



**dfk**



## DFK AUSTRALIA NEW ZEALAND BUSINESS & TAXATION BULLETIN

keeping you informed **spring 2019**

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### SMSF & INVESTMENT DIVERSIFICATION

The Australian Taxation Office (ATO) has announced that it will be contacting a number of Self Managed Superannuation Funds (SMSF) where their records indicate that 90% or more of an SMSF's funds are held in one asset or a single asset class which may increase the risk level of the fund.

The trustees of a SMSF are required to give due consideration of all investments held by the fund and consider the fund's risk profile.

The ATO will be requesting that trustees review their investment strategy and clearly document the reasons behind their investment decisions.

### GIC & SIC RATES

The ATO has published general interest charge (GIC) and shortfall interest charge (SIC) rates for the first quarter of the 2019-20 income year.

The GIC annual rate for July – September 2019 is 8.54% and the SIC rate is 4.54%.



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## MANY WAYS TO TOP UP YOUR SUPER BALANCE

Planning for your retirement can be assisted by making additional superannuation contributions during your younger years.

There are a number of ways to help boost your superannuation balance and take advantage of many years compounding income from investments.

- **SALARY SACRIFICE SUPER** – This is when you forgo part of your salary or wages in return for your employer making additional pre-tax super contributions.
- **PAYMENT OF SUPER FROM FOREIGN SUPER FUNDS** – some overseas superannuation funds are able to transfer the balance into an Australian super fund.
- **GOVERNMENT SUPER CONTRIBUTIONS** – If you are a low or middle income earner and make a personal (after tax) super contribution, the government will also make a contribution into your fund of up to \$500. Additionally, if you are a low income earner, your super fund will receive a low income super tax offset which is 15% of the before tax contributions made into the fund up to a maximum of \$500.
- **PERSONAL SUPER CONTRIBUTIONS** – An individual can make additional super contributions personally over and above any employer paid amounts. A tax deduction may be claimed for these contributions provided certain conditions are met.
- **DOWNSIZING CONTRIBUTIONS INTO SUPER** – If you are over 65 years old and met the eligibility requirements, you may be able to make a 'downsizer' contribution into your superannuation fund of up to \$300,000 from the proceeds of selling your home.

Prior to making any additional superannuation contributions please consider the concessional contributions cap of \$25,000 for the year ending 30 June 2020.

## LOW & MIDDLE INCOME TAX OFFSET

LMITO was recently passed by parliament and became legislation effective for the year ended 30 June 2019.

The tax offset reduces the amount of tax otherwise payable by an individual and any unused offset amount cannot be refunded.

The offset is automatically calculated and paid when you lodge your income tax return. The offset amount is dependent upon an individual's taxable income and is calculated as follows:

TAXABLE INCOME	OFFSET AMOUNT
Less than \$37,000	\$255
\$37,001 - \$48,000	\$255 plus 7.5% of the excess above \$37,000 to a maximum of \$1,080
\$48,001 - \$90,000	\$1,080
\$90,001 - \$126,000	\$1,080 less 3% of taxable income over \$90,000
\$126,001 +	Not eligible

The LMITO is available for the 2018-19, 2019-20, 2020-21 and 2021-22 years and is in addition to the existing low income tax offset.

## RETIREMENT COMING FOR AUSKEY

AUSKey has been the primary identification method for businesses dealing with ATO online services for many years.

The AUSKey system will be retired in 2020 and is being replaced by two products:

- myGovID – is a secure proof of identity app which is stored on your phone and can be used to access many online government services for both business and personal matters
- Relationship Authorisation Manager (RAM) allows you to link a myGovID and Australian Business Number (ABN). It lets you manage who can act on behalf of your organisation online.

The AUSKey system can still be used during the transition period to myGovID and RAM.

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## FUEL TAX CREDITS

The next half yearly rate change for fuel tax credits due to indexation commenced on 5 August 2019.

The fuel tax credit rates change regularly so it is important to keep good records to support a claim. For fuel used in heavy vehicles, you are required to apply the applicable rate on the date you acquired the fuel.

