



CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND



GREENTAYLOR
PARTNERS

2022 MARCH

Quarterly Newsletter

Green Taylor Partners



This edition

- ❖ Fringe Benefits Tax (FBT)
PAGE 2
- ❖ Tax Planning
PAGE 2
- ❖ Difference between employee and contractor
PAGE 3
- ❖ Family Home Guarantee Scheme
PAGE 4
- ❖ Have you heard of VPTAS?
PAGE 4
- ❖ Renewing a business name
PAGE 5
- ❖ Life Insurance / TPD Insurance
PAGE 5
- ❖ Deductibility of Legal Expenses
PAGE 6
- ❖ Accounting Jargon Buster
PAGE 6
- ❖ Fringe Benefits Tax (FBT) Reminder
PAGE 6
- ❖ Mental Health - Depression
PAGE 7
- ❖ Starting a New Business
PAGE 7



Introducing Holly Nuske

Hi, my name is Holly, and I recently joined the GTP team mid-January 2022.

I was born and raised here in Horsham, and last year I completed Year 12 VCE at Horsham College.

Outside of work, I enjoy spending time with my friends and family, playing netball and going on road trips.

So far, I'm enjoying working here at GTP and my fellow team members are all very kind and welcoming.

I look forward to meeting and assisting our clients as they enter the office or have a query over the phone.

Also in this issue

- ❖ *GTP Anniversaries*
- ❖ *GTP Birthdays*
- ❖ *Important Dates*

Contact Us

Green Taylor Partners
43 Pynsent St
Horsham, Victoria 3400

(03) 5382 4761
advice@greentaylor.com.au
<https://greentaylor.com.au>



Fringe Benefits Tax (FBT)
Kerry Schultz

A fringe benefit is essentially a benefit you provide to an employee or director that is not disclosed on their individual PAYG Payment Summary Statement.

If you operate your business as a company or trust, it is likely the ATO deems you, being the owner, as an employee of that business.

Typical Fringe Benefit Examples

You may be providing a fringe benefit when you do any of the following:

- Allow an employee to use a work car for private purposes ie. drive it home
- Provide entertainment by way of food, drink or recreation to an employee

Motor Vehicle Benefits

Generally most vehicles are captured here if they are made available for private use to director or employees UNLESS it falls under the following:

- The vehicle is 100% business and stored at the business premises (not home)
- It is classified as an exempt vehicle

Entertainment Expenses - Meals

A benefit may arise where:

- An employee/director/associate is provided with food and drink costing more than \$300 that results in that person being entertained ie. Sporting and Concert tickets.

Meals excluded as benefits are:

- Provided on employer business premises
- Morning and afternoon teas and light lunches at work
- Meals at a continuing professional development seminar
- Minor entertainment e.g. Christmas parties not exceeding \$300 (inc GST) per head

Other Expenses paid on behalf of Employee/Director/Associate

Benefits arise where:

- An employee/director/associate is provided with payment of personal expenses ie. gym memberships, personal holidays, etc.

Expenses excluded are:

- Minor benefits not exceeding \$300 (inc. GST)
- Tools of trade
- Portable electronic devices i.e. mobiles, laptops, i-Pads, portable printers primarily used in employment



Tax Planning
Jess Sluggett

With Christmas, New Year and summer holidays behind us, it is time to start thinking about end of financial year and the celebration of 30 June. But before we get too excited (oh wait... that's just us accountants!) we need to start thinking about tax planning.

A lot has changed in the tax space since the beginning of the pandemic, with these changes expected to have a significant impact on the 2022 tax position for many business clients. Couple these changes with good harvests for many farmers and we are looking at the perfect storm.

Tax planning is not just for business though. The process is equally important for salary and wage earners, and clients with investment income, particularly where investments may have been sold, inheritances received or any other significant change in circumstances.

We recommend clients begin thinking about tax planning well before June to ensure time to investigate and implement strategies before the 30 June deadline.

In many cases, it can be helpful to look at tax planning twice - once earlier in the year, say in April, and then again toward the end of the year to revisit and ensure planning is on track.

To book an appointment with one of our Accountants call our Admin Team on (03) 5382 4761, book online at greentaylor.com.au or via the Book Now button on Facebook.

