The Informer

June 2025 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 2025 edition of The Informer.

We wish you and your family all the best for this year, and look forward to welcoming you to our office in the New Financial Year. It's never been more convenient to lodge your tax returns, with the option to email, post or drop in your Working Papers if a meeting with one of our Partners isn't convenient. We believe face-to-face appointments give us an excellent opportunity to share what is happening in your lives, and often find that the conversation may lead to discovering other possible deductions or concessions to help you keep more money in your wallet. With the recent removal of the Low to Middle Income Tax Offset, any deductions can help!

community based, family focussed

Tax News

Fees for 2025

Our fees for a **Basic Tax Return* are $253** and can be paid either by cash, credit card or EFT. Please be aware that once again, we have not increased our fees this year.

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

Trust Account Payment Option

Due to Government changes regarding identity requirements (see below), there are also changes to the Anti-money Laundering (AML) policies with additional requirements demanded of Public Accountants. These changes affect using Trust Account for payment of fees. This comes at a cost to our firm in administration and external audit. Rather than increase all fees to cover our costs, we have made a decision to charge **$25 in addition to the Tax Return Fee** to any clients choosing the Trust Account method of paying our fee.
You are welcome to pay by card or cash at your appointment or you can pay by direct debit or via our website with the 14-day invoice you receive on the day. It also ensures your tax refund is in your Bank Account usually a week earlier than using the Trust Account method.

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 obliged 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.

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 using **AdobeSign**. Please check your spam/junk folder when waiting to receive your returns.

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.

Tax News

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

Are your bank details correct?

Since 2014 the Australian Tax Office has been issuing Refunds via EFT, as they will be phasing out the printing of cheques by 2028. If the incorrect bank details have been given to us when completing your return, then the payment will bounce back. 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.

Changes to the way Working from Home deductions are claimed for 2025

The ATO has made changes to the way that Working from Home deductions can be claimed by eligible taxpayers for the 2025 income year.

If you have genuinely worked from home at any time from 1 July 2024 to 30 June 2025, you may be eligible to use the ATO's revised fixed-rate (70 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 ink cartridges).

Under the revised fixed-rate method, a claim for the above running expenses is calculated at a fixed rate of 70 cents for each hour that you worked from home during the 2025 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.

You will need to keep some receipts, bills or invoices of the running expenses you have incurred 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.

We have also attached a sample Working from Home diary that could be used for this purpose.
Please click here

Sale Of Property

Have you disposed of property in the last financial year? The ATO is emailing some clients who may have disposed of property after 1 July 2024.

You must report disposals of property in your tax returns in the same financial year you signed the sale contract, not the settlement date.
Further information about this is available at
ato.gov.au/CGTpropertysale

Please also remember to keep your bank and mortgage statements, as well as your settlement statement for the property. We will need the information from those statements to complete your income tax return.

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 by using 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

Alfred Street Parking

Unfortunately, limited carparks on our stretch of Alfred street are designated for 1 hour or permit parking for residents. There are 5 free parks available at the top end of Alfred Street near the playground and tennis courts. Alternative parks are available at the Walkerville Oval and Woolworths.

Peterborough Visit

Brian will be making his annual visit to Peterborough on Friday 22nd August.

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

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.

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 into this system by the ATO if you have had a tax bill over $1000 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.

Please note that if you are in a payment arrangement for one tax debt and you have an additional tax debt, they can not be combined into one payment arrangement.

Instant Asset Write Off

The instant asset write-off threshold will continue at the increased rate of $20,000 for the 2024-25 income 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 2024 and 30 June 2025. The $20,000 threshold applies to each asset.

Superannuation Guarantee Increase 1st July 2025

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

Do you have Private Hospital Health Cover?

Due to increased reporting to the Australian Tax Office we ask that you please supply us with your Health Fund Tax Statement (you can obtain online) or show us your Private Health Insurance app. We are obliged to confirm with the ATO that you do have Private Hospital Cover and the number of days you have been covered.

New Requirements for your Self Managed SuperFund

The ATO has increased their focus on market valuations of assets within Self Managed SuperFunds.

Property Title Searches – from 1 July 2025 the ATO will require a title search to confirm the ownership of each property as part of the SMSF annual audit. This is to ensure there are no services over the property and the fund complies with SIS regulations. For commercial properties and farming land held in an SMSF will be subject to an independent valuation every 2 years.

Asset Valuations – The ATO requires an annual valuation to all assets including non-standard assets. Non-standard assets include precious metals, loans, unlisted companies/unit trusts, collectibles and Cryptocurrency. You must provide the information detailing the purchase, contract or sale of any assets.

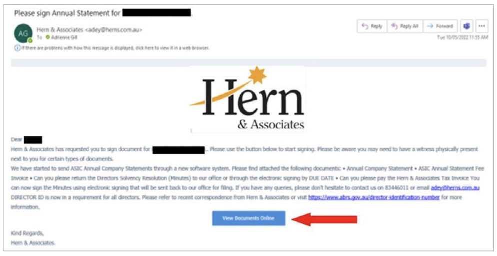
NowInfinity

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 use 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



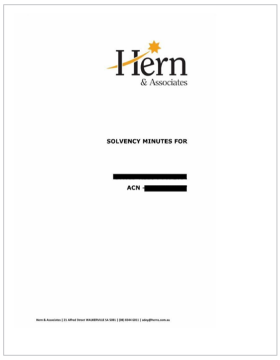
You will receive an email from adey@herns.com.au with instructions and a link to sign the documents online. Please read the cover email as it contains instructions and any important updates for companies from ASIC.

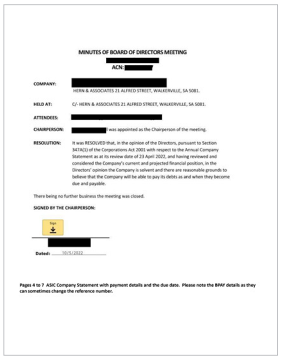
Page 1

Cover Letter

Page 2 & 3

Minutes and Signature Box for the Director

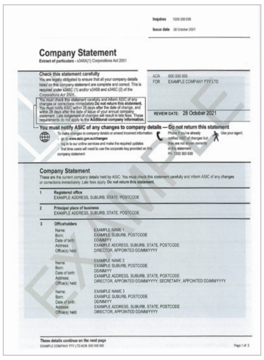


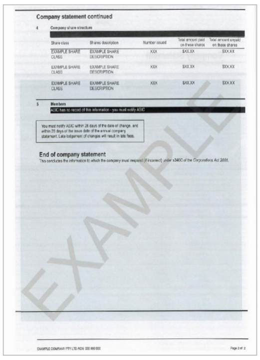


Pages 4 to 7

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.

Hern & Associates