to assist you with ATO.

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 be issued. This delays the refund process, usually taking over a month for you to receive your refund. When signing your return this year, please check your bank account details carefully so that you can receive your refund quickly and efficiently.

Tax News

Debt to the ATO? Making Contact Before Due Dates is Better than Defaulting

If you have a tax debt and don't have all the funds to pay it, the ATO can offer a payment arrangement. The maximum payment arrangement period is 24 months and you can pay weekly, fortnightly or monthly. To enter into a payment arrangement you must agree to pay on time for every payment. If you default on a payment the arrangement will be cancelled and you may be ordered to pay the debt immediately or, at worst case, your wages may be garnished.

If you know that you are likely to default on an upcoming payment it is better to contact us or the ATO prior to the due date. The ATO will be more lenient and may possibly change the conditions of the payment arrangement. Communication with the ATO is a lot better than silence and they will be more inclined to help.

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 had 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.

ATO Introduces a New Deduction Schedule

In the 2019 Income year the ATO has introduced a new Deductions schedule that will be mandatory for any claims made on an individual tax return. This means more detailed descriptions are required for any work-related expenses, investment deductions and donations.

Examples are:

Work –related Car Expenses – car make/model, calculation method (kilometres or Logbook), kilometres travelled, percentage of business use, expense amount & decline in value

Work-related Travel Expenses – travel description & travel amount

Work-related Clothing, Laundry & Dry Cleaning Expenses – clothing expenses claim type (ie. Protective clothing, compulsory uniform, non-compulsory uniform & occupation specific clothing), clothing expense amount

Work-related Self Education Expenses – Self-education reasons, expense description & justification

Low Value Pool Deduction – Low value pool deduction related to financial investments, rental properties & assets

Interest Deductions – Interest deduction description & amount

Dividend Deductions – Dividend deduction description & deduction amount

Gifts or Donations – Gift or donation description & amount above \$2.00 each

Costs of Managing Tax Affairs – Description and amount

Personal Super Contributions – Notice of Intent to Claim, fund name, last eligible contribution, fund TFN & ABN, deduction claimed



Companies – Changes to the way we send Annual Company Statements

Since March we have changed the way we send the Annual Company Statements to all our registered companies. We are now using a software called NowInfinity. It allows clients to sign Minutes and all ASIC forms electronically. It also sends email reminders to pay so you avoid the penalties that are quickly issued by ASIC once you have passed the due date.

GST – 10% Doesn't belong to you

This year marks the 18th anniversary of the GST (Goods and Services Tax) and it still is a challenge for some business owners. Over the 18 years, Australia has experienced growth and then the hardship of the GFC.

Office News

Small business owners have struggled with rising costs and debtors defaulting on payments.

We have seen many clients who have been caught up in tax debt because when it comes time to pay your GST, the money has already been spent. Keep in mind that the extra 10% you collect in GST for products or services sold belongs to the Australian Taxation Office, not you. The best way not to be caught in the GST trap is to put the money aside and avoid the temptation of spending it.

Single Touch Payroll For Employers – ATO

Single Touch Payroll is the new reporting system for employers of 20 or more employees. The system started on 1 July 2018 and from 1 July 2019, the system will also apply to employers with 19 or less employees.

You will report payments such as salaries and wages, pay as you go (PAYG) withholding and superannuation information from your payroll solution each time you pay your employees. Your payroll cycle will not change. You can still pay your employees weekly, fortnightly or monthly. Please note that all employees will need a My Gov account to be part of the Single Touch Payroll System.

If you use payroll software, your software provider will contact you shortly about updates to your payroll system. If you do not use a payroll software, you will need to choose one that offers Single Touch Payroll and start reporting. Please ask Maria about the best solution for you maria@herns.com.au or call **8344 6011**.

Trading names are being retired

The Australian Business Register (ABR) is working with Australian Securities & Investments Commission (ASIC) in preparation for the retirement of trading names.

To continue trading under a specific name, you need to register it as a business name. After a business name is successfully registered it will appear on ASIC's business names register and the ABN Lookup.

From November, all trading names will be removed from ABN Lookup. Only registered business names will continue to be listed, so check you have registered your trading name as a business name with ASIC by then. If you have any queries, please don't hesitate to contact us.

Peterborough Visit

Brian will be making his annual visit to Peterborough on Friday 9th August.