USE OF FUEL	TYPE OF FUEL	FROM 4 FEBRUARY 2019	FROM 5 AUGUST 2019
Vehicle greater than 4.5 tonnes GVM travelling on a public road	Petrol, diesel or blended fuels (Eg. E10)	15.8 cents	16.0 cents
Specified off-road activities	Petrol, diesel or blended fuels	41.6 cents	41.8 cents
All other business uses including power to auxiliary equipment of a heavy vehicle	Petrol, diesel or blended fuels	41.6 cents	41.8 cents
	LPG	13.6 cents	13.7 cents
	LNG or CNG	28.5 cents	28.7 cents

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KNOW & UNDERSTAND ALL LEVELS OF  
BUSINESS & FINANCE**

**Talk to us about your business needs today.**

If you're interested in global outsourcing, foreign operations or any business and accounting support, we can make it happen.

**Email DFK Gray Perry on**

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**IMPORTANT:** Information contained in this newsletter is not advice. Clients should not act solely on the basis of material contained in this bulletin. Items herein are general comments only and do not constitute or convey advice per se. Also, changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. The bulletin is issued as a helpful guide to our clients and for their information.

## DFK AUSTRALIA NEW ZEALAND FEATURE ARTICLE CORPORATE GOVERNANCE

**In the dynamic world of business, it is now more important than ever to understand the directors' role.**

The system of Corporate Governance guides the rules, practices and processes that direct and control an organisation. Directors are faced with a challenging role – aligning the interests of management, employees, stakeholders and shareholders. Every decision made must consider how it will affect others within and outside of the business.

In large corporate organisations it's a little easier to have the board of directors take on the strategic role and not be involved with operation aspects of the organisation. Obviously, this is more difficult for sole directors of the company that are often managing the business whilst performing multiple roles within.

Small to medium business and sole directors can benefit greatly to adopt best practices; utilising external stakeholders for advice and guidance to assist in managing risk to the company and directors.

It is imperative that directors understand their roles, particularly the financial position of the business they are governing, be it the sole director or board of directors, ensuring the company doesn't trade if insolvent; understanding directors' personal liability and how to minimise risk and safeguard the success of the organisation.

In cases of insolvent trading the statutory defences available for directors under the Corporations Act may be difficult to rely on if directors have not kept themselves informed of the organisations financial position.

Single Touch Payroll is the beginning of reporting live data directly to the ATO. This will allow for Director Penalty Notices (DPN) to be issued by the ATO a lot quicker as data matching tools will increase. A DPN gives the ATO power to collect unpaid PAYG and superannuation liabilities of the company directly from the directors. New provisions introduced on 1 April 2019 also see criminal sanctions can apply to unremitted superannuation liabilities.

Locked down DPNs are issued to company directors when the company has failed to lodge its business activity statement, instalment activity statement or superannuation guarantee contribution advice within 3 months of their due lodgement date.

New provisions are now in place for lock downs and once the PAYG or Superannuation liability is in lock down appointing an insolvency practitioner to the company will NOT avoid personal liability of directors.

### SYSTEMS & ACCOUNTING

Having the right software that is appropriate and current for the industry type is essential in providing management with timely and accurate numbers on how the organisation is performing. Ask the questions: Is your software being used to its optimum? Are you and key staff members aware of all the functionalities of your cloud software? Is data being entered expediently or are you processing information that is already dated?

It is critical for directors to be aware of the financial position of the organisation(s) they are governing considering the data matching and penalty regime now in place. Now is the time to ensure the currency and accuracy of data and to understand what the financials say about the financial position and the sustainability of the business, whether that be growth, sustainability in a changing market or exit strategies,

DFK Gray Perry has dedicated advisory teams that can assist in the following areas:

- Assist with transitions of data from manual, or desktop software to cloud based software;
- Recommend applications that assist in processes and reporting;
- Utilising software to streamline processes whilst maintaining internal controls;
- Provide guidance and support at regular intervals and discuss financial information,
- Implement systems and procedures, best practice guidelines, training manuals;
- Assess how staff are utilised within the organisation;
- Benchmarking and valuation tools;

All of which contribute to good corporate governance for organisations regardless of size, and empower directors and key staff members in pivotal decision making.

