

Members of the Institute of Public Accountants



[www.herns.com.au](http://www.herns.com.au)

21 Alfred Street  
Walkerville SA 5081

PO Box 397  
Walkerville SA 5081

**P** 08 8344 6011

**E** [reception@herns.com.au](mailto:reception@herns.com.au)

**HOURS:** 9am to 5pm  
Monday to Friday

## Welcome...

from everyone at Hern & Associates to the 2023 edition of The Informer.

We hope you and your family are safe and well. We look forward to welcoming you to our office in the New Financial Year, but will also remind you that you are welcome to arrange meetings over the phone or Zoom. And a reminder that you can email, post or drop in your Working Papers if a meeting with one of our Partners isn't necessary or convenient.

# Tax News

## Fees for 2023

Our fees for a **Basic Tax Return\*** are now **\$253** and can be paid either by cash, cheque, credit card or EFT. Please be aware that we have not increased our fees in over 5 years, but rising costs we have made this increase necessary.

## Trust Account Payment Option

If it is estimated that you will be receiving a tax refund, you may opt to have our fee deducted from that refund. We wish to advise that this will cause delay in money reaching your account. We are relying on Australia Post mail to receive the Assessment, process the refund and forward to you. You may choose to pay on the day to expediate the refund into your account.

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

## Protecting Sensitive Information

Due to increased security and privacy measures, our software will no longer print your Tax File Number on your completed Income Tax Return. Please do not fill in your Tax File Number when returning signed returns. If you need your Tax File Number at any time, please feel free to call us and we will happily give you your Tax File Number over the phone after a few simple identification questions.

For our clients completing their returns via email, we will now be sending the files with password protection. We will also be requesting that clients using our trust account to deduct our fees from your refund to ring through with their current banking details so it is not communicated via email.

## New Identity Requirements required for the ATO and Tax Practitioners Board

Due to new identity requirements by the Tax Practitioners Board (TPB) and ATO we are required to request proof of identification for new and existing clients. Please bring photo ID with you to your appointment, if you do not have a photo ID we can accept a birth certificate or a government concession card AND one of the following: a Medicare card, bank or utilities statement.

If we have identified you in the last financial year, you will not be required to complete the check again, until we are informed otherwise by the TPB and ATO.



## 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. We ask that you please be diligent in checking your **myGov Inbox** for any correspondence received from the Australian Taxation Office, as Tax Agents sometimes **don't** receive a copy of these letters. If you receive correspondence that you need us to assist with, please notify us promptly.

## Have you changed your name?

Have you 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. If Name Change applies to you, please bring this document to your appointment, to ensure your Tax Return is not delayed.

# Tax News

## 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.

If you need to update your banking details, please don't email the details to us. Please phone through with the updated details so your information is secure.

## 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 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, DriversNote App, ERoad System and LogbookMe

## ATO are Data Matching Cryptocurrency

The ATO have increased data-matching of cryptocurrency to identify individuals who may not be meeting their registration, reporting, lodgment or payment obligations.

The cryptocurrency data-matching program will allow them to identify and address multiple taxation risks:

**Capital gains tax (CGT) – If you acquire cryptocurrency as an investment, you may have to pay tax on any capital gain you make on disposal of the cryptocurrency. Disposal occurs when**

- selling cryptocurrency for fiat currency
- exchanging one cryptocurrency for another
- gifting cryptocurrency
- trading cryptocurrency
- using cryptocurrency to pay for goods or services

**Omitted or incorrect reporting of income – In some situations cryptocurrency transactions can also give rise to ordinary income. Taxpayers who trade cryptocurrency or businesses that accept cryptocurrency as payment have obligations to report the income generated in their tax returns.**

Please keep records of your cryptocurrency and trades to assist with completing your tax return.

## Office News

### Welcome 3 New Faces!

When you visit our office this tax season, you may be greeted by 3 of our new staff members. Lyndel and Rose have joined us as our new Directors of First Impressions sharing roles from Monday to Thursday. We also welcome Natalie, who is a final year accounting student with UniSA and assisting our accounting team.

### Alfred Street Reopened

Walkerville Council have finally completed their roadworks along Alfred Street. Unfortunately, limited carparks on our stretch of Alfred street are designated for 30 minutes or permit parking for residents. There are 5 free parks available at the top end of Alfred Street near the playground and tennis courts. Alternate parks are available at the Walkerville Oval and Woolworths.

### Peterborough Visit

Brian will be making his annual visit to Peterborough on Friday 11th August.

Please contact us on 8344 6011 or [reception@herns.com.au](mailto:reception@herns.com.au) to book an appointment time.

### Follow us on Facebook

To keep up to date with the latest business and tax news follow us on Facebook

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

# 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.

## **Federal budget 2022**

### **Small Business**

#### **\$20,000 Energy Boost for Small Business.**

Small and medium businesses with a turnover less than \$50 million may be eligible for up to \$20,000 (maximum 20% if \$100,00 spent) in tax relief to invest in equipment to cut their energy bills. Examples are converting from gas to electric, installing more efficient fridges, induction cooktops, batteries and heat pumps etc.

