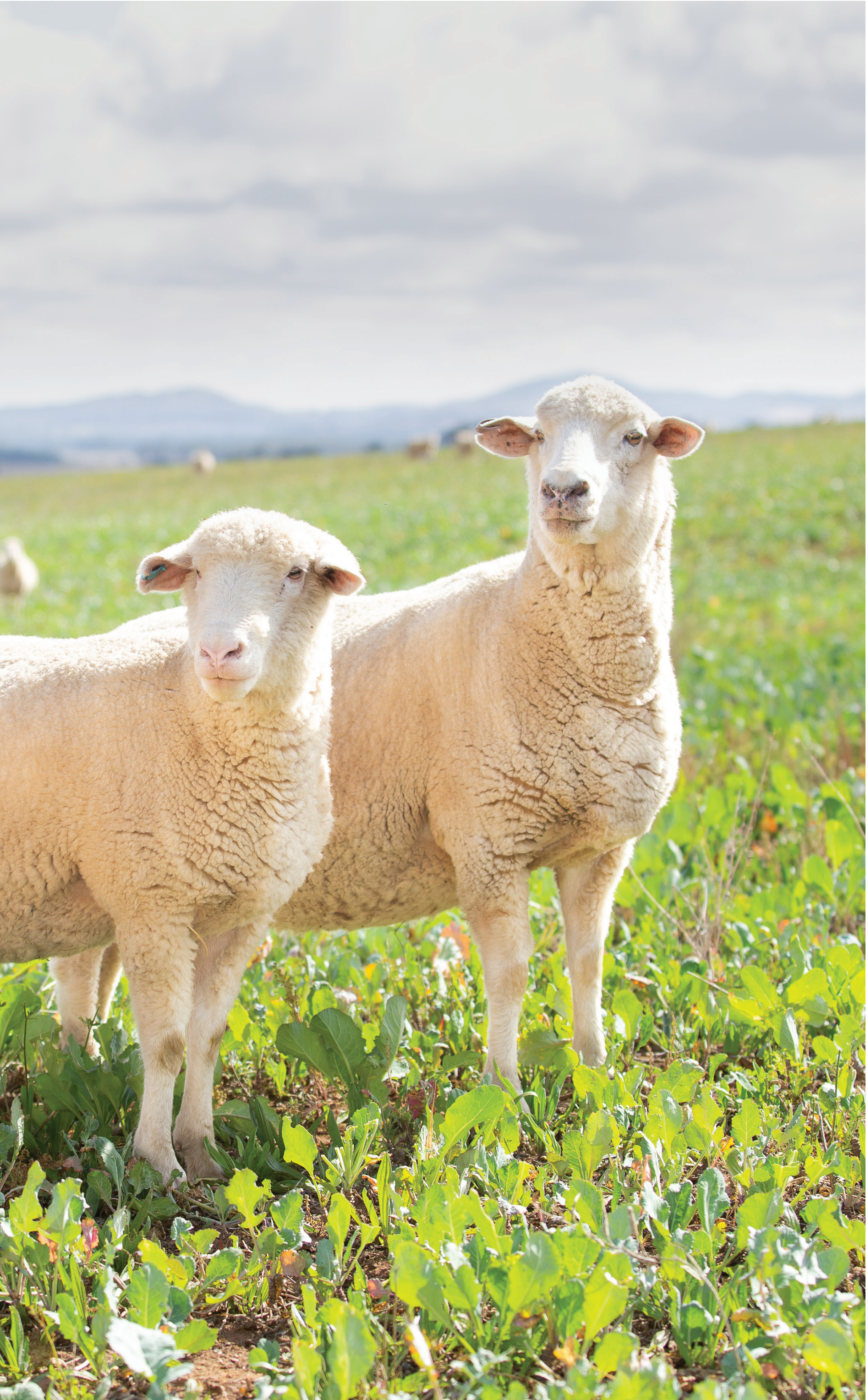
2020 JUNE

Quarterly Newsletter

Green Taylor Partners



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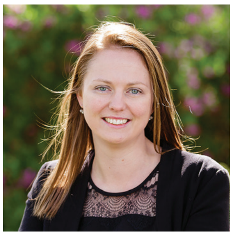


Covid-19 Cash Flow Boost for Employers

Jess Sluggett

In March 2020 the Australian Government announced a Cash Flow Boost for employers which would be based on PAYG withholding on eligible payments including salaries, wages and directors' fees.

Eligible businesses and not-for-profits will receive between $20,000 to $100,000 in tax-free assistance by lodging their activity statements between March and September 2020.

This is an assistance payment, not a loan. There is no requirement to repay the amounts received, unless an entity incorrectly receives Cash Flow Boost payments.

Am I eligible?