GTP Tid Bits

We at GTP are delighted to welcome Kerry Schultz back after maternity leave. Kerry has started back full time and is looking forward to catching up with all her clients again and seeing what they have been up to.

We welcome Holly Nuske to the GTP team as our newest member in admin as of 12th January 2022. You will be greeted by Holly at reception where she can assist you.

We congratulate Ryan and his wife Jen on the safe arrival of their first child, daughter, Rylee Mae.

We wish Hannah, and her partner Matt, all the very best on the upcoming arrival of their first child due in April. Congratulations, in advance, from all of the GTP team.



Difference between employee and contractor

Ross Laycock

It's important to understand the essential difference between an employee and a contractor:

An employee works in your business and is part of your business.

A contractor is running their own business.

The ATO have developed a table outlining six of the factors that, taken together, determine whether a worker is an employee or contractor for tax and super purposes. This information helps in understanding each contributing factor involved in the decision-making process.

<https://www.ato.gov.au/business/employee-or-contractor/>

EMPLOYEE

Ability to subcontract/delegate: the worker can't subcontract/delegate the work – they can't pay someone else to do the work.

Basis of payment – the worker is paid either:
for the time worked
a price per item or activity
a commission.

Equipment, tools and other assets: your business provides all or most of the equipment, tools and other assets required to complete the work, or the worker provides all or most of the equipment, tools and other assets required to complete the work, but your business provides them with an allowance or reimburses them for the cost of the equipment, tools and other assets.

Commercial risks: the worker takes no commercial risks. Your business is legally responsible for the work done by the worker and liable for the cost of rectifying any defect in the work.

Control over the work: your business has the right to direct the way in which the worker does their work.

Independence: the worker is not operating independently of your business. They work within and are considered part of your business.

CONTRACTOR

Ability to subcontract/delegate: the worker can subcontract/delegate the work – they can pay someone else to do the work.

Basis of payment: the worker is paid for a result achieved based on the quote they provided. A quote can be calculated using hourly rates or price per item to work out the total cost of the work.

Equipment, tools and other assets: the worker provides all or most of the equipment, tools and other assets required to complete the work, the worker does not receive an allowance or reimbursement for the cost of this equipment, tools and other assets.

Commercial risks: the worker takes commercial risks, with the worker being legally responsible for their work and liable for the cost of rectifying any defect in their work.

Control over the work: the worker has freedom in the way the work is done, subject to the specific terms in any contract or agreement.

Independence: the worker is operating their own business independently of your business. The worker performs services as specified in their contract or agreement and is free to accept or refuse additional work.

Your tax and super obligations

Your tax, super and other obligations will vary depending on whether your worker is an employee or contractor.

If your worker is an employee you'll need to:

- ❖ withhold tax (PAYG withholding) from their wages and report and pay the withheld amounts to the ATO, pay super at least quarterly for eligible employees report, and pay fringe benefits tax (FBT) if you provide your employee with fringe benefits.

If your worker is a contractor:

- ❖ they generally look after their own tax obligations, so you don't have to withhold from payments to them unless they don't quote their ABN to you, or you have a voluntary agreement with them to withhold tax from their payments
- ❖ you may still have to pay super for individual contractors if the contract is principally for their labour
- ❖ You don't have FBT obligations

Remember, it's against the law to wrongly treat an employee as a contractor so you need to check that you've got it right. If you don't get it right, penalties may apply.



Family Home Guarantee Scheme

Emma Koschitzke

What is it?

An Australian Government initiative that aims to support eligible single parents with at least one dependant child in purchasing a family home.

This is available from 1 July 2021 and will be available over four financial years to 30 June 2025.

You can use the Family Home Guarantee to build a new home or buy an existing home with a deposit of as little as 2%. Both first home buyers and previous homeowners can apply.

Please note, investment properties are not eligible for support via the Family Home Guarantee.

To be eligible for the Family Home Guarantee you must:

- ❖ Be an Australian citizen, aged 18 or over. Permanent residents are not eligible;
- ❖ Be a single parent with at least one dependant living with you;
- ❖ Have earned \$125,000 or less last financial year; and
- ❖ It is expected that the single parent be able to demonstrate that they are the natural or adoptive parent of a dependant child and provide appropriate evidence if required.

