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PARTNERS

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Quarterly Newsletter

Green Taylor Partners



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2016 Federal Budget

Peter Cramer

On the 3rd of May 2016 the Federal Treasurer, Mr Scott Morrison, tabled the Budget for 2016-2017. The following covers a number of the more relevant Superannuation and Small Business proposals. Remember though, the Budget is a proposal; it is not law and won't be until a Party gets elected and then their policies get passed by Parliament! Be mindful also that many of the changes won't apply until 1/07/2017.

The following assumes everything comes in as proposed (however this is rarely the case).

Superannuation

- ❖ Some really beneficial changes. Removal of Work Test for over 65's. Everybody up to age 75 can contribute to super and get a tax deduction up to an aggregate \$25,000 per year.
- ❖ Removal of 10% Rule. This simply means you can get a tax deduction for a super contribution even if you earn wages and your employer is paying super. This is great! You won't necessarily be required to salary sacrifice into super; you can make a contribution when it suits your cash flow.
- ❖ Carry forward of \$25k annual deduction. Allows you to contribute up to an average of \$25k per year over the last 5 years. Great! To illustrate: For the last 4 years your income has been low so you have only contributed \$5k into super per year. This year you have a big capital gain or big profit or big bonus – you can catch up past super and get a tax deduction this year of up to \$105,000! (\$5 * \$25k less 4*\$5k). Fantastic idea! However you must have less than \$500k in super to do this.
- ❖ The TTR option (taking an income stream from super before you retire) is still available but the tax concession inside super goes – ie the Fund income will be taxable.
- ❖ The majority of pensions will still be tax free inside super – up to a limit per member of \$1.6m. Whilst those already with balances over \$1.6m will not be happy, there is still a significant amount of retirement money totally tax free! (\$3.2m for Dad and Mum).

- ❖ Normal pensions paid to over 60yo's still totally tax free. Therefore significant tax savings.
- ❖ A limit on the amount you can put into super on a non concessional basis (ie no tax deduction). This is set at \$500,000 and includes anything put in since 2007! However it is the opinion of the writer that they may change this. I suspect they will make it as from 3/5/16. So, hold your breath! However at the moment – do NOT contribute anymore NCC until this is sorted.

Small Business

- ❖ The definition of small business is to be defined as "turnover under \$10m". Very good! This will allow small business with a turnover up to \$10 million to access SBE depreciation rules, simplified PAYG payment conditions, GST on a Cash Basis and greater access to some FBT benefits on portable electronic devices. (However the SBE Capital Gains Tax rules will still only apply to less than \$2m turnovers).
- ❖ Company tax rate for Small Business to fall to 27.5% (currently 28.5%). Somewhat helpful.
- ❖ An unincorporated small business tax discount will be increased in phases over 10 years, first increasing to 8 per cent on 1 July 2016.

Whilst there are many other things in the Budget we thought prudent to highlight those listed above. Only time will tell if any or all proposals become law.

PS: Re the future of Super: If you have listened to me over many months and years my message has been constant: "the rules we have are unbelievably, fantastically good!!! – but they won't last for ever, and when they do change, super will still be great – just not as great as it is now". Summary? Super with all the proposed changes will still be super.



GTP Anniversaries

- ❖ 6th June - Kayla Hawker (5 years)
- ❖ 30th June - Rohan Brown (19 years)
- ❖ 1st July - Matt Richardson (20 years)
- ❖ 16th July - Ross Laycock (9 years)
- ❖ 29th July - Sally Hateley (14 years)
- ❖ 9th June - Tracy Richardson (17 years)



Grains Research & Development Corporation

Ross Laycock

Recently Jess and I represented Green Taylor Partners at a GRDC farm and business update meeting in Bendigo.

The meeting is geared towards farmers and all types of advisers to the farming community.

The aim is to have different presenters bring new topics, new ideas and new developments to growers and advisers alike.

Some of the interesting and thought provoking ideas gained from the meeting are outlined below.