The basic eligibility criteria include businesses and not-for-profits who:

- are small or medium business or not-for-profit entities (turnover less than $50 million)
- held an ABN at 12 March 2020,
- made eligible payments to employees which were subject to withholding, even if the withholding amount was $nil (this includes wages, salaries and directors' fees) and
- had lodged with the ATO on or before 12 March 2020 their 2018/19 tax return or an activity statement (BAS/IAS) for any period beginning 1 July 2018 or later.

How do I access the assistance?

The Cash Flow Boost is accessed simply by lodging activity statements for the period March 2020 to September 2020. The ATO will automatically calculate and apply the Cash Flow Boost.

You can choose to pay the net amount of your activity statement less the Cash Flow Boost amount, or you can pay the whole amount of your activity statement and have the Cash Flow Boost amount refunded to your bank account.

If a refund is due, the amount refunded will be the activity statement plus the Cash Flow Boost payment.

The ATO will not apply the Cash Flow Boost to any outstanding tax debt on your account at the time, however the refundable amount may be directed to other Australian Government agency debts.

How much am I eligible for?

The Cash Flow Boost is split into two payments known as the 'Initial Cash Flow Boost' and the 'Additional Cash Flow Boost'. The amount of the Initial Cash Flow Boost sets the total entitlement available, with the Additional Cash Flow Boost payment being exactly the same amount as the Initial Cash Flow Boost.

The Initial Cash Flow Boost is calculated based on the PAYG withholding amounts shown on the March 2020 to June 2020 activity statements. This includes the April and May statements for monthly activity statement lodgers. The amount of the Initial Cash Flow Boost is calculated differently for monthly and quarterly lodgers.

Quarterly lodgers

Where total PAYG withholding for the March and June quarters is less than $10,000, the Initial Cash Flow Boost payment will be $10,000.

Where total PAYG withholding for the March and June quarters is more than $10,000, the Initial Cash Flow Boost payment will be the actual amount of your PAYG withholding, capped at $50,000.

Quarterly example 1:

Business A pays wages and withholds tax as follows:

Quarter	Gross Wages	PAYG Withholding
March 2020	$10,000	$2,500
June 2020	$10,000	$2,500

Business A's Initial Cash Flow Boost payment is $10,000 as the total PAYG withholding is less than $10,000.

Quarterly example 2:

Business B pays wages and withholds tax as follows:

Quarter	Gross Wages	PAYG Withholding
March 2020	$30,000	$10,000
June 2020	$45,000	$13,500

Business B's Initial Cash Flow Boost payment is $23,500, being the total PAYG withholding. This is because the total is above $10,000 but below $50,000.

Monthly lodgers

The Initial Cash Flow Boost payment is calculated differently for monthly lodgers to compensate for January and February's PAYG withholding already being reported and payable when the announcement was made.

The payment is calculated as the total of:

- 3-times the amount of PAYG withholding reported on the March 2020 activity statement, and
- The actual amount of PAYG withholding reports on the April 2020, May 2020 and June 2020 activity statements.

Where the above totals less than $10,000 the initial payment will be $10,000.

Where the above totals more than $10,000, the initial payment will be the total, capped at $50,000.

Monthly example 1:

Business X pays wages and withholds tax as follows:

Month	Gross Wages	PAYG Withholding
March 2020	$10,000	$2,000
April 2020	$10,000	$2,000
May 2020	$10,000	$2,000
June 2020	$10,000	$2,000

Business X's Initial Cash Flow Boost payment is $12,000. This is calculated by multiplying the March PAYG by 3, then adding April May and June [($2,000 x 3) + $2,000 + $2,000 + $2,000].

Monthly example 2:

Business Y pays wages and withholds tax as follows:

Month	Gross Wages	PAYG Withholding
March 2020	$50,000	$15,000
April 2020	$50,000	$15,000
May 2020	$30,000	$10,000
June 2020	$20,000	$6,000

Business Y's Initial Cash Flow Boost payment is $50,000 as the total PAYG Withholding considered is $76,000 [($15,000 x 3) + $15,000 + $10,0000 + $6,000], above the $50,000 cap.

How are the payments made?

Each Cash Flow Boost payment will first be applied to the activity statement for that month, with any excess being refunded to the entity's nominated bank account. Where the activity statement was already refundable, the Cash Flow Boost will be an additional refundable amount.

For both quarterly and monthly lodgers, the initial payment of a minimum of $10,000 will be applied to the first activity statement for the period which includes eligible payments.

The Additional Cash Flow Boost will be paid across the June to September activity statement periods.

For quarterly lodgers, 50% will be applied to the June BAS/IAS and 50% to the September BAS/IAS.

For monthly lodgers, 25% will be applied to each of the June, July, August and September BAS/IASs.

Quarterly example:

Business A from above will receive their Cash Flow Bonus as credits on their BAS/IASs as follows:

Quarter	Gross Wages	PAYG Withholding
March	$10,000	
June	$-	$5,000
September	$-	$5,000

Monthly example:

Business Y from above will receive their Cash Flow Bonus as credits on their BAS/IASs as follows:

Month	Gross Wages	PAYG Withholding
March	$45,000	
April	$5,000	
May	$ -	
June	$ -	$12,500
July		$12,500
August		$12,500
September		$12,500

What are the tax consequences?