Eligible residential properties generally include:

- ❖ An existing house, townhouse or apartment;
- ❖ A house and land package;
- ❖ Land and a separate contract to build a home; and
- ❖ An off-the-plan apartment or townhouse.

Property requirements

- ❖ You cannot currently own a home, but you can have owned a home before;
- ❖ The single parent must be the only name listed on the loan and the certificate of title; and
- ❖ You have at least a 2% deposit to contribute towards your property purchase

Please note: if the borrower has a deposit of more than 20%, then the home loan cannot be covered by the Family Home Guarantee

How to apply?

Eligible single parents can apply through a participating lender. For a full list of participating lenders and more information regarding eligibility, please visit:

<https://www.nhfc.gov.au/what-we-do/family-homeguarantee/>



Have you heard of VPTAS?

Georgia Muegel

No, it's not some new fancy accounting acronym. It is a scheme offered by the Victorian Government to assist with travel costs associated with rural Victorians accessing specialist medical treatment. Let's take a look at what it is.

The VPTAS program in a nutshell is:

- ❖ to be eligible you need to be a Victorian resident, live in a DHHS designated rural health region and be receiving specialist medical treatment
- ❖ the designated rural health regions are: Loddon Mallee, Grampians, Barwon South West, Gippsland and Hume
- ❖ for travel to be eligible, trips need to be more than 100km one way or an average of 500km a week for one or more weeks
- ❖ travel reimbursements are 21 cents per km if travelling by private car, or actual reimbursements for public transport, air travel, taxi travel and accommodation in certain circumstances
- ❖ the first \$100 is not reimbursed each treatment year
- ❖ you fill in a form of your trips (maximum of 4 per form) and have it signed by the medical practitioner and send it off to VPTAS for processing

For example, Jane Smith lives in Halls Gap and she may have to travel to Ballarat for specialist treatment. Using Google Maps to get the distance travelled between Jane's home and the medical centre and back, might be close to 375km round trip. The per km rate reimbursement is 21 cents, so that would be \$78.75 reimbursement for that one trip. Given the cost of fuel these days, I don't think anyone would say no to that money!

A full list of the eligibility criteria and information on the VPTAS process can be found here <https://www.health.vic.gov.au/rural-health/victorian-patient-transport-assistance-scheme-vptas#eligibility-for-vptas>



GTP Anniversaries

- ❖ 5th March – Penny Fisher (21 years)
- ❖ 12th March – Natasha Gardner (20 years)
- ❖ 14th April – Emily Moore (1 year)
- ❖ 19th April – Amanda Schneider (1 year)
- ❖ 29th April – Emma Koschitzke (3 years)
- ❖ 26th May – Hannah McIlree (8 years)



Renewing a business name

Sally Hateley

Business names are available to purchase from ASIC for a period of 1 or 3 years. ASIC will send you a renewal notice 30 days prior to the business name registration being due. We recommend renewing this direct with ASIC as they will not add any additional costs on top of the renewal fee (currently \$37 for 1 year or \$88 for 3 years).

All correspondence from ASIC will include their logo as below to prove its legitimacy.

The instructions on how to renew will be included in the notice from ASIC which will be sent to you via email, however it could also be via post if ASIC do not have your current email address. You can also renew directly on the asic.gov.au website using the 'Pay now – business name renewals' button the right hand side.

There are a number of scams going around in relation to business name renewals so please ensure you use ASIC directly for any business name enquiries or renewals etc. Alternatively, if you receive correspondence and are unsure feel free to contact the office or pop in and see us and we will be able to check for you.



ASIC
Australian Securities &
Investments Commission



Important Dates

- **21st March** - February monthly BAS due for lodgement and payment
- **21st April** - March monthly BAS due for lodgement and payment
- **21st April** - March quarter PAYG IAS due for lodgement and payment
- **28th April** - Pay Super Guarantee for quarter 3
- **28th April** - March quarter BAS due for lodgement and payment
- **15th May** - Due date for lodgement of all tax returns not already lodged
- **21st May** - April monthly BAS due for lodgement and payment



Life Insurance / TPD Insurance

Karen Grainger

This is not a pleasant topic to raise but one we all should consider.