A successful business operator will normally display :

- Excellent management skills
- A thirst for knowledge
- Good intuition
- Sound and timely decision making skills
- Ability to analyse and adopt to change
- The right mix of working ON and working IN the business

The sessions also discussed other important issues such as:

- Creating efficient acres / crops / livestock and especially people
- Is expansion right for you?
- Is expansion a good investment?
- Adopting new technologies and techniques
- Certain small enterprises can still be profitable
- Farming land worldwide is still proving to be a good investment
- There are developing markets for hay overseas
- Some farmers are looking towards retirement via leasing and contracting
- Working hard on marketing helps open more options

This is only a very small sample of topics raised on the day.

The final session for the day concentrated on mental health.

Some disturbing statistics presented suggest how important it is to look after your neighbour and ask the question "ARE YOU OK?"



HELP Debt

Karen Grainger

Are you heading overseas for 6 months or more and have a HELP (Higher Education Loan Programme) or TSL (Trade Support Loan) debt?

Recent changes to legislation now means that if you are living overseas and have a HELP or TSL debt, from 1 July 2016 you are now obligated to make the same repayment on your HELP or TSL debt as someone living in Australia. This means if your world-wide income is over the income level of \$54,126 (1 July 2015), you will be liable for a repayment.

If you are heading overseas to live, you have 7 days to update your details with the ATO from the date of departure. The contact details to be updated include your overseas residential address and email address. This can be done via your MyGov account or via your Tax Agent.

If you are overseas already, you have until 1 January 2017 to update your details with the ATO.

For both Australian residents and residents living overseas HELP or TSL repayments are calculated on the following income levels and rates:

Repayment Income	Repayment Rate
\$54,126 - \$60,292	4.0%
\$60,293 - \$66,456	4.5%
\$66,456 - \$69,949	5.0%
\$69,950 - \$75,190	5.5%
\$75,191 - \$81,432	6.0%
\$81,433 - \$85,718	6.5%
\$85,719 - \$94,331	7.0%
\$94,332 - \$100,519	7.5%

Currently there is a 5% discount available if you make a voluntary repayment on your HELP or TSL debt when paying over \$500.

This discount will no longer be available from 31 December 2016.

If you would like more information regarding going overseas or HELP and TSL debts, please contact the team at Green Taylor Partners.



Where is technology taking us into the business future?

Carmen Munro

In the past big business was seen as the ones to take up new technologies quickly whilst their smaller counterparts followed after, sometimes reluctantly. Cost and time were often the stumbling blocks for smaller businesses to adopt these technologies. However, smaller players are reacting faster to emerging technologies and are now finding clever ways to integrate them into their businesses, with these technologies being easier to adopt and cheaper to access.

Technologies that will enhance your business

Making payments easier

Invoicing, receiving money, paying money and transferring between accounts is becoming so much easier with an abundance of mobile payment solutions hitting the market. Apple Pay and Google Pay as well as the big banks are all getting involved. The trend is toward payments being made by a simple click of a button on a smartphone application. MYOB is also utilising this technology for the generation of invoices as well as receiving payments with their MYOB PayDirect. It won't be long before all software offers this option. It is also said that wearable devices will also be used in the future to make payments; all simply by swiping your 'watch' pass a payment station.

Embedding help functions in your websites

Communication will always be an important part of how we all do business. The use of embedded contact details or videos explaining certain key features in a business are proving to be useful. A potential customer can browse your site and use a click-to-call button to go straight through to your customer service area, or wherever you wish them to be directed. The use of video to show instruction is also being used with success. It is a useful way to remain always present for your customers and meeting their needs.

The use of real time updates for everything

These days so many things are leaning towards the constantly up to date detail. Businesses want to know where they sit financially at any given time. Things like inventory that self-reports when stock is low, bank account details that are up to date as it happens and more accounting programs capable of feeds to show real time data through the use of dash boards within the program.

Augmented reality

Through the use of augmented reality, business can source a wide range of customers that they may never have reached before. What is augmented reality you ask? It is a real view of the world with elements augmented on this view to show what you want to show. An example of this is a real estate showing a 360° view of a home. Another example is maps showing the location of things you may be looking for, i.e. restaurants, theatres or retail outlets. Business could grab a whole new group of clients by ensuring their business pops up on these types of technology. By receiving feedback and reviews from customers will ensure that you are at the top of the list when a customer searches for your business type.