The Cash Flow Boost is not subject to Income Tax or GST for the business receiving the payments.

There is also no tax impact for the employee, with their PAYG withholding credits still being available.

In some circumstances the payment of a tax-free amount to a trust beneficiary or a company's shareholder may have tax implications. This should be discussed with your Accountant.

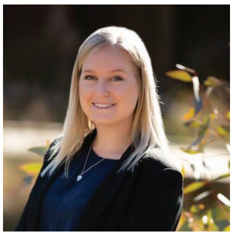
Beware!

The ATO have announced that the Cash Flow Bonus will be scrutinised heavily to detect any schemes or fraudulent access. The ATO will be targeting activity with the sole or dominant purpose to either become entitled to the Cash Flow Boost when otherwise not eligible, or to increase the amount of Cash Flow Boost entitlement. Sudden changes in how payments are characterised or how a business operates may be enough of an indicator to trigger a review.

If you would like to know more about the Cash Flow Boost program, how it applies to your business or the payments you may be eligible for, feel free to discuss with your Accountant at GTP.

GTP Birthdays

- 16th June - Sally Hateley
- 5th July - Kathyrn Hamilton
- 13th July - Shane Bryan
- 3rd August - Peter Cramer
- 10th August - Rohan Brown



A day to remember!

Georgia Francis

March 31 is an important date to mark in your calendar. It is not just the end of the March quarter, it is also the conclusion of the Fringe Benefits Tax year. Why is this important you ask? Great question! On March 31 every year, you need to jot down your vehicle's speedo reading (at the end of the day of course, every km counts!). You'll need to know this because when we send out our annual FBT paperwork for you to fill out, you will have the correct information to fill in the schedules.

Set a recurring notification in your diary to remind you to do this each year or set an alarm on your phone. Whatever works for you to ensure that you don't forget to check and record the speedo. Take a photo on your phone, or jot the number down on a piece of paper that you will be able to find later on so that when the FBT paperwork arrives from us, you can complete it with ease. One less job to worry about!

Want to claim a deduction for super contributions through the SBSCH?

Did you know, super payments are only considered to be paid for the purpose of claiming a tax deduction once they have been received by the super fund, not the date the Small Business Superannuation Clearing House (SBSCH) accepts them?

To ensure you can claim a deduction for the 2019–20 income year, you need to allow processing time for your super payments to be *received* by your employees' super funds before the end of the 2019–20 income year. Payments need to be accepted by the SBSCH by 23 June 2020.

Remember to check with your employees if you need to update their super fund details in your SBSCH account including, a change of ownership of a superannuation product. If there has been a change in ownership, the super fund's ABN or Unique Superannuation Identifier (USI) may have been changed for your employee's super account. Super funds will inform members (your employees) of any such changes, which your employee should give you.

There is no change to when SG quarterly payments are due, the next quarterly due date is 28 July 2020.

What is DRP and do I have to pay tax on it?

Ross Laycock

In the financial sector the term DRP is frequently used, it is an abbreviation for Dividend Reinvestment Plan. When you buy shares in a company, often you will receive various forms and one of these will commonly be in relation to if you would like to participate in DRP's.

Frequently Asked Questions

What is a DRP ?

A DRP is an agreement with a company where you can choose to acquire additional shares in a company instead of receiving the dividend as a cash payment.

Do I pay brokerage on DRP purchases ?

No. No brokerage is applied, and in fact shares received under a DRP are usually at a small discount on what their listed price is.

Do I have to include the dividend amount in my tax return as I didn't receive the money ?

Yes. The payment of the dividend is an income event even though you didn't physically receive the money.

- If I sell the shares do I pay tax on the whole amount I sold them for ?
  No. Shares acquired in the DRP are viewed by the ATO as a purchase at the amount of the dividend (approx.) and therefore you have a purchase cost to include in your calculations under the capital gains tax law.
- What records do I have to keep for DRP shares ?
  All. As each DRP is a separate share purchase you must retain each purchase (dividend slip) for calculations under the capital gains tax law when the shares are sold.
- Can I opt in/out at a later date ?
  Yes. You can contact the share registry at any time and complete the election form which will update your choice with the company.

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Beware these 5 COVID-19 scams

Natasha Gardner

Since the outbreak of COVID-19, more than 2,000 coronavirus-related scam reports with losses totalling more than $700,000 have been lodged with the consumer watchdog.

The Australian Competition and Consumer Commission's (ACCC) Scamwatch has noted that scammers are using the spread of COVID-19 to take advantage of people across Australia who may have let their guard down.

It is urging everyone to be cautious and remain alert to coronavirus-related scams, and not to provide personal, banking or superannuation details to strangers who have approached you.

As a result, it's important to stop and check, even when you are approached by what you think is a trusted organisation.

