CLIENT SOLUTIONS – Winter 2017

NASH SOLUTIONS – Practice News

New Staff Member

We welcome Krina Mehta who commenced in April. Krina is an intermediate accountant and has completed her Accounting degree, a Financial Planning diploma and has commenced her CPA professional program.

Krina will be processing BAS statements, year-end financial statements and tax returns. Please welcome Krina to the Nash Solutions team.

Our Nash Solutions Email Policy

We are increasing the contact we have with clients by email. This includes the issue of regular newsletters, topics of direct interest to you and your business and queries when processing your work or in issuing finalised assignments.

We take this opportunity to remind clients that we check our emails at regular intervals during the day and seek to respond to all emails and telephone calls on a timely basis. This policy provides an adequate response to the vast majority of enquiries. However, if you have an urgent matter that must be dealt with on an immediate basis, then please send us a detailed email brief of the situation and then contact us by telephone to ensure your matter is escalated.

At Nash Solutions our goal is to provide holistic solutions to client problems, to grow our client businesses and investments and to accumulate client wealth for their retirement. We seek to deliver this by providing accurate, timely and proactive advice.

We value our relationship and if you have any like-minded business associates who could benefit from Nash Solutions services, then we would be most grateful for your referral.

CLIENT PROCESSING –Taxation Compliance

ATO Correspondence

We would like to remind clients that if you receive a letter from the ATO you should read it carefully as it may include critical information. If you have any queries in regards to the letter please contact us immediately.

Most ATO correspondence will issue through our office in which case we will review it before forwarding and provide you instruction.

"Thank goodness you're here—I can't accomplish anything unless I have a deadline."

Tax Lodgement	**Due Dates#**
Monthly BAS/IAS	21st of next month
Super Contributions paid by this date to qualify for tax deduction	30/06/2017
Super Contributions to satisfy SQ requirements	28/07/2017
June 2017 BAS	28/07/2017
Annual PAYG Statements	14/08/2017
2017 Income Tax returns for late lodgers	31/10/2017

Further extension may be available, contact us if you have an exceptional circumstance which might delay your lodgement.

TAX PLANNING – 2017 Year-end Review

Items with longer lead times

- Acquiring small items of plant and equipment (vehicles, tools & Equipment, IT Hardware, Sheds etc.) up to $20,000 for immediate write-off;
- Deferring income;
- Negative gearing new investments and prepaying interest;
- Sale and lease back to unlock cash and prepaying the lease;
- Tax deductible Income Protection Insurance; and
- Tax deductible Life and TPD Insurance inside super.

Last minute items

- Advancing expenses;
- Prepaying expenses for up to 12 months;
- Writing off bad debts;
- Scrapping obsolete depreciable plant;
- Writing off small depreciable items;
- Maximising superannuation contributions;
- Farm management deposits; and
- Realising capital losses to offset gains.

Please contact us as soon as possible to complete your pre – 30 June review.

TAX OFFICE SOLUTIONS- The ATO's Supercharge on Superannuation

New legislation or changes in regulations can be an accurate indication as to where the peaks in audit activity will occur in the future, so we may see an increase in audit activity in:

SuperStream: The ATO now have real time data to track employers who are not appropriately paying superannuation guarantee (SG) contributions. It is only a matter of time until the audits start to flow through the letterbox.

SMSFs: It is no secret that substantial changes in Self-Managed Superannuation Funds (SMSF) will take effect as of 1st July 2017, with a headlining change being the introduction of the $1.6 million transfer balance cap. The significance of this cap is that it affects both current retirees and individuals yet to enter the retirement phase and we are already seeing many experts in the SMSF area saying the ATO will be closely scrutinising compliance with these changes.

The ATO is also scrutinising arrangements where individuals at, or approaching retirement age intentionally divert their personal services income to a SMSF to minimise or avoid income tax obligations.

Single Touch Payroll: As of 1st July 2018, it will be mandatory for all businesses with more than 20 employees to report through the Single Touch Payroll system. Employers will be required to report SG payments concurrently to paying employees, and Superannuation Funds will also have to report contributions. This system will enable compliance cross-checking, which is bound to increase audit activity.

Data matching and information sharing: 'Data matching' is a buzz word in the world of taxation and it is no surprise that the ATO, State Revenue Offices, WorkCover authorities and vehicle registration departments are all sharing data such as reported wages, contractor payments and motor vehicle registration details. This data sharing and matching is in place to ensure compliance and to detect potential under payments.

Audit activity in Australia is still as prevalent as ever. In fact, the government established another task force, this one with a focus on the black economy, late in 2016. Their primary objective is to educate, but the side effect will inevitably be an increase in audit activity. This will increase time and costs for accountants even in the event that all the paperwork is in order and there is no "audit result".