3D printing

This technology has been around for a while, since the early 80's, but it has reached mainstream society in recent times and is proving itself to be useful across many industries. Until now, the 3D printing technology was considered a great tool for design and one-off prototypes. With the technology becoming more accessible and affordable it can be used to do a lot more than just one offs. In manufacture it would be very useful for small lot production, rapid production, efficient use of resources and space efficiency by only making parts as ordered.

Internet of things

The IoT is the network of physical objects – devices, vehicles, buildings and other items – embedded with electronics, software, sensors and network connectivity. This enables the objects to collect and exchange data. It allows objects to be sensed and controlled remotely across network infrastructure. There is a wide range of devices that encompass the 'things'. Cars with built in sensors, heart monitoring implants, transponders in farm animals, field operation devices that assist firefighters in search and rescue, even fridges that allow you to see what their contents is. The use of over internet closed circuit cameras is also an example. This technology is thought to grow as new technology appears. There will continue to be new things being developed that can be used remotely; many of these things will aid businesses a great deal into the future.

Security is more important than ever before

With all this information being 'in the cloud' the liability of information being available to whoever can access it is a real issue that business must consider very seriously. Many people do not think to protect their personal phones, with increasing technology on our phones, the wise move is to rectify this. This takes many forms, in particular, encryption of data during transport and at rest, enterprise mobility management for devices and cloud facilities that see security as a priority. Proper mobile device protections by way of antivirus programs are also of importance.



Holiday Homes and Capital Gains Tax

Daniel Blay

The holiday home is the place we escape too, to get away from it all. It's genuinely an investment for lifestyle rather than a purely economic one. What happens if we decide to sell the weekender? What are the tax implications?

Only the family home (main residence) is exempt from capital gains tax, so owning a property other than your 'main residence' (such as a holiday house) is rightly assumed to put capital gains tax (CGT) squarely on the table for all your tax equations.

Although you may never rent out your beach shack or bush retreat (viewing these as lifestyle assets instead of investments), tax-wise these properties will still be subject to the CGT provisions upon disposal.

This of course means that you will be expected to pay CGT if you make a gain on the sale of your second property as it is not your main residence. However, the cost base of the asset may be increased by including expenses such as interest, rates and taxes (provided the property was acquired after August 20, 1991) which will lead to a reduced capital gain. Keeping accurate and valid records from the time you buy your weekender is essential.

The CGT liability is calculated by subtracting, from the sale price, the cost base plus any eligible expenses built up over the time you have owned the property. Where it has been owned for at least 12 months, 50% of the capital gain is added to your taxable income for the year in which you are selling the second property, to be taxed at your marginal tax rate.

Expenses that qualify to be added to the cost base of your holiday house include:

- ❖ Legal fees and stamp duty on the purchase
- ❖ Selling costs such as sales commissions and legal expenses, and
- ❖ Capital improvement costs incurred along the way.



New changes to Farm Management Deposits

Kylie Millington

On the 5th of May the tax and Superannuation Laws Amendment (2016 Measures No. 1) Bill 2016 was finally passed, creating some new changes to the current income tax treatment of farm management deposits.

As of the 1st of July 2016:

- ❖ The maximum amount that can be held in FMDs by a primary producer will rise from the current limit of \$400,000 to \$800,000.
- ❖ Primary producers experiencing severe drought conditions will be allowed to withdraw an amount that has been held in an FMD for less than 12 months, without affecting the income tax treatment of the FMD in the earlier income year.
- ❖ Amounts held in an FMD can be used to offset a loan or other debt (that is as a result of the arrangement, a lower amount of interest is charged on the loan than would otherwise be the case) relating to the FMD owner's primary production business.
- ❖ Primary producers will be encouraged to use FMDs to improve cash flow through this loan offsetting arrangement.

The major upside of this amendment is the ability for primary producer to use an FMD to offset a loan or other debt.

It needs to be noted that before farmers will be able to take advantage of this, banks will firstly have to offer this option.

Hopefully lenders will make this option available promptly so farmers can utilise this new amendment as of the 1st of July.



