Quarterly Newsletter

Green Taylor Partners

2020 DECEMBER

GTP Christmas Message

The team at Green Taylor Partners send a festive greeting to say thank you for the opportunity to work with you.

May the Christmas season fill your home with joy, your heart with love and your life with laughter.

Please note our office will be closed
from 5pm Wednesday the 23rd of December 2020
and will reopen at 8.30am on Monday the 11th of January 2021.

If you have an urgent matter you can still contact the office and leave a message as the answering machine will be monitored.

This edition

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Also in this issue

Instant Asset Write Off Budget Boost

Natasha Gardner

Business types and aggregated turnover

Before we get into how full expensing, the enhanced instant asset write-off and the Backing Business Investment (BBI) all work together, it's important to understand what businesses can take advantage of, and how.

The good news is that all business types can take advantage of full expensing. A business 'type' can be based on its aggregated annual turnover.

The Australian Taxation Office define Small Business Enterprises (SBE) as businesses with an aggregated turnover of up to $10 million. For this article, we will call Medium Business Enterprises (MBE) those with an aggregated turnover of up to $50 million, and Large Business Enterprises (LBE) as those with an aggregated turnover between $50 million and $500 million.

Key dates to remember

There are some key dates to be aware of. Understanding the significance of these dates will help businesses understand how full expensing works.

- **12 March 2020:** The government announced the enhanced instant asset write-off and BBI incentive.
- **6 October 2020:** This was Budget night, and when the full expensing policy was announced.
- **30 June 2022:** This is the end of the 2021-22 financial year and the last date businesses can take advantage of full expensing.

Timeline for full expensing for brand-new assets

What happens to brand-new assets purchased after 12 March 2020 and before 7:30pm (AEDT) on 6 October 2020?

If the brand-new asset costs less than $150,000 all business types can instantly write it off when it's installed before 30 June 2021.

However, if the asset is above the $150,000 limit, businesses can only depreciate it using accelerated rates under the BBI incentive*.

*The Backing Business Investment (BBI) incentive is where a business can deduct 50% of the cost of an eligible asset in the income year the asset is first used or installed ready for use, with existing depreciation rules applying to the balance of the asset cost.

What happens to brand-new assets purchased after 7:30pm (AEDT) on 6 October 2020 and before 1 July 2022?

Any business type, with an aggregated turnover of up to $5 billion, can write-off the full expense of eligible assets instantly. With no threshold or limit to the number of assets a business can claim in a single year.

Timeline for full expensing for second-hand assets

The key factor that affects the full expensing method is when the asset was purchased.

What happens to second-hand assets purchased after 12 March 2020 and before 7:30pm (AEDT) on 6 October 2020?

If the asset was valued below $150,000 all SBEs, MBEs and LBEs can instantly write it off in that year's tax return. The only requirement is that it is installed by 30 June 2021.

For second-hand assets valued above $150,000, depreciation works based on the business's aggregated turnover.

SBEs can place the asset in their simplified small business pool, while MBEs and LBEs must depreciate the asset based on its effective life.

What happens to second-hand assets purchased after 7:30pm (AEDT) on 6 October 2020 and before 1 July 2022?

All SBE and MBEs can instantly deduct any eligible second-hand asset in the same financial year through full expensing.

LBEs could also instantly deduct the asset if it's valued at less than $150,000. However, the asset must be purchased on or before 31 December 2020 and installed by 30 June 2021. If the asset's purchase and installation dates don't meet this timeframe, it must be depreciated based on its effective life.

Company Statement Reminders

Sally Hateley

Green Taylor Partners has installed new Company Statement software in recent months. This software now allows us to track clients annual review payments and therefore we are now able to send reminders prior to the debt coming due.

If you have not paid your review fee we will send you an email 10-14 days prior to the debt being due to allow you time to make the payment.

This should mean less ASIC overdue fees for our clients.

If you have any questions about this or need to update an email address with us please call the office.

L.I.S.T.O Low Income Superannuation Tax Offset

Ross Laycock

This tax offset is designed to encourage individuals to put extra money aside in their superannuation funds for the future and for their retirement.

LISTO is a government superannuation payment of up to $500 to help low-income earners save for retirement.

If you earn $37,000 or less a year, you may be eligible to receive a LISTO payment. This is usually paid directly into your super fund.

The LISTO is 15% of the concessional (before tax) super contributions you or your employer pays into your super fund.

The maximum payment you can receive for a financial year is $500.