It is therefore prudent for clients to hold tax audit insurance to cover these professional costs.

BUSINESS & COMMERCIAL NEWS – Protect you & your business- Audit Shield

"What makes you think I have something to hide?"

What is Tax Audit Insurance?

Accountancy Insurance was established in 2003 specialising in Audit Shield – a comprehensive tax audit insurance product which covers the professional fees incurred as a result of an official audit, enquiry, investigation or review instigated by the Australian Taxation Office (ATO) and other federal, state and territory based agencies.

Why do I need it?

Over the years the accountancy insurance group has had an array of situations that audit shield clients have found themselves in – at no fault of their own. Here are a few reasons you should have audit insurance:

- More than $1,000,000 per month is issued to cover the professional fees that Audit Shield clients have incurred as a result of audit activity. This is based on an average monthly total of Audit Shield claims data in Australia and New Zealand (since July 2015).
- The 2015/2016 financial year saw a notable increase in relation to the audit activity levels in Australia. In particular, Payroll Tax audits from the NSW Office of State Revenue and Superannuation Guarantee reviews and audits instigated by the Australian Taxation Office escalated considerably.
- More than 3500 Audit Shield related claims are registered and settled each year across Australia.

Isn’t it my Accountants problem if I’m audited?

The short answer is no. Accountants work with the information and records you provide and whilst there are reconciliations and reviews conducted, the accountant does not conduct an audit of your affairs.

It would be fair to say that the more “normal” your affairs look and the closer your financial fit to the ATO industry profiles, the lower your risk of review.

However, the Federal Government will provide $77.8 million over the next four years to the ATO to expand data matching with third party information and check 640 million transactions which is forecast to generate revenue of $610.2 million. These cross-matching exercises will not discriminate between ‘good’ and ‘bad’ accountants and do not reflect on the abilities of an accountant.

Once the audit shield policy is in place, accountants and clients alike are relieved with the peace of mind that Audit Shield provides. It is also comforting for clients to see that their accountant is being proactive – and a ‘good’ accountant – with their service offerings.

Trauma insurance, also known as critical illness cover provides a lump sum of money if you suffer from a specific illness. It covers you for major events such as strokes, heart attack, blindness, cancer, kidney failure and multiple sclerosis. It is different to total and permanent disability cover because you may recover and don't have to be totally and permanently disabled to make a claim.

Why is trauma insurance important?

Trauma insurance can protect you if you suffer from a major medical event. If you are diagnosed with an illness such as cancer, you may require time off work and be treated by the best available doctors, which can come at a huge financial cost.

Wouldn't it be nice to have access to a lump sum of money to replace income if you are unable to work, to help cover medical expenses or to allow you time to recover and be with your family?

Even if you have income protection insurance, it is still important to insure yourself for trauma insurance as income protection generally only pays up to 75% of your current income. Also, you may need extra money to help pay large medical bills, cover the loss of a spouse income whilst they assist in your rehabilitation or other expenses.

Can it happen to you?

Don’t think it can’t happen to you? Look at the statistics on just one area of illness – cancer.
An estimated 130,466 new cases of cancer will be diagnosed in Australia in 2016. One in two males and one in three females will be diagnosed with cancer by the age of 85. The most common cancers in Australia (excluding non-melanoma skin cancer) are prostate, colorectal (bowel), breast, melanoma and lung cancer.

Source: Cancer Australia statistics www.canceraustralia.gov.au.

What about trauma insurance for children?

Trauma insurance should also be considered for children once they reach age two. If your child suffers a major illness or injury, either you or your partner will most likely want to take time off work to be with and care for your sick child.

Your child may require surgery, hospitalisation and further ongoing treatment. These expenses can mount up and you may be earning less income during this period.