Have you thought about insuring your life or covering your life for unexpected events?

There are a number of different insurance policies designed to protect you when disasters happen in your life.

Life Insurance

Life insurance can also be called death cover, and pays a lump sum amount when you die. The money is paid to people you nominate as beneficiaries on the policy.

If you have a partner or dependants, life insurance can assist them cover any debts and future living costs after your passing.

To determine how much cover you need, you should consider how much you would need to payout the mortgage, credit cards and other debts. Also, what funds would be required to cover future schooling fees and other living expenses for your dependants.

Total and Permanent Disability (TPD) Insurance

TPD insurance pays a lump sum if you become totally and permanently disabled because of an illness or injury.

Depending on the definition of the insurer, TPD can cover you for either your own occupation or any occupation.

When covering your own occupation, the policy covers you when you are unable to work again in the job you had before your disability. This insurance is generally more expensive and is usually only available outside superannuation.

When covering any occupation, the policy covers situations when you are unable to work ever again, in any job suited to your education, training or experience. This insurance is generally cheaper but has a higher threshold to claim.

When purchasing a Life or TPD insurance policy, you can discuss your needs further with a licensed insurance broker, financial adviser or an insurance company.

You will need to consider your age, job, income, medical history, lifestyle and living costs and any high risk hobbies and activities you do.



GTP Birthdays

- 21st March – Daniel Blay
- 30th March – Kerry Schultz
- 23rd April – Jodie Mills
- 17th May – Amanda Schneider & Holly Nuske
- 30th May – Penny Fisher



Deductibility of Legal Expenses *continued...*

Emily Moore

Further to my article in the last newsletter, here are some other legal expenses which need to be considered.

Whilst some legal expenses are not revenue producing activities and therefore not deductible, there are other specific deduction rules that may capture these. These are the rules surrounding 'Blackhole Expenditure' and the 'Capital Gains' in relation to acquisition and subsequent disposal of assets.

Blackhole Expenditure

Blackhole expenditure rules allow you to deduct 20% of the expense per year over five income years and allows you to claim legal expenses relating to :

- Establishing or converting business structures
- Raising equity
- Defending against a takeover
- Launching an unsuccessful takeover
- Liquidation/ceasing to carry on a business

Legal Expenses Relating to Asset Purchases / Disposal

Legal expenses relating to assets (capital purchases / disposals) are captured by the 'Capital Gains Tax' rules. These are not immediately deductible and are instead taken into account when the asset (such as a property) is disposed of.

Legal expenses can have a significant impact on capital gain calculations and resultant capital gain tax obligations.

There are many factors to consider when deciding the deductibility of legal expenses. Please discuss with your trusted advisor for further assistance.



Fringe Benefits Tax (FBT) Reminder

Hannah McIlree

The 31st March marks the end of the FBT year. Soon we will be sending correspondence to clients who may need to deal with FBT. We will also be looking for copies of any new car tax invoices for cars acquired in your business between the period 01/04/2021 - 31/03/2022.



PCR and RAT tests to be tax deductible, FBT free

David Hadley

The Treasurer has announced that PCR and rapid antigen tests (RAT) will be tax deductible for individuals and exempt from fringe benefits tax (FBT) for employers if purchased for work purposes.

There has been confusion over the tax treatment of RAT tests with the Prime Minister stating for some time that they are tax deductible, but in reality, the tests were probably only deductible in limited circumstances.

If you have had to purchase RAT tests to be able to work, you will be able to receive a tax deduction for the cost you have incurred from 1 July 2021 (you will need evidence of the expense). If the RAT test cost \$20, someone on a marginal tax rate of 32.5% would receive a tax benefit of \$6.50.

For business, it is expected that RAT, PCR and other coronavirus tests will be exempt from FBT from the 2021-22 FBT year.

Legislation enabling the change is expected before Parliament very soon.



Accounting Jargon Buster *Continued...*

Emma Koschitzke

A further update to follow on from our previous newsletters, here are some more jargon busters to help you along your accounting way :

Cost of Goods Sold (COGS)

The expenses that directly relate to the creation of a product or the supply of a service. An example of COGS would be the cost of materials for a builder to build a house or the direct labour cost to provide such a service.