You don't need to do anything to receive a LISTO. Just make sure your super fund has your tax file number (TFN) – without your TFN, your super fund cannot accept a LISTO payment.

Eligibility

You are eligible for the LISTO if you satisfy all of the following requirements:

- you or your employer pay concessional (before tax) contributions for the year to a complying super fund – this includes super guarantee amounts
- you earn $37,000 or less a year – to work out your eligibility, we use your actual or estimated 'adjusted taxable income'
- you lodge a tax return and 10% or more of your total income comes from business and/or employment, or you don't lodge a tax return and 10% or more of your total income comes from your employment.

Please talk to your accountant if you think this may be for you.

Important Dates

- **21st December** – Lodge and pay November 2020 monthly business activity statement
- **23rd December** – GTP office closed for Christmas break
- **11th January** – GTP office reopens
- **21st January** – Lodge and pay December 2020 monthly business activity statement
- **21st February** – Lodge and pay January 2021 monthly business activity statement

Organisational Values

David Hadley

In these interesting times your organisational values can have a huge impact on the business's ability to survive.

Your core business values shape your culture and impact your business strategy. They assist with your purpose of being in business, improve team unity and create a sense of commitment in the workplace.

Your organisational values are the beliefs, philosophies, and principles that drive your business. They impact the employee experience you deliver as well as the relationship you develop with your customers, suppliers, and other stakeholders.

Your organisational values should never just be a token gesture. You should truly honour them in the way you operate your business. It is the only way you can build trust within your workplace and if you don't honour them how can you expect your team to follow them?

As your organisational values reflect what you stand for, they offer guidance on the decisions that you are required to make even in these difficult times. As mentioned above, organisational values shape your culture. According to Forbes a world leading business magazine, the culture of a business has a hugely significant impact on the productivity, profitability, business value and growth of the business.

You may feel that having organisational values are just for large corporations, however you may find that your business may actually express your organisational values every day; maybe they are just not documented.

Examples of what your organisational values may include are; Integrity, Honesty, Trustworthiness, Accountability, Passion, Fun, Discipline, Humility, Constant Improvement, Diversity, Employee Development, Innovation, Quality, and Teamwork

The global pandemic has completely disrupted the way businesses are functioning. Shops are redefining their roles, teams are scattered between working from home and at the business, and some industries are having to decrease team members hours, or worst case, dismiss some team members. This is a true test of the organisational values.

To continue to grow your team and customers' trust, businesses are reflecting and utilising their core organisational values. The actions we are taking now can only strengthen our values and our business.

Tax payable due dates

Jess Sluggett

One of the questions we get asked a lot is 'when is my tax payment due'? There isn't one standard answer for this; the answer depends on when your tax return is lodged and what type of entity the tax return is for.

Individuals

Where an individual has a due date for lodgement of 15 May, payments may be due on one of three dates:

- If tax return is lodged before 12 February, the payment will be due by 21 March,
- If tax return is lodged between 13 February and 12 March, the payment will be due by 21 April, and
- If lodged after 13 March but before the due date, the payment will be due by 5 June.

Please note that not all individuals have a lodgement date of 15 May. If you had $20,000 or more tax payable last year, your lodgement date may be 31 March or earlier. Check with your Accountant what the due date is to make sure you lodge and pay on time.

Once your tax return is lodged, the Tax Office will process the return and issue a Notice of Assessment. The Notice of Assessment will confirm the amount payable, the due date for payment as well as include a payment slip.

Please note, if you have myGov linked to the ATO your Notice of Assessment will be delivered to your myGov inbox.

Companies

Companies generally have a due date for payment of 15 May, or the next business day if 15 May falls on a weekend.

An exception applies for companies deemed medium or large taxpayers. The due date for these is 1 December.

Super funds

Generally super fund tax returns and payments are due by 15 May, or the next business day if 15 May falls on a weekend.

New super funds are required to lodge and pay tax by 28 February.

Exceptions for late lodgement

An exception to all of the above dates is for those taxpayers who are lodging their returns late. Where a tax return is lodged late, tax is generally due as soon as the Notice of Assessment is issued.

Having trouble paying your tax?

If you are having trouble paying your tax obligations by the due date, we recommend contacting the Tax Office to discuss the options available. Generally, options such as payment plans, payment deferrals and a stop on interest accruing are available simply by talking to the Tax Office.

Importance of a good work environment…

Emma Koschitzke

Being a full-time worker myself, when I think about how many hours I spend at work, it can leave me feeling like I'm spending my whole life working. And let's be honest a job is not commonly described as being 'fun'. It can be hard, stressful and challenging at times.