Five examples of the types of scams you should be wary of:

1. Phishing – government impersonation scams

Scamwatch has noted that scammers are pretending to be government agencies providing information on COVID-19 through text messages and/or emails that are "phishing" for your information.

Such messages contain malicious links and attachments that are designed in a way that steals personal and financial information.

These scams may appear to be from the Australian government Department of Health or myGov, or another government agency that offers to help you access to a payment or financial assistance.

Do not click on hyperlinks in text messages, social media messages or emails, even when it appears to come from a trusted source. You should also never respond to a message or call that asks for personal or financial details.

Scamwatch advises accessing websites that you are directed to by any correspondence through your browser and not via the provided links.

You should also not respond to, or provide information to, any unsolicited call or message. Hang up or delete the message.

2. Phishing – other impersonation scams

Scammers are also pretending to be from real and well-known businesses.

Banks, travel agents, insurance providers and telco companies have all been used as fronts, with scammers using various excuses related to COVID-19 to ask for personal and financial information, lure individuals into opening malicious links or attachments, gain remote access to a computer or seek payment for a fake service, according to Scamwatch.

Scamwatch also advises never providing a stranger remote access to your computer, even where they claim to be from a telco company.

And be sure to verify the legitimacy of anyone who is attempting to contact you.

3. Superannuation scams

It has recently been revealed that the Australian Federal Police are involved in investigating a fraud committed through the government's early release of super scheme, where 150 fund members had $10,000 released from their accounts.

That news followed an ACCC warning from early April after a number of Australians reported receiving cold calls offering early access to superannuation.

Scamwatch has outlined that a majority of the superannuation-related scams begin with an unexpected call, with the person on the other end of the line claiming to be from a financial institution or super fund.

The scammer will use a variety of excuses to request information around your superannuation account, such as offering to help provide access to funds, ensuring you aren't locked out of your account due to new rules, or by stating that they can check whether your superannuation account is eligible for various benefits or deals.

4. Online shopping scams

Scammers are creating fake online stores claiming to sell products that don't exist and offering up cures or vaccinations against COVID-19.

The watchdog has advised that the best way to detect a fake trader or social media shopping scam is to search for reviews before purchasing.

In addition, "be wary of sellers requesting unusual payment methods such as upfront payment via money order, wire transfer, international funds transfer, preloaded card or electronic currency, like bitcoin".

5. Scams that target businesses

Business email compromise scams are also on Scamwatch's radar, with the government body revealing that scammers are using COVID-19 "as an excuse to divert your usual account payments to a different bank account" by pretending to be a supplier or business you might normally deal with.

People are urged to verify any requests to change bank details by contacting the supplier directly and consider a multi-person approval process for transactions over a certain amount.

A good firewall to protect data is important, as is keeping the security on any networks or devices you use up to date.

While the above examples are the main scams to be wary of, Scamwatch has cautioned that there could be many, many more.

It's more important than ever to claim depreciation

BMT Tax Depreciation

The COVID-19 pandemic is placing financial strain on many property investors across the country. It's more important than ever that investors do all they can to maximise their cash flow in these unprecedented times.

Property depreciation can help all investors unlock hidden cash flow from their investment properties. Depreciation is a non-cash deduction, meaning that investors don't need to spend money to be eligible to claim it.

If you have not yet claimed depreciation on your investment property, here is what you need to know.

What is property depreciation?

Depreciation is the natural wear and tear of a building and its assets over time. The Australian Taxation Office (ATO) allows owners of income-producing properties to claim this depreciation as a tax deduction. Depreciation can be claimed under two categories – capital works and plant and equipment.

What are capital works deductions?

Capital works deductions relate to claims for the wear and tear that occurs to the structure of a building and any fixed items like the walls, doors and driveways.

Owners of residential investment properties that commenced construction after 15 September 1987 can claim capital works deductions at a rate of 2.5 per cent for forty years.

If your investment property was constructed before this date, you should still enquire to see what depreciation deductions are available as often these buildings have undergone some form of renovation which can result in capital works deductions.

What are plant and equipment deductions?

Plant and equipment assets refer to a property's easily removable fixtures and fittings like carpet, blinds and hot water systems. Depreciation deductions for these assets are calculated based on their individual effective life set by the ATO.

Depreciation for plant and equipment assets was affected by 2017 legislation amendments. Under the current legislation, owners of second-hand residential properties who exchanged contracts after 7:30pm on 9 May 2017 cannot claim deductions for previously used plant and equipment assets. Owners of second-hand properties can still claim depreciation for any brand new assets installed in the property once it's income producing.

Can I claim depreciation from previous years?

Research shows that an average of 80 per cent of investors fail to claim full depreciation deductions.

If you have owned an investment property for a number of years and haven't claimed depreciation, you could be missing out on thousands of dollars. A BMT Tax Depreciation Schedule allows you to adjust previous tax returns to ensure that you claim every dollar you're entitled to.