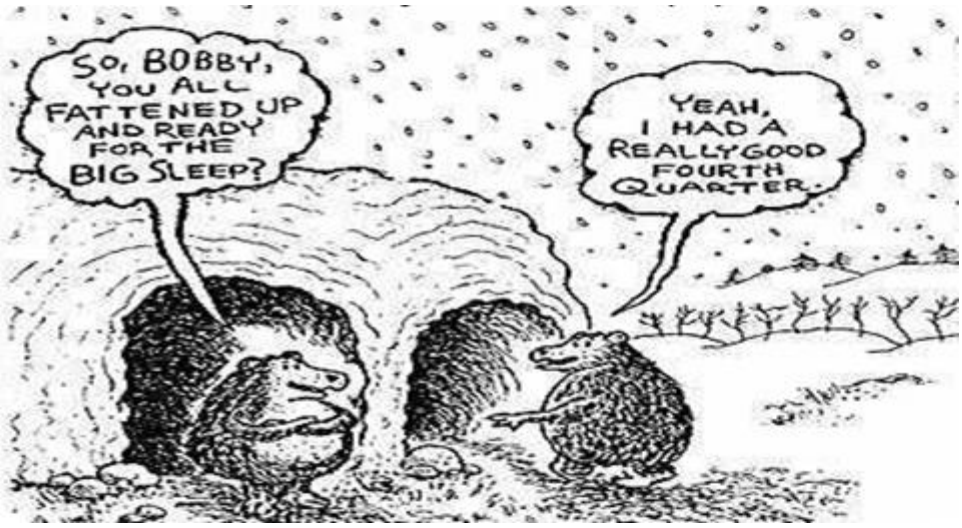
Without covering a child for trauma insurance your entire family may be subject to financial difficulties. How would you continue to pay your mortgage repayments and other expenses such as schooling, power bills and groceries if you are no longer working?

Trauma insurance can only be added to an adult’s policy, so if you have trauma cover for yourself you can also add your children to the policy. The cost of child trauma cover is usually very affordable.

What action should you take?

Although the chances of contracting cancer are relatively high, the good news is that the chance of surviving at least 5 years is 87%. But during this time you may face significant additional costs and disruption to your financial plans. Similar stories apply for other illnesses. Insurance has a role to play to reduce the worry caused by financial difficulties.

Speak to us at Nash Solutions today to review your insurance needs. We can recommend the types of cover you need any how much you need to be insured for. The range of policies and features on each policy can vary widely and we can help to navigate the maze so you get the cover you actually need.



Economic Summary

Australian equities continued their strong run over March 2017, spurred on by a solid February reporting season and favourable global conditions.

The United States (US) Federal Reserve (Fed) raised rates as anticipated in its March meeting, to a range of 0.75% to 1.0%. The second rise in three months was made in a bid to head off rising headline inflation. Another two rate reviews are expected over 2017.

The Eurozone composite Purchasing Managers' Index (PMI) increased to 56.4 in March reaching a six year high and capping off the most successful quarter for the region's economy since second quarter of 2011.

Significant developments

The RBA decided to leave the cash rate unchanged in its early April meeting at 1.50%. RBA Governor, Philip Lowe, noted that the global economy is experiencing continued gradual economic growth alongside global uncertainties. Australia is continuing its transition away from commodities following the end of the mining boom, with non-mining business investment rising over the past 12 months. A depreciating exchange rate since 2013 has aided this transition, with an appreciating Australian dollar viewed as most likely to be detrimental to the transition to non-mining business investment.

Higher spending on infrastructure in China pushed commodity prices up, which have led to an improvement for Australia's National Income, however, medium-term risks to the Chinese economy remain.

Support from low interest rates continues, although lenders have increased mortgage rates in the wake of a housing bubble risk. This move comes off the back of growth in household borrowing outpacing growth in household income. Recently announced supervisory measures are intended to curb the risks of this rising household debt, while the housing market situation continues to vary across the nation, with attention focused on the uptick of apartments scheduled to flood eastern seaboard capital cities in the next few years. A change in rates in either direction could add unwanted pressure on the housing situation and coupled with inflation expected to pick up over 2017, the RBA believed it was appropriate to leave the rate unchanged.

Australia’s seasonally adjusted employment decreased 6,400 in February, well below expectations for a 16,000 rise. The unemployment rate increased to 5.9%, this was above market expectations for 5.7%. The participation rate remained at 64.6%, in line with expectations. Part time jobs decreased by 33,500 while full time jobs increased by 27,100.

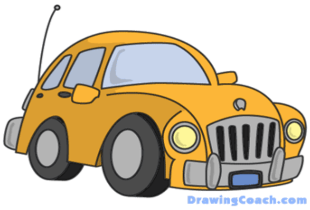
Australian building approvals increased 8.3% month-on-month but was down 4.9% for the year to February, and above revised previous levels of 2.2% and -11.6% for respective periods ending January.

We remind clients that we provide a full range of financial planning services including investments, savings and retirement plans, life and income protection insurance, superannuation, super pension and Centrelink age pension analysis using our ‘DomaCom Guided Planning System’.

FINANCE

Thinking of buying a new vehicle?

We remind clients that car dealers play many tricks with new car prices, trade values and in-house finance in order to spruik up their ‘deal’ and at the same time extract maximum profit. We are in a position to advise you on how to get the best actual deal when trading.



Planning points:

- Find your new vehicle / plant.
- Negotiate a cash price.
- Call us for effective financing of the deal.