Which is why it so important to be happy with the environment you work, in the space that you spend so much time in each day, each week, each year. To offset the challenges of work, we need to feel happy in our workspace & with the people around us.

I am sure some of us can relate to working in a negative, unpleasant or even toxic work environment which has left you feeling annoyed or unmotivated.

Whether you're a business owner or an employee this type of work environment doesn't have many advantages. Studies have shown that one of the keys to success in a business is to create a happy workplace. Happy employees are loyal employees and loyal employees can achieve great things. A happy employee has the right attitude, and this has a flow-on effect to productivity to ensure best results.

A happy work environment also creates a supportive atmosphere rather than an atmosphere where there are feelings of angst towards your colleagues, boss or employees. Happy employees support and encourage each other, and this is important through those busy and stressful times or even just on those days when you don't 'feel like' being at work (…enter Mondays!!!)

I am lucky to be part of a great team here at Green Taylor Partners, where even in those times of business, stress and also the quiet times, there is always someone there for support, help, encouragement or even just a coffee and chat in the tea room. Our great team environment motivates me to come to work each day and one of the main reasons that I love my job.

I personally believe that this is one of the most important areas to focus on within a business, it will help create a culture that your employees won't want to leave!

GTP Tid Bits

- 5th December – Congratulations to Georgia & Jack on their wedding day. Wishing the couple a very bright future ahead.

Refunds for tax losses

David Hadley

If your company has made a loss, you may be able to claim a tax refund for tax previously paid on profits.

In the 2020-21 Federal Budget, the Government announced that businesses with turnover under $5bn* will be able to offset any losses made between 2019-20 and 2021-22 against previously taxed profits between 2018-19 and 2020-21.

The loss carry-back rules enable a company to offset tax losses against profits taxed in a previous year, generating a refundable tax offset. The amount carried back can be no more than the earlier taxed profits, limiting the refund to the company's tax liabilities in the profitable years. The company can choose to carry-back a loss or carry it forward. That is, tax losses for the 2019-20, 2020-21 or 2021-22 income years can either be:

- Carried forward and deducted against income derived in later income years; or
- Carried back against income of earlier income years as far back as the 2018-19 income year to produce a refundable tax offset.

Previously, tax losses could only be carried forward and deducted against income in later income years.

This is not the first time that carry-back losses have been allowed. The loss carry-back rules were introduced some years ago by the Gillard government for the 2012-13 year, then repealed.

The loss carry-back rules also interact with the Government's Budget measure allowing immediate expensing of investments in capital assets (See Tax deductions for investing in your business). The new investment will generate significant tax losses in some cases which can then be carried back to generate cash refunds for eligible companies.

What entities are eligible to carry-back losses?

Corporate tax entities are eligible to carry-back losses - a company, a corporate limited partnership, or a public trading trust - BUT only if the entity has lodged an income tax return for the current year and each of the five years immediately preceding it. If your company has not kept up to date with its reporting obligations, it might not be able to use the new rules.

Claiming the refundable tax offset

Businesses will need to elect to utilise their carry-back losses when they lodge their 2020-21 and 2021-22 tax returns. That is, even if the company made a loss in the 2019-20 year, it cannot claim that loss until the 2020-21 tax return is lodged.

For the 2020-21 income year, a loss carry-back tax offset may be available to a company if:

- It has a tax loss in the 2019-20 income year and/or the 2020-21 income year;
- It has an income tax liability in the 2018-19 income year and/or the 2019-20 income year; and
- For the 2020-21 income year and each of the previous five income years, either the entity has lodged an income tax return; the entity was not required to lodge a return; or the Commissioner has made an assessment of the entity's income tax.

The carry-back cannot generate a franking account deficit. That is, the refund is further limited by the company's franking account balance.

The 2020-21 Budget delivered a range of incentives for business to invest. If you would like us to review your position and the tax impact of any investments you are contemplating, please call us and we can assist you to get the best possible outcome.

Christmas parties and Fringe Benefits Tax

Karen Grainger

It is that time of the year when you are considering holding a Christmas party for your employees. With this year your Christmas party may be different from prior years therefore tax consequences may apply differently for providing this party to your employees.

It is quite common to provide Christmas parties and gifts at this time of the year.

The Christmas party is considered entertainment and in some cases be subject to Fringe Benefits Tax (FBT).

