



Members of the Institute of Public Accountants



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## Welcome...

from everyone at Hern & Associates to the 2020 edition of The Informer. We never anticipated that 2020 would be like this. We have quickly had to adapt to a different way of doing business which has taken a toll on our community and economy. We hope you and your family are safe and healthy.

## Some good news....

On Australia Day we were thrilled to discover Brian was awarded the Medal of the Order of Australia (O.A.M) as well as being awarded Walkerville Citizen of the Year. These awards recognised various services to the community Brian has performed including services to the Uniting Church, Chairman of Clayton Church Homes, member & Auditor to the Adelaide Harmony Choir, Justice of the Peace S.A and volunteering services to the local community. Congratulations Brian (and Bronwyn).

# Tax News

## Visiting our Office in the New Financial Year

Coming into the new financial year we typically expect a spike in appointments and client traffic in the office. In the midst of physical distancing and the need to remain vigilant in the winter months we would like to remind clients of other options by which to lodge your return. If you are uncomfortable about coming into the office we can arrange meetings over the phone, Skype or Zoom. And a reminder that you can email, post or drop in your Working Papers if a meeting with a partner isn't necessary.

## Working from home and claimable expenses

Just a reminder to keep receipts and a log of what has been spent while working from home during the past few months. This can include equipment, furniture, software and subscriptions that have been purchased for the purpose of working at home.

You can also calculate how much electricity has been used for your office space, for your working hours. Don't forget phone and internet usage. (diary recording for every day you work from home). There are 2 options for calculating home office expense deductions. You can use the higher rate of 80 cents/hour but this includes internet & phone use so if normally use other method, would be better to use 52 cents/hour plus phone & internet & additional furniture (pitfall of including council rates etc is the impact on future capital gains tax).

## Early Access to Superannuation May not Be the Best Decision

The Government is allowing individuals affected by the Coronavirus to access up to \$10,000 of their superannuation in 2019-20 Financial Year and a further \$10,000 in the 2020-21 Financial Year. Over 1.75 million applications for a total of \$14.3 billion have been approved with half a million of those applicants under the age of 30.

There are strict early release requirements that are assessed by the Australian Taxation Office (ATO). We stress that this should be considered as a last resort for financial assistance. Accessing your Superannuation when the market is so low will be detrimental to your Super balance in the future. Models based on age, starting balance and returns show that withdrawals of \$10000 now can impact

between \$30000 and \$90000 when it comes to retirement. This is because you miss out on the benefit of compound interest.

It will also have an impact on your insurance. If your Super balance does not have enough funds to pay for premiums then your life, total permanent disability or income protection insurances maybe cancelled. Many people take advantage of these insurances through Super as they may not able to be afford stand-alone products.

Please also be aware that the ATO are now investigating people who have withdrawn from their superannuation and fining those who have breached the strict early release criteria.

## 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](mailto:reception@herns.com.au)

## Fees for 2020

Our fees for a **Basic Tax Return\*** are still **\$242** and can be paid either by cash, cheque, credit card or EFT. 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

# Tax News

- 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 that box to allow us to assist you with ATO.



## myGov ID for Business Portal

In March 2020 the government shutdown the Auskey system and introduced MyGovID for businesses. MyGovID allows you to access online government services on behalf of your business or entity. To setup visit [www.mygovid.gov.au](http://www.mygovid.gov.au) If you need any help, please contact us. Please be mindful that MyGovID is a different platform to your personal Mygov account.

## 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.

## ATO Requirements for Work Related Car Expenses

As more Australians are making work related car expenses claims the Australian Tax Office (ATO) now require logbooks to be kept. They must be maintained for 12 continuous weeks before the end of the income year.

The logbook must contain the following information:

- when the logbook period starts and ends
- the car's odometer readings at the start and end of the logbook period
- the total number of kilometres the car travelled during the logbook period
- the number of kilometres travelled for each business journey recorded in the logbook and reason for the journey
- the business use percentage for the logbook period.
- If keeping a paper logbook is not convenient then there are many apps that can record work related travel that use your GPS and some have travel recording systems. Some apps approved by the ATO are ATO Logbook App, ERoad System and LogbookMe

## Follow us on Facebook

To keep up to date with the latest COVID-19 resources, business and tax news, follow us on Facebook

[www.facebook.com/hernandassociates](https://www.facebook.com/hernandassociates)



## 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 maybe 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.

## Peterborough Visit

Brian will be making his annual visit to Peterborough on Friday 28th August. Please contact us on 8344 6011 or [reception@herns.com.au](mailto:reception@herns.com.au) to book an appointment time.



## Companies – Changes to the way we send Annual Company Statements

Since March 2019 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 allows us to send email reminders about payment of the Annual Fees so you avoid the penalties that are quickly issued by ASIC once you have passed the due date. Please make sure your email address is always up to date so you do not miss these notices. Also please read the attachments carefully so you do not miss payment information.

## 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](mailto:adey@herns.com.au) to book a free, no obligation appointment.