Gross Profit

Is a calculation of the total profit the business makes, less the cost of goods sold. This gives an indication of what the business makes after deducting the costs associated with making and selling its products.

Gross Profit Margin

This is a calculation to measure the efficiency of a business in managing its operations. It measures whether sales are sufficient to cover costs. The calculation is based on revenue less COGS divided by total revenue. This will give a percentage which can then be compared to benchmark figures of other businesses in similar industries.



Mental Health - Depression

Ross Laycock

I recently read this article from Mental Health- First Aid Australia and thought I might share a part of the article with our newsletter readers.

Looking out for those not coping – Understanding and helping with depression

Depression is a common yet serious form of mental illness. The current challenges and periods of prolonged stress associated with the pandemic are predicted to lead to an increased incidence of depression and other common mental illnesses. Even people who usually feel mentally healthy or who have no previous experience with mental illness, may be struggling at this time of change and uncertainty. This makes it as important as ever for us to be on the look out for those who may not be coping.

Depression in your community

In Australia, around 1 in 10 people reported experiencing depression over a one-year period (ABS, 2018), and the incidence of depression over a lifetime is around 1 in 7. With the recent challenges caused by the global pandemic and other community crises, there is reason to anticipate that this figure may rise. While various factors can influence the likelihood of developing depression e.g., heredity and biological factors, lifestyles, and demographic factors such as gender or occupation, a person's current circumstances can also impact the onset, worsening or management of depression. This means during tough times of personal or community crises a person can be at increased risk.

Every workplace, school or local community will have many people experiencing diagnosable depression and periods of feeling depressed. You likely know several people with these experiences. You can help by recognising the signs that someone isn't coping, offering your support to listen to their problems, and providing pathways to additional support if needed.

Understanding depression

Depression is typically characterised by prolonged or severe low moods and feelings, which negatively impact quality of life. Depression is a serious illness and impacts people from all walks of life. It can be a temporary state or become a long-term illness. Either way, it can be managed with the right supports.

People with depression will typically need a mix of supports that may include professional interventions and treatments. Unfortunately, many people with depression do not get the support they need and continue to suffer in silence. Barriers such as stigma, fear, and access to supports may prevent a person from seeking help or from getting the treatment options they need. Many people will have long-term challenges arising

from living with depression, which can impact the way they live, work, learn and/or socialise. Yet with the right supports, a person with depression can go on to recover or manage their condition in a way that allows them to thrive and lead healthy, happy, and productive lives.

We can help people experiencing depression in our homes, workplaces, schools, and communities by understanding mental health, recognising the signs that someone isn't coping, practicing caring conversations, and offering our support.



Starting a New Business

Rohan Brown

When setting up a small business there are a number of things to consider and we are more than happy to assist with them.

Here are a few items to keep in the back of your mind if starting a small business:

- ❖ ABN and GST registration.
 - All businesses are required to have an ABN
 - If your sales are expected to be greater than \$75,000 you are required to be registered for GST.
- ❖ Do you need a Business Name?
- ❖ Bookkeeping
 - You need to be able to issue invoice and keep track of who owes you money
 - Need to be able to track business expenses
 - Be aware of what you can and can't claim for tax and GST
 - If registered for GST you need an efficient system to help prepare BAS's each quarter. We recommend products such as MYOB Essentials and Xero
- ❖ If you intend to pay employees, we need to discuss:
 - Registration for PAYG Withholding
 - Understand minimum awards etc
 - Workcover requirements
 - ATO compliant payroll software
- ❖ Do you have business insurance.
 - Insurance for your tools, cars etc,
 - but mainly for Public Liability
- ❖ Is your business structure right for asset protection and flexibility of income allocation?
- ❖ Be aware of tax.
 - In your first year nobody is withholding tax for you, think about putting some away ready for year end.
 - In your second year, once you have lodged your return, be prepared for PAYG Instalments. This can mean two years of tax payable in one year.



GREENTAYLOR
PARTNERS

43 Pynsent St, Horsham, Victoria 3400

(03) 5382 4761

advice@greentaylor.com.au

greentaylor.com.au