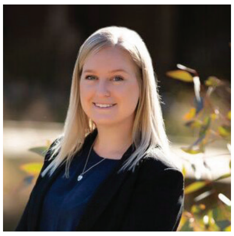
What happens if I renovate my investment property?

If you renovate your investment property, it's important to organise a tax depreciation schedule. When you renovate, you can claim any undeducted deductions for eligible assets in the year of removal through a process called scrapping.

It's important to note that if you live in the property while renovating, any newly installed plant and equipment assets will be classed as second-hand and cannot be claimed.

How can I claim depreciation on my investment property?

The easiest and best way to claim depreciation on your rental property is to get a tax depreciation schedule prepared.



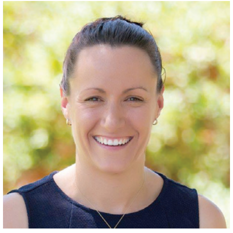
Do you ever find yourself thinking "there's got to be an app for that?!"

Georgia Francis

Recording information you'd like to use at tax time shouldn't be a drag, and with the abundance of apps for smartphones out there in this day and age, it doesn't have to be! There are apps for snapping and storing photos of receipts, recording diary and logbook entries.

I know when I tell clients to complete a logbook for their business km's, the general reaction is a big *SIGH* followed by "do I really have to?" If you want to claim legitimate business km's, then the answer is yes. A vehicle logbook needs to be completed for a continuous 12 week period marking the total km's travelled and the business related trips. At the end of this period, you will have a business percentage use of your vehicle. This logbook percentage will last for 5 years providing that your business does not vary by more than 10%.

Depending on the specific app you have, before you turn the car on you can open up your logbook app, select start trip and it can use GPS to track how far you have travelled and, once the trip has ended you can select whether that trip was for business or private reasons. Easy as that! This method is a lot easier to complete than filling out a paper logbook or excel spreadsheet.



JobKeeper Subsidy

Kerry Schultz

JobKeeper is a temporary subsidy of $1,500 per fortnight per eligible employee available to businesses who are experiencing a significant reduction in income due to COVID-19 which will enable them to continue to pay their employees. This is available to eligible businesses including Companies, Trusts, Partnerships, and Sole Traders.

Eligibility

There are two levels of eligibility for employers and employees.

Eligible employers are those with:

- Turnover less than $1billion and have experienced a reduction in turnover of more than 30%; or
- Turnover of $1billion or more and have experienced a reduction in turnover of more than 50%; and
- Are not subject to the Major Bank Levy.

Eligible employees are those who:

- Are currently employed by eligible employer (including those who have been stood down or re-hired);
- Were employed by an eligible employer at 1 March 2020;
- Are full time, part-time, or long-term casuals (a casual employee employed on a regular basis for 12 months as at 1 March); and
- Are a permanent employee of the eligible employer, or if a long-term casual employee, not a permanent employee of any other employer;
- Were at least 16 years of age at 1 March 2020, with the exception of full time students who are 17 years old and younger
- and who are not financially independent;
- Are an Australian citizen, holder of a permanent visa, or Special Category (Subclass 444) Visa Holder at 1 March 2020;
- Were a resident for Australian tax purposes on 1 March 2020; and
- Are not in receipt of a JobKeeper Payment from another employer.

Employees receiving Parental Leave Pay from Services Australia are not eligible for the JobKeeper Payment.

Self-employed are eligible for the JobKeeper payments if they satisfy the eligibility criteria.

Sole traders with no employees are able to access the JobKeeper payments provided they satisfy the eligibility criteria.

If you enrolled by 31 May 2020 you were eligible to claim the subsidy for the first two fortnights (30 March – 12 April, 13 April – 26 April), if enrolling after 31 May you cannot claim the JobKeeper for the first two fortnights. Once enrolled all businesses are required to lodge monthly declarations to ensure they continue to receive the JobKeeper fortnightly payments, businesses will not receive the subsidy until they lodge the declaration. The monthly declarations are able to be done through the same avenue as the enrolment, being MYGOV or your registered tax agent.

Temporary Reduction in Minimum Pensions

Matt Richardson

For many self-funded retirees, the volatility in financial markets as a result of the COVID-19 crisis has had a negative impact on the account balances of superannuation pensions and annuities.

The Australian Government has recently announced a 50% reduction in minimum annual payments for:

- Account based pensions and annuities;
- Allocated pensions and annuities;
- Market linked pensions and annuities.

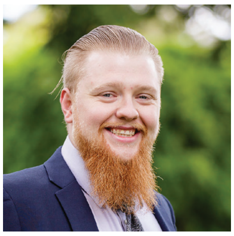
The 50% reduction in minimum required withdrawals will be for the 2019-20 and 2020-21 financial years.

Please note: If you have already withdrawn an amount in excess of the “reduced minimum” you cannot re-contribute the excess and treat it as a reduction in your initial pension withdrawal! This is extremely important because the subsequent deposit will be treated as a contribution – and you may not be eligible to make contributions!