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



Australian
Executor Trustee

Estate Planning

An estate plan is particularly important for families with complex requirements such as providing for a second spouse or loved ones with special needs. It's also important where there has been a history of, or the potential for, family disputes.

Hern and Associates have had a long association with Australian Executor Trustees and they are happy to assist clients in the areas of:

Specialist estate planning advice, including taxation planning and advisory services

- > Will and Power of Attorney preparation
- > Estate Administration
- > Trustee services – Testamentary Trusts, Living trusts, Family Trusts and Charitable Trusts
- > Attorney Services

An adviser can meet you at our offices in Walkerville or you can see them in the Pirie Street head office. Please contact Hern & Associates on 8344 6011 or email Adrienne at adey@herns.com.au to book a free, no obligation appointment.

We say farewell to Kristy

In April we sadly said farewell to Kristy. Kristy had a great relationship with our clients and was a valuable member of the Hern & Associates family. We wish her well and thank her for her years of great service.



Global Business Camps 23 - 25 March 2020

Global Business Camp is a 3 day camp that we attended in July 2018 to work on our business and also to experience 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 March 2020 and, as we mentioned above, we want you to attend with us so that we can work together on improving your business. One of the 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

Hern & Associates 5th Birthday

Thank you to everyone who attended our 5th Birthday celebrations in March. It was a great celebration of what Hern & Associates is really all about - family and community. A special thank you to the Walkerville Bowls club who were fantastic hosts. We were overwhelmed by the support of everyone who attended and the well wishes sent to us by those who couldn't attend.

Thank you for a fantastic day!





Federal Budget 2019

Treasurer Josh Frydenberg's election year Budget has tax cuts, increased compliance and regulations and still promises a return to surplus by 2020.

Tax reform

Ten million low and middle-income earners earning up to \$90,000 a year will receive up to \$530 in tax relief per year beginning on July 1. Wealthier Australians will have to wait a bit longer under a sweeping 7-year plan to create a single income tax rate of 32.5 per cent for workers earning between \$41,000 and \$200,000 a year.

The ATO will receive a \$260 million funding boost from July to increase Audits on tax payers. The ATO will be focusing on tax payers with work-related expenses and rental properties. Please be sure to take Odometer readings at 30 June as Motor Vehicle expenses will be a target of the ATO.

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 \$30,000. This tax deduction can apply to as many items as you like. This arrangement has now been extended again for another year and will continue until 30 June 2020.

There are different thresholds that apply for assets purchased before certain dates:

- from 29 January 2019 until before 7.30pm AEDT on 2 April 2019, the threshold is \$25,000
- before 29 January 2019, the threshold is \$20,000.

Aged Care

Aged care is set to get a big injection of funds as baby boomers move into retirement. The Treasurer announced an increase in aged care funding over four years, including \$1.6 billion for 14,000 additional home care packages to help older people stay in their own home for longer.

An extra \$1.4 billion for listings on the Pharmaceutical Benefits Scheme will also be added to assist Australians with serious illnesses to afford necessary drugs.

There's also \$1.3 billion over 10 years to a National Health and Medical Industry growth plan, which will include \$500 million for genome research. The Pensioner Work Bonus will be extended so retirees can earn more money without affecting their pension. Retirees and now self-employed seniors will be able to earn up to \$7,800 a year before reducing their pension payments.

The 2018-2019 Income Year will be the last year taxpayers can claim net medical expenses for aged care, disability aids and attendant care. Taxpayers with an adjusted taxable income above \$90,000 for singles or \$180,000 for couple or family can claim a reimbursement of 10% for qualifying net medical expenses incurred in excess of \$5504. Taxpayers with an adjustable taxable income below these thresholds can claim a reimbursement of 20% for qualifying net medical expenses over \$2,333 when they lodge their tax return.

Superannuation

Exit fees on superannuation accounts when you want to change funds will be abolished.

Insurance through superannuation will become an opt-in for members who have account balances of less than \$6,000, are under the age of 25 years, or whose accounts have not received a contribution in 13 months and are inactive. These members will still have the opportunity to obtain insurance through their superannuation if they choose to do so. The changes will take effect on 1 July 2019.

Inactive account balances below \$6,000 will need to be transferred to the ATO, who will be expanding their data matching processes to reunite these inactive super accounts with the member's active account, where possible.