GTP Birthdays

- ❖ 16th June - Sally Hateley
- ❖ 5th July - Kathryn Bowles
- ❖ 13th July - Shane Bryan
- ❖ 3rd August - Peter Cramer
- ❖ 10th August - Rohan Brown



GTP Tid Bits

- ❖ Congratulations to Sally Hateley who recently played her 250th Senior Netball game for Natimuk United.
- ❖ Kathryn & Greg are pleased to announce the arrival of Isabella Jane Hamilton. Born Wednesday 1st June, 12:41pm. Weight 6lb 15oz.



Important Dates

5th June

- ❖ Tax returns due for individuals and trusts with a lodgement end date of 15 May 2016 provided they also pay any liability due by this date

21st June

- ❖ May 2016 monthly activity statement – due date for lodging and paying

25th June

- ❖ 2016 fringe benefits tax annual return

30th June

- ❖ Super guarantee contributions must be paid by this date to qualify for a tax deduction in the 2015–16 financial year

21st July

- ❖ June 2016 monthly activity statement – due date for lodging and paying

21st August

- ❖ July 2016 Monthly activity statement-due date for lodging & paying



Cloud-based Accounting Software

Tracy Richardson

Cloud based accounting software has become very popular recently. is the new “big thing”. It is The way of the future! I liken it a lot to smart phones. After an initial transition phase, you find that it quickly becomes integrated into your daily life and I know for one that I would be lost without it. They enable us to do so much more on the run. We can now do our banking, check emails, look at weather forecasts, browse the internet, and take happy snaps of the kids and sunsets.

So too, many accounting software programs are now internet based and can be accessed anywhere, anytime making our lives much easier. The biggest benefits are twofold;

1 - Time savings

- ❖ Bank statements automatically downloaded into your software - huge amounts of time saved by cutting out this menial task!!
- ❖ Your accounts can be automatically updated each day
- ❖ Future ongoing entries are automatically recognised
- ❖ View a real-time snap shot of your financial position on any mobile device (note heavy encryption codes prevent security breaches)
- ❖ Automatic tax table rate updates
- ❖ Automated super-streaming process (turns a multi-step process into a single process)
- ❖ End of year payment summaries automatically generated & emailed to employees

2 - Financial Analysis

To grow your wealth it is important to monitor how you are tracking on a regular basis!

- ❖ Customise your log-in page with the figures you wish to see daily.

Budgets vs. actuals, bank balances, cash flows, benchmark targets

- ❖ Cut down time on compliance and pro-actively plan for your future.

At Green Taylor Partners, we happily & strongly support both Xero & MYOB.

Both of these packages are very flexible offering 30 day free trials, no lock in contracts and MYOB even offers a 90 day money back refund. Initially users may be hesitant to enter a monthly payment plan but just like the aforementioned smart phone, once the user commits they will not look back...

A summary of the options are as follows:

Any questions please feel free to contact the team at Green Taylor Partners.

See Page 9 for a comparative table of Xero and MYOB products.



	Xero	MYOB Essentials	MYOB AccountRight Basics	MYOB AccountRight Standard	MYOB AccountRight Plus
Price (per month) Effective as at 02 June 2016	Standard \$50 Premium 5 \$60 Premium 10 \$70 Premium 20 \$80 Premium 50 \$90	\$35-\$45 (pending subscription level)	\$40	\$55	\$85
Users	Unlimited	Multi-user pending subscription level	Multi-user pending subscription level	Unlimited	Unlimited
User Support	24/7 email	24/7 Phone	24/7 Phone	24/7 Phone	24/7 Phone
Payroll	Standard - 1 employee Premium 5 - 5 employees Premium 10 - 10 employees Premium 20 - 20 employees Premium 50 - 50 employees	\$35 plan - 1 employee \$45 plan - Unlimited employees	X	X	Unlimited
SuperStream Compliant	•	•	X	X	•
Job Costing	•	X	•	•	•
Quoting	Manual Process	•	•	•	•
Inventory tracking	Subject to add-ons for extra fees Figured (for livestock)	X	X	X	• Ag-profit (for livestock)
Typical Dashboard Features	Bank Balances Total cash in / cash out Income and expense watch list year to date	Money in / Money Out Bank Balances PAYG & Super Owing GST Owing / refund	Accounts Banking Sales Cards	Per normal MYOB dashboard	Per normal MYOB dashboard
Tablet & Smart phone	Yes	Yes	Can also be set up on desk-top to work offline (if internet access drops out)	Online or desktop	Online or desktop



Do I upgrade to Windows 10?