Contributions will in many cases not be allowable due to any or all of the following reasons:

- You are over 65 and do not satisfy the “work test”;
- You are over 75;
- Your Total Superannuation Balance is over $1.6m and the contribution was to be treated as a non-concessional contribution.

The bottom line is if in doubt – please ring the team at Green Taylor Partners to clarify what you can and can’t do with the new superannuation pension rules.



Smart Ideas to do with your Tax Refund

Ryan Schirmer

Now that the end of the financial year is coming to a close, you'll soon be able to lodge your tax return, you may be lucky enough to receive a nice tax refund from our friends at the ATO. With some extra coin in your pocket, it is always tempting to go off, splurge & treat yourself; however, there may be some better places your tax refund can go, the following are some smart ideas you can do with your tax refund.

1. Start/Increase your emergency fund – It's always a good idea to have some money spare for a rainy day (car breaks down, hot water service blows up), so when something terrible happens (hopefully doesn't) you'll have some cash to use in those emergency situations.
2. Pay off outstanding credit cards & other high-interest debt – If your credit cards & debts are starting to get out of control, using your tax refund to get them under control. The lower the credit card/debt, the lower your interest on them which could cost you big in the long run if the balances stay high. Additional bonus point, this will help with your stress levels, no one likes having debts out of control.
3. Put money into super – This one is far less exciting than going out and spending your refund on what you want, but this is your nest egg for retirement. The more you put away earlier, the more time it has to grow for you. Also depending on your situation, this can be claimed as a tax deduction in your next tax return.
4. Save it – Ok, this one is obvious, but every little bit goes a long way. So if you are saving for a house, car, holiday, etc. your tax refund will help to reach your savings goals quicker.
5. Donate – Donating some (or all of your feeling extra generous) your tax refund to a charity or organisation. Not only make will you feel good for donating, but depending on the organisation (if it's a deductible gift recipient) this will become tax-deductible to you in the following tax year.
6. Treat yourself – Now I know at the start I said splurging is always a good idea and I still hold that, but you can treat yourself a little, you've worked hard all year, so a little bonus is always good but of course moderation is key.

Luxury Car Tax & Primary Producers

Kathryn Hamilton

Did you know you if you are a primary producer you may be eligible to claim refund for Luxury Car Tax (LCT) you have paid on an eligible vehicle purchased or leased in a financial year?

For LCT purposes, a primary producer is an individual, partnership, trust or company carrying on a primary production business, including:

- plant or animal cultivation
- fishing or pearling
- tree farming or felling

An eligible vehicle is a four-wheel drive, or all-wheel drive, and is either a 'passenger car' with a ground clearance of at least 175mm, or an 'off road passenger' vehicle.

From 1 January 2020 primary producers can claim a refund of LCT they have paid on one eligible vehicle per financial year, up to a maximum of $10,000, for vehicles delivered to them on or after 1 July 2019.

To claim your refund, complete the 'Application for luxury car tax refund – for primary producers and tourism operators' form and return to the Tax Office. This refund must be claimed within four years of becoming entitled to it.

If you need help claiming a refund for LCT or more information on this, please do not hesitate contacting our team at GTP.

Important Dates

- **5th June** - Lodge tax return for all entities with a lodgement due date of 15 May 2020
- **21st June** - Lodge and pay May 2020 monthly business activity statement
- **21st July** - Lodge and pay June 2020 monthly business activity statement
- **28th July** - Lodge and pay quarter 4, 2019–20 activity statement if lodging by paper
- **28th July** - Make super guarantee contributions for quarter 4, 2019–20 to funds by this date
- **14th August** - Lodge PAYG withholding payment summary annual report and STP Finalisation
- **21st August** - Lodge and pay July 2020 monthly business activity statement

Claiming a tax deduction for Motor Vehicle Expenses

Continued from March newsletter

Emma Koschitzke

Following on from the article in the March newsletter 'What is a car for tax purposes' where we covered, what is a car, what can be claimed as a tax deduction and how your business structure can affect your claim. In that edition we covered sole traders and partnerships, in this edition we will cover what and how this can be claimed in companies & trusts.

If you operate your business as a company or trust, you can only claim the actual business costs incurred when using the motor vehicle for business. These entities are unable to use the cents per kilometres or logbook methods to calculate your claim. Instead, the actual costs based on receipts for the expenses incurred must be used.

But of course, it can never be as simple as that, you also need to consider who owns the motor vehicle…

If the vehicle is owned or leased by your business

As you would expect, if your business owns or leases a vehicle, then they are entitled to claim a deduction for the running expenses of that vehicle.

Fringe benefits tax (FBT) consequences

In the case where a company or trust owns a motor vehicle that is used by an employee or associate (for example director or shareholder), and is available for private use, Fringe Benefits Tax may apply. There are certain conditions where the private use may be deemed 'exempt', for example private travel that is minor, infrequent and irregular. The taxable value may also be reduced by employee or associate contributions to the running costs. If FBT is payable, tax is payable at 47% of the taxable value of the benefit.