Generally, the provision of food and drink associated with Christmas Parties are exempt from Fringe Benefits Tax when they are provided on a working day on your business premises and consumed by current employees. If associates attend this party and the cost for them is under $300, this is also exempt from FBT as this falls under the minor benefit exemption rules.

If the Christmas party is at a separate location to the business then consideration must be given to the cost per head. If the cost per head is under $300 then FBT doesn't apply and falls under the minor benefit exemption rules. If the cost per head is over $300 then FBT will apply.

Employers should also take note that when entertainment is exempt from FBT then it cannot be claimed as a tax deduction.

When providing gifts to employees they are generally subject to FBT unless the minor benefit exemption applies when the gift cost is under $300.

Gifts provided to clients are generally not subject to FBT and can be claimed as a tax deduction.

The treatment for FBT and claiming a tax deduction for costs of gifts can get tricky depending on what the gift is. Certain gifts like movie tickets can be regarded as entertainment and not tax deductible.

If you wish to discuss your situation regarding your Christmas party, contact your trusted advisor at Green Taylor Partners.

Outdoor Eating and Entertainment Package Business Grants

Shane Bryan

Grants to support businesses adapt to outdoor dining and entertainment are available, helping move the indoor dining and cafe experiences Victorians love, outdoors.

Program overview

The $58 million Outdoor Eating and Entertainment Package business grants help businesses adapt their operations to outdoor dining. Grants are available to licensed and unlicensed hospitality businesses, including restaurants, cafes, pubs/taverns, bars, clubs and takeaway food venues.

Eligible businesses can apply for a grant of $5,000. Funds can be used to pay for practical things like umbrellas, outdoor furniture, screens and other equipment.

Recipients can also use grants for training, marketing and other costs of adapting new, expanded or enhanced outdoor dining.

If your business is not eligible for a grant under this program, you may be eligible for support under the Victorian Government's Business Resilience Package. Information about other support for businesses is available on the Business Victoria coronavirus (COVID-19) business information page https://www.business.vic.gov.au/coronavirus-business-information

Applications will remain open until funds are exhausted or until 11.59pm on 11 December 2020, whichever is earlier.

Who is eligible for this grant?

To be eligible for a grant under the Outdoor Eating and Entertainment Package, applicants must:

- operate a business with premises located in Victoria, but not the City of Melbourne (businesses within the City of Melbourne should apply to the Melbourne City Recovery Fund and other business support programs)
- operate from commercial premises (residential and mobile premises are not eligible for this grant)
- be an employing business registered with WorkSafe Victoria operate a licensed or unlicensed restaurant, cafe, pub/tavern, bar, club or takeaway food venue
- provide details of relevant permits and licences, such as:
  - a valid Class 2 or 3 Service Sector Certificate of Registration under the Food Act 1984 (Vic) issued by a local council and valid in 2020 if the business serves food to patrons; or
  - a relevant liquor licence if a business serves alcohol without food service (e.g. a cellar door or wine bar); or
  - a Class 2 or 3 Service Sector Certificate of Registration under the Food Act 1984 (Vic) and the relevant Liquor Licence if the business serves both food and alcohol to patrons
- operate a designated space on premises for customers to receive food or alcohol service as at 13 September 2020
- have access to outdoor areas that the business proposes to use for new, expanded or enhanced outdoor dining and food service
- hold or have applied for the relevant permits for expanded or enhanced outdoor dining and food service
- obtain all relevant permits and licences before starting or expanding its outdoor dining and entertainment operations
- have an annual payroll of up to $3 million in 2019-20 on an ungrouped basis
- be registered for Goods and Services Tax (GST) on 13 September 2020 hold an Australian Business Number (ABN) and have held that ABN as at 13 September 2020 be registered with the responsible federal or state regulator
- commit to spending at least $5,000 (exclusive of GST) to activate outdoor dining at their premises.

What can grant funds be used for?

Grant funds can be used by businesses for expenditure directly related to safe outdoor dining including, but not limited to:

- equipment to enable outdoor dining, for example:
  - new and/or replacement tables and chairs
  - safety barriers and screens
  - outdoor umbrellas
  - advertising hoardings and A-frames
  - digital technology to support COVID Safe operations.
- minor electrical upgrades (for example, installation of outdoor power points)
- installation of outdoor lighting
- minor works such as improving access to an outdoor seating area or installing in ground sleeves to lock down/secure barriers, umbrellas and advertising hoardings
- costs associated with obtaining necessary permits and licences for outdoor dining
- costs associated with obtaining or extending insurances to enable outdoor dining
- training of owners and staff to adapt to COVID-19 operating environment
- marketing to promote outdoor dining.