SPECIAL TOPIC – Proposed Superannuation Changes from Budget Night

First Home Super Saver Scheme

Proposed effective date: 1 July 2017

From 1 July 2017, individuals can make voluntary contributions (e.g. salary sacrifice, personal tax deductible, and non-concessional contributions) of up to $15,000 per year and $30,000 in total, to their superannuation account to purchase a first home. These limits apply to each individual – that is, a couple combined can contribute up to $30,000 per year and $60,000 in total.

Voluntary contributions under this scheme must be made within the superannuation caps of $25,000 p.a.

Withdrawals of the contributed amounts along with the deemed earnings will be allowed from 1 July 2018. The amount of earnings that can be released will be calculated using a deemed rate of return based on the 90 day Bank Bill rate plus three percentage points.

The withdrawals of concessional contributions and associated earnings will be taxed at the individual's marginal tax rates less a 30% tax offset. When non-concessional amounts are withdrawn, they will not be taxed, but we anticipate that the earnings will be taxed at the individual's marginal tax rates less a 30% tax offset.

The First Home Super Saver Scheme will be administered by the ATO, which will determine the amount of contributions that can be released and instruct superannuation funds to make these withdrawal payments. The ATO will also be responsible for administering compliance mechanisms to ensure that people purchase their first home after they withdraw from superannuation for their deposit.

Observation: This measure is tax effective so may assist singles/couples to accumulate a deposit for a first home quicker than through other forms of voluntary savings.

Contributing the proceeds of "property-downsizing" to superannuation
Proposed effective date: 1 July 2018

Currently, individuals aged 65 to 75 who want to make voluntary superannuation contributions must satisfy a work test. People over age 75 are generally unable to contribute to superannuation.

The Government proposes that from 1 July 2018, people aged 65 and over will be able to make a non-concessional contribution into their superannuation of up to $300,000 from the proceeds of selling their home, irrespective of their age, work status, and total superannuation balance.

Further, both members of a couple will be able to take advantage of this measure for the same home, meaning $600,000 per couple can be contributed to superannuation under this measure.

This measure will only apply to a principal place of residence held for a minimum of 10 years.

These contributions will be in addition to any other concessional or non-concessional contributions individuals are eligible to make.

Observations: Although the $1.6 million total superannuation balance assessment will not apply to these contributions, once the contribution is made, only individuals who have remaining transfer balance cap space available can convert their contributions into a retirement phase pension account where earnings are tax-free.

Importantly, there does not appear to be any special social security concessions associated with this measure. As such, social security clients may be adversely impacted.

Sourced by Brendon Colville, Financial Planning Client Services Manager.

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 # Acknowledgement: We wish to acknowledge Mercer Investments (Australia) Limited as the source of the information used in the preparation of this newsletter. The economic and investment analysis content of this newsletter is based on their latest published Market Valuation & Economic Review for January 2017.

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Nash Solutions Tax + Business + Wealth

View past Nash Solutions newsletters

“Cashflow is critical for business growth and survival. Is your business generating the returns you require and is it maximising your wealth?”

Nash Solutions Business Services can assist you with:

Accounting, book-keeping and day to day business administration services
Taxation advice, including:
- Year-end tax planning
- CGT and business rollovers
- GST
- Negative Gearing

Small Business advice, including:
- Structuring
- Incorporation and company secretarial services
- New business start up
- Business acquisitions and valuations
- Business Sale

Tax return and BAS preparation
Superannuation, including:
- Self Managed
- Employer Superannuation Funds
- CGT rollovers on sale of business

Business analysis, including:
- Financial Analysis
- Management accounting

Business planning, including:
- Financial Analysis
- Management accounting

Financing, including:
- Review of current finance arrangements
- Equipment and motor vehicle finance

Computerised Records, including:
- Accounting related assistance generally
- MYOB software and computer support
- Banklink

Audits
- Self Managed Super Funds
- Clubs and Associations
- Companies

“Savings plans are necessary to ensure sufficient funds are available for your retirement. Will you live the comfortable retirement you dream of?”

Nash Solutions Financial Planning Services can assist you with:

Children’s education plans, including
- Imputation Bonds

Direct Share Investment
Superannuation, including:
- Individuals
- Employer group policies
- Self Managed Superannuation Funds

Personal Insurance, including:
- Life
- Total & Permanent Disablement
- Income Protection

Finance, including:
- Debt consolidation
- Housing & Commercial Loans
- Investment Loans
- Vehicle, Plant & Equipment

Wealth retirement and lifestyle planning analysis
- Income streams and capital drawdowns
- Centrelink benefit planning and analysis for age pension retirees

Estate succession planning
Aged Care Planning

“3 in every 4 Australians will be diagnosed with a serious illness during their working life and will spend many months off work. Will your family live in poverty?”