Division 7A consequences for companies

Where a company provides a vehicle to a shareholder or associate to use privately, this may have Division 7A consequences, including a deemed dividend being declared or a loan agreement being necessary.

If the vehicle is owned by your employee

In the case where your employee uses their own vehicle for any business-related purposes, you can reimburse them for their running costs or pay them a motor vehicle allowance. Your business can then claim a deduction for the allowance or reimbursements. One important thing to note though, is that you cannot claim depreciation on a motor vehicle if the vehicle is owned by the employee.

Where the employee is taxed on the allowance or reimbursement, the employee can claim a tax deduction in their personal return for any expenses related to the business use of their vehicle. If the allowance or reimbursement is not taxed, no deduction is available for the expenses they have incurred – no double dipping!

Now that we have covered the different business structures, in closing, see below for the records that you need to keep.

Records you NEED to keep

The records you need to keep do depend on which method you are using for your calculations, however, regardless of the method that you choose, you will need to keep the following:

- Loan or lease documents
- Details on how you have calculated your claim
- Tax invoices for expenses
- Registration papers

Upskill and Invest
Young Farmers Scholarship Program

Victorian Agriculture Minister Jaclyn Symes has launched this year's Upskill and Invest Young Farmers Scholarships, which allow successful applicants to access study and training, as well as invest in on-farm initiatives and further professional development.

The program offers scholarships of up to $10,000 to support training and study in areas such as business and risk management, genetics and pasture management development.

Once recipients complete their studies, they will receive further funding of up to $5,000 to invest in putting their new skills into practice, with professional development, business planning or other on-farm activities.

To ensure young people continue to develop the skills they need to build successful careers in agriculture, the government is investing $375,000 in the scholarship program over the next three years.

Since the start of the program in 2015, The Upskill and Invest Young Farmers Scholarship program has successfully supported 63 young farmers to develop their skills across a range of agriculture sectors.

The scholarships are open to farmers aged 35 or under who have been working in farm businesses for at least three days a week for the past three months, with at least two years total experience on-farm.

Applications close on Sunday, June 14.

To find out more about the program and to apply for a scholarship, visit: www.vic.gov.au/youngfarmers

2020 Tax Planning

Rohan Brown

What is your tax planning process and strategies for the year? There is a lot of chatter and media hype about the Instant Write-off of Assets up to $150,000. However, this is just one option and must be considered in an overall tax minimisation strategy.

Generally, in no particular order the following is the way in which I would run through tax planning strategies.

Prepare for planning:

1. We will generally work with you through your existing year to date data, together with estimates through to 30 June to arrive at a base line estimated taxable income for the year. From there we will also take into account your business structure and each tax payer involved to establish the tax position should you do nothing.

Then the fun begins… Planning opportunities:

2. Consider Concessional Superannuation contributions. Understand if you are eligible to contribute to Superannuation and the Concessional Contribution limits that will apply.
3. For Primary Producers, is there an ability to contribute Farm Management Deposits (FMD's)? Part of this may also involve also planning a strategy to redeem existing FMD's in future.
4. Moving onto business expenses, consider these in three broad areas:
   a. The One-offs:

      Are there expenses that are not generally recurring is may include a major rebuild/repairs, one off expenses etc. If so, are we able to ensure this is done before year end, alternately should we prepay the expenses?

   b. Current month expenses:

      If you are on an Accrual Basis (track Debtors and Creditors), this may be as simple as buying the item to incur the expense, but make sure you are invoiced before year end. If operating on a cash basis, ensure you pay for everything you acquire before the end of June to ensure the deduction.

   c. Pre-payments (Pay next year expenses, this year):

      If you are a Small Business Entity (SBE) (<$10m Turnover), you can pre-pay expenses up to 12 months ahead. Be aware this is timing, as it is bringing next years expenses into this year.
5. Consider Capital purchases.

   Plant purchases for business are claimed as either:

   Instant write-off, assets costing less than $150,000, which must be purchased and in place ready for use by 30 June 2020.

   Backing Business Investment – Accelerated Depreciation, instant write off for 'New items' (Not second hand) for 50% of the purchase price and normal deprecation on the balance. These assets must be purchased after 12th March 2020. This will also apply for the next financial year ending 30 June 2021.

   Asset Pooling, if you are a SBE, assets that are not immediately written off are pooled. If 'new items' are acquired after 12 March 2020, the 50% accelerated depreciation measure provides a claim of 57.5% in the first year. If the asset was ordered prior to 12 March 2020 or is not new plant there is a 15% claim in the first year.

   Non-SBE, normal useful life depreciation is deducted from the date the asset is first in place ready for use. This often limits an effective deduction later in the financial year, since the claim is apportioned for the period of the year the asset is held.