Rohan Brown

We have had a number of clients asking recently about upgrading to Windows 10. Personally if you are running Windows 8 it is a no brainer, just install the upgrade before the free upgrade expires. You don't want to be that person still on Windows 8.

If using Windows 7 (I am assuming you are not still on Windows XP) consider the age of the computer and talk to an IT expert before taking the plunge. The main concern will be older printers and computer video cards etc working with the modern operating system, the printer or hardware company may not have made them software compatible with Windows 10 since that model may now be obsolete.

In regards to software packages most companies will not warrant that they will work and recommend upgrading. Sceptics will say that is to make you pay upgrade fees (probably true). Conservative wisdom will suggest they simply will not test and guarantee that old software will work and software companies are not going to spend time and money on old versions.

If you need to use Windows 10, give your old versions of the software a go anyway. If it works, great! If it works with some parts such as emailing or linking to MS Word not working, fine, can you live with that? If the software does not work satisfactorily it may be time to upgrade. I can guarantee if you need to upgrade you will find the investment will pay for itself in efficiency gains such as Bankfeeds, superstream compliance etc.



Variety – the Children's Charity is a national not-for-profit organisation committed to empowering Australian children who are sick, disadvantaged or have special needs, to live, laugh and learn, by giving practical equipment, programs and experiences. Variety helps children in need to overcome whatever obstacles they face and to live life to the fullest – simply put, they help kids be kids.

The Variety Bash is a fun and social event, that puts the FUN back into fundraising by raising much needed funds to help empower children.

David Ballinger from Marlo and his brother Mark from Horsham are proud to commit again to the 2016 Variety Bash after raising \$10,300.00 in 2015.

David and Mark seek your support, including donations and or sponsorship for the 2016 Bash.

Their goal is to beat 2015 total and reach \$15,000.00. So let's all get together and help the kids! Donations can be made online at:



<https://varietyvicbash2016.everydayhero.com/au/Car303>



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At Green Taylor Partners we are consistently looking into ways that we can better service our clients. Electronic communication is becoming more prevalent in today's society, especially as a form of business communication.

The electronic communication movement is also being strongly pursued by the Australian Taxation Office (ATO) and other government agencies, requiring the majority of their communication to be processed electronically. Along with the ever increasing delivery times of postage through the Australia Post service, it has offered us the opportunity to review the effectiveness of our current communication delivery options with our clients.

Frustrated with postage delays?
Want access to your information 24/7?

Sick of posting back signed documents?
Do we have your current email address?

As a result of our review we will be moving to a cloud based Client Portal for those clients who have good internet connections to ensure we are able to meet their communication needs. We understand this portal will not suit every client and for those it doesn't they will still be able to receive their communication through Australia Post. However, please keep in mind that postage delays are outside our control.

Our primary software provider, MYOB provide an integrated Client Portal which we will be utilising. This allows a secure access area, via the internet, to store documents which will be accessible to both you and us. From here you will be able to access all letters, company documents, financial reports and tax returns. This will also allow you to upload documents to be accessed by us, these could include plant & equipment invoices and loan statements.

The Client Portal will also allow for us to send your documents requiring 'signing' such as tax returns or ASIC minutes. Signing can be done electronically by way of you replying electronically and confirming your acceptance of the document.

The benefits to you:

- ❖ 24/7 access to information, no more waiting for office our to open
- ❖ Timeliness of delivery and notification, no waiting on the postage service
- ❖ No need to retain bulky company and trust binders
- ❖ Secure transmission for signing. You are emailed a link only, not the documents via insecure email systems.

When are we starting? We anticipate a progressive move towards this starting 1 July 2016.

We are currently trialling with a few clients to ensure it is beneficial for all.

What do you need to do?

Ensure we have your current email address, if you are unsure please contact us at email@greentaylor.com.au or call our office on 03 5382 4761. Also start regularly checking your emails if you don't already.