Appy Now

https://businessvic.secure.force.com/PublicForm?id=oafb2020

What are plant and equipment depreciation deductions?

BMT Insiders

When your specialist quantity surveyor tells you that you can claim depreciation on almost anything, they mean it. You can claim depreciation on your investment property's walls, furniture to its mailbox and the kitchen sink. One of the most versatile areas of depreciation is plant and equipment deductions.

Before we dive into the details of plant and equipment, what is property depreciation?

Property depreciation is the natural wear and tear of a building and its assets over time. There are two parts of a depreciation claim – the structural component (capital works) and the easily removable or mechanical assets (plant and equipment).

What are plant and equipment depreciation deductions?

As mentioned, plant and equipment assets are easily removable or mechanical in nature. Some common examples that BMT Tax Depreciation find include:

- floor coverings such as carpet and vinyl
- hot water systems
- blinds
- furniture
- hot water systems, and
- smoke alarms.

How can you claim plant and equipment?

Plant and equipment deductions are claimed differently to capital works. Capital works are typically depreciated at 2.5 per cent over 40 years, while each plant and equipment asset is depreciated across its effective life using either the diminishing value or prime cost method

When using the diminishing value method, the deduction is calculated as a percentage of the asset's depreciable balance. This means the deductions are higher in the earlier years and diminish over time.

Alternatively, under the prime cost method, the deduction for each year is calculated as a percentage of the cost. If this method is used the deductions are not as high in early years and are spread out over time showing a more even claim per financial year.

Depreciation for plant and equipment assets can be accelerated using the low-value pool. Only assets that cost or are valued less than $1,000 can be placed into the pool. Once allocated, they depreciate at an accelerated rate of 18.75 per cent in the first year, and 37.5 per cent in following years.

Are plant and equipment deductions available for every property?

Legislation changes introduced in 2017 affected residential property investors' eligibility to claim plant and equipment deductions.

Under the changes, owners of second-hand investment properties (where contracts where exchanged after 9 May 2017) can't claim depreciation on previously used plant and equipment assets.

This means plant and equipment deductions are only available for brand-new assets, or assets in new properties.

What to do if you're not eligible for plant and equipment deductions?

If you're a second-hand investment property owner and can't claim previously used plant and equipment items, you shouldn't rule depreciation out.

You can still claim depreciation on all qualifying capital works, which on average make up 85 - 90 per cent of a total depreciation claim. You can also claim depreciation on any new plant and equipment assets that you purchase directly for the property.

BMT has completed comprehensive tax depreciation schedules for all types of investment properties, both new and old. They ensure that no deduction is missed, and compliance is always maintained.

GTP Anniversaries

- 10th December - Peter Cramer (41 years)
- 2nd January - Sue Olston (47 years)
- 17th January - David Hadley (21 years)
- 29th January - Jess Sluggett (13 years)
- 3rd February - Karen Grainger (18 years)
- 15th February - Ryan Schirmer (11 years)
- 16th February - Kathryn Hamilton (12 years)
- 19th February - Jodie Mills (20 years)

GTP Birthdays

- 8th December - Karen Grainger
- 23rd December - Ryan Schirmer
- 6th January - Matt Richardson
- 10th January - Jess Sluggett
- 15th January - Hannah McIllree
- 13th Febuary - Ross Laycock
- 16th Febuary - Emily Vettos
- 28th Febuary - Sue Olston

QR Code System

Green Taylor Partners have now introduced an easier way to register your attendance within our office via the “ Safe Visit” QR code system.

Business Horsham in collaboration with Queenland’s Brisbane Jnr Chamber of Commerce provide the QR Code system for all business & industry which also meets and exceeds national data privacy and cyber security standards.

No ‘app’ to download or fuss around with, just utilise the camera within a smartphone.

The QR Code will be placed in several locations as you enter the office, which can be easily scanned with your smartphone camera.

To use this QR Code System all you need to do is follow these simple instructions:

1. Open the camera on your mobile phone.
2. With the back camera, simply hold it over our QR Code and then you will be prompted to tap the link that presents on your smartphone.
3. Tap the presented link.
4. Fill in the details & submit to our online register.

(Hard copy pen and paper option available where smartphone option unavailable)

All data provided vis the QR Code system is only used for potential contact tracing and only kept onshore in Australia complying to all Federal Privacy & Cyber Security legislation.

As always we appreciate your continued understanding and support whilst we navigate to a new way of operating.

The team at Green Taylor Partners