   Primary Producers, also have the ability to claim immediate write-off on fencing and water facilities. In addition, fodder storage assets for personal livestock use are claimed over three years.

Overall the tax planning strategy is a very holistic view. To ensure you make the most of your opportunities ensure you catch up with your accountants well before the end of financial year to discuss your opportunities.

GTP Anniversaries

June

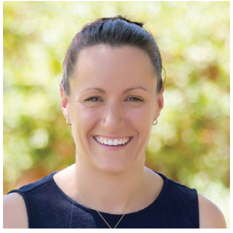
- 6th June - Kayla Hawker (9 years)
- 30th June - Rohan Brown (23 years)

July

- 1st July – Matt Richardson (24 years)
- 16th July – Ross Laycock (13 years)
- 29th July – Sally Hateley (18 years)

August

- 13th August – Emily Vettos (2 years)
- 20th August – Georgia Francis (2 Years)



Working from home during COVID-19

Kerry Schultz

Due to COVID-19 many of us are now working from our home office which is presenting many with a significant adjustment to our 'normal' routine and lifestyles. Along with these lifestyle changes it is also likely your daily running costs of the household have also increased as a result of working from home.

The Taxation Office has identified this increase in costs and offered those taxpayers who are working from home a short-cut Home Office calculation method with an increased allowable tax deduction rate until work patterns are able to return to normal post COVID-19 pandemic.

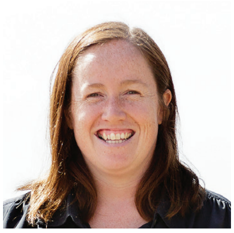
The Home Office rate for the 2019-20 financial year prior to COVID-19 was 52 cents per hour you work in your home - this includes electricity, depreciation of office equipment and cleaning. You are also able to claim your work % of your business use for phone, internet and stationery in addition to this.

With the COVID-19 short cut method you are able to claim 80 cents for each hour you work from home between 1 March 2020 until at least 30 June 2020 – This includes electricity, depreciation of office equipment and devices, cleaning, phone, internet and stationary. You are not able to claim your work use for phone, internet and stationery in addition to this hourly rate.

In summary, there are three ways you can choose to calculate your additional running expenses:

1. Actual cost method
2. Fixed rate method (52 cents per hour for heating, cleaning, depreciation of office furniture etc PLUS the work related portion of phone, internet, stationery, deprecation of computer/devices)
3. Shortcut method (80 cents per hour)

For more details information on Home Office expenses claimable please refer the Taxation office resource by following the below link https://bit.ly/2Xyl84p



Extra Client Care Cover

Sally Hateley

Green Taylor Partners recently sent out offers of our Extra Client Care Cover to all clients in mid-May. Extra Client Care Cover is designed to cover the fees of Green Taylor Partners in defending your position with the Australian Taxation Office in the event of an Audit.

With the end of the financial year in sight, the ATO is using new technology and variations in its approach to improve the level of compliance by taxpayers. This has been due in part to the extra $1 billion allocated to their Tax Avoidance Taskforce last year.

Since July 2016, this Taskforce has raised a total of $13.9 billion in extra tax liabilities and collected $8.2 billion from large public groups, multinational corporations, wealthy individuals and private groups to June 2019.

Data matching between Government agencies is happening more often and more rapidly than ever. The introduction of compulsory Single Touch Payroll (STP) combined with the Small Business Superannuation Clearing House (SBSCH) has made it much easier for the ATO to know in real time, which employers are avoiding their most basic of employee payment obligations.

Extra Client Care Cover will provide you with the peace of mind knowing that our advisors will defend your position in the event of an Audit and you will not pay any of our professional fees up to the levels outlined in the information that has been sent to you.

If you would like to take out Extra Client Care Cover we recommend making payment prior to 30 June 2020 to claim a tax deduction in the 2020 year.

If you would like to discuss the Extra Client Care Cover offer please do not hesitate to contact us.

Economic Response to Coronavirus

Read about the Federal & State Governments economic stimulus measures and announcements

https://greentaylor.com.au/blog/category/coronavirus/

Green Taylor Partners Word Search

Q	C	Y	K	M	M	G	Y	R	O	H	A	N	V	E	D	E	B	I	T
F	N	N	E	E	E	P	L	E	I	N	A	D	M	X	D	R	I	N	H
R	A	E	R	O	C	R	O	S	S	X	K	Z	W	N	Q	Y	R	A	K
I	Q	N	R	D	F	N	C	R	V	P	B	J	B	W	W	A	N	J	U
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Lodgement	Emily
Kathryn	Penny
Georgia	Ryan
Accountants	Directors
Interest	Receipts
Natasha	Krystal
Payroll	Credit
Daniel	Peter
David	Admin
Kayla	Debit
Jodie	Karen
Income	Shane
Accounting	Kerry
Expenses	Ross
Balance	Matt
Hannah	Jess
Rohan	Emma
Assets	Sally

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