#### **Small Business Technology Boost**

Small and medium businesses with a turnover less than \$50 million will be able to deduct an additional 20% of the expenditure incurred for digitising their business operations. This means the business can receive \$120 tax deduction for every \$100 spent on digital items. This can include portable payment devices, cyber security systems, subscriptions to cloud based services, computer hardware and software. This is capped at \$100,000 for the year.

#### **Instant Asset Write Off**

The instant asset write-off threshold will be temporarily increased to \$20,000 from 1 July for a year.

Small businesses with an annual turnover under \$10 million, will be able to instantly deduct the entire cost of certain assets that cost less than \$20,000, which are first used between 1 July 2023 and 30 June 2024. The \$20,000 threshold applies to each asset.

#### **Superannuation Guarantee To Increase 1st July 2023**

Employers need to be aware that the superannuation guarantee is increasing from 11% on 1st July 2023. The legislation has stated that the superannuation guarantee will increase by 0.5% increments until 2025 when the superannuation guarantee will be 12%.



## Changes to the way working from home deductions are claimed for 2023

The ATO has made changes to the way that working from home deductions can be claimed by eligible taxpayers for the 2023 income year.

**If you have genuinely worked from home at any time from 1 July 2022 to 30 June 2023, you may be eligible to use the ATO's revised fixed-rate (67 cents per hour) method to claim for:**

- energy expenses (i.e., electricity and gas) for lighting, heating/cooling, and to run electronic items used for work or business;
  - internet expenses;
  - mobile and home telephone expenses; and
- stationery and computer consumables (e.g., printing paper and printer cartridges).

Under the revised fixed-rate method, a claim for the above running expenses is calculated at a fixed rate of 67 cents for each hour that you worked from home during the 2023 income year.

This is an alternative method to claiming for the above running expenses using the actual expenses method, which would require a separate claim for the work/business portion of each expense.

What records do you need to keep when using the ATO's revised fixed-rate method?

You will need to keep some receipts, bills or invoices of the running expenses you have incurred in order to verify your claim.

**You will also need to keep a record (e.g., a timesheet, diary or similar record) of the number of hours you worked from home during the year, basically as follows:**

- From 1 July 2022 to 28 February 2023 – The ATO will generally accept a record of the number of hours worked from home over a representative period (e.g., a diary for a four-week period). This can then be used to estimate the total number of hours worked for this entire period.
- From 1 March 2023 going forward – You need to keep a record of the total number of actual hours worked from home. This effectively means that you will need to make a record (e.g., a diary entry) of the number of hours worked from home on each occasion that you worked from home.

We have also attached a sample working from home diary that could be used for this purpose.

[Please click here to visit our website](#)



# NowInfinity

## 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.

Clients have mentioned that they do not see all the documents so here is a step by step of what you will receive:

### Email



You will receive an email from adey@herns.com.au with instructions and a link to sign the documents online. Please read the cover email as it contains instructions and any important updates for companies from ASIC.

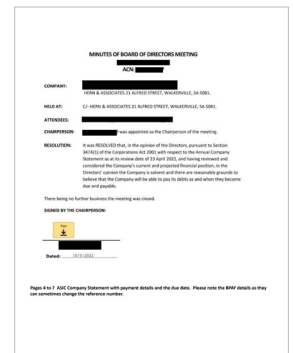
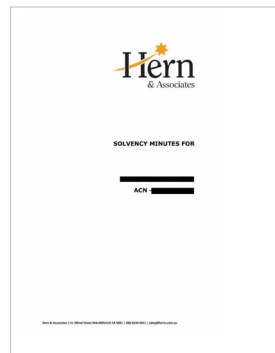
### Page 1

Cover Letter



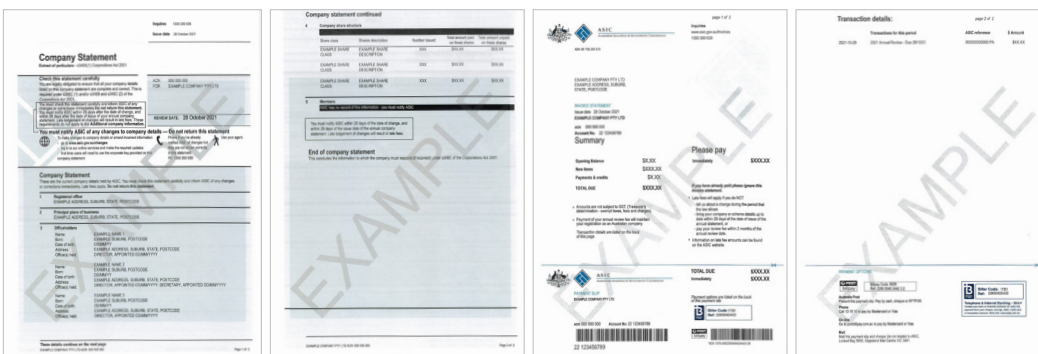
### Page 2 & 3

Minutes and Signature Box for the Director



### Pages 4 to 7

ASIC Company Statement with payment details and the due date. Please note the BPAY details as they can sometimes change the reference number.



### Last Page

The invoice for HERN and Associates for maintaining the Annual Company Record. Please note this fee covers the changes to the Company register including change of address, change or resignation of directors etc as well as the accompanying minutes and ASIC documents required.