*We make it happen!*



**A DYNAMIC ASSOCIATION OF  
EXPERIENCED PROFESSIONALS**

## DFK AUSTRALIA NEW ZEALAND FINANCE ARTICLE FIVE TIPS FOR WRITING YOUR BUSINESS PLAN



Preparing a detailed Business Plan will inform the lender about your business proposal so that they can assess your application as favourably as possible.

### 1. KNOW YOUR NUMBERS

In order to inspire confidence in you as a borrower, it's important you are familiar with your key financial figures. This includes current income, net profit and expenditure.

Include a profit and loss budget, and download a copy of your personal credit file from Equifax.

### 2. ESTIMATE HOW MUCH FUNDING YOU NEED

Are you looking for funds to help with cash flow and operations on a regular basis, with a larger overdraft limit for occasional use? Or do you need one-off funds to open a new branch or purchase additional equipment?

Ensure that you establish all of these factors in your application, including outlining any partners and growth strategies.

### 3. PROJECT YOUR CASH FLOW

You can use this to prepare pro-forma statements, or projections of what your

business will make going forward, making adjustments based on past trends or future assumptions.

Make sure the lender clearly understands your assumptions.

### 4. PROVIDE PROOF OF LOAN SECURITY

A lender will evaluate your risk factors to determine if you and your business are a good investment.

Consider the maximum payment you can afford and as your finance broker, we can advise you on whether you should offer collateral (assets such as property) to secure your loan.

### 5. ASK QUESTIONS

As your finance broker we will shop around on your behalf to find out what products are on offer.

If you're already a customer with one lender, as your broker we can still act on your behalf to achieve the best result for you.

**Talk to us about your business needs today.**

If you're interested in global outsourcing, foreign operations or any business and accounting support, we can make it happen.

**Email DFK Gray Perry on**

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## UPCOMING KEY DATES & DEADLINES

21 SEPTEMBER 2019	August 2019 Monthly Activity Statement due for lodgement and payment
30 SEPTEMBER 2019	Small employers are required to be Single Touch Payroll compliant
30 SEPTEMBER 2019	Lodge PAYG Withholding payment summary, annual return and Annual TFN Withholding report
21 OCTOBER 2019	September 2019 Monthly Activity Statement due for lodgement and payment
21 OCTOBER 2019	Quarterly PAYG Instalments activity statement due for lodgement and payment for head companies of a consolidated group
28 OCTOBER 2019	Superannuation Guarantee Contributions due for payment for July – September 2019 quarter
28 OCTOBER 2019	July – September 2019 Business Activity Statement due for paper lodgement and payment
31 OCTOBER 2019	Due date for lodgement of 2019 income tax returns for taxpayers with one or more outstanding prior year tax returns at 30 June 2019
21 NOVEMBER 2019	October 2019 Monthly Activity Statement due for lodgement and payment
25 NOVEMBER 2019	July - September 2019 Business Activity Statement due for electronic lodgement and payment
1 DECEMBER 2019	2019 Income Tax Payment required for Large and Medium taxpayers (lodgement is due 15 January 2020)
1 DECEMBER 2019	2019 Income Tax Payment due for head companies of a large or medium consolidated group (lodgement due 15 January 2020)
1 DECEMBER 2019	2019 Income Tax Payment due for companies and super funds when lodgement of the return was required on 31 October 2019
21 DECEMBER 2019	November 2019 Monthly Activity Statement due for lodgement and payment

## FOR MORE INFORMATION & FUTURE NEWSLETTERS

For more information on anything contained in this bulletin please telephone or email to our details below.

### DFK GRAY PERRY – ADELAIDE

For further information or enquiries about any of the latest business and taxation topics discussed in this newsletter, please contact the Directors and team at DFK Gray Perry.

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