

# Mogg Osborne Pty Ltd

## Newsletter

### Autumn Edition 2017



#### Self-Managed Super Fund – Death of a trustee

Self-managed superannuation funds, like puppy dogs, are for life. Like puppy dogs (please cover all kiddies ears) death is inevitable. Where an SMSF is structured with two individual trustees the death of a member (other than the obvious) creates issues.

An SMSF after the death of one member, with a single member and single trustee no longer meets the legal definition of an SMSF. Further, with death being the only mandatory cashing event, the balance of the deceased member must be paid as soon as practicable, within a 6 month period.

So, what to do? As always, read the deed. Generally however, during the six month period the fund can appoint the legal personal representative (LPR) of the deceased as a trustee to enable the fund to continue and make payment arrangements.

Once the benefit is paid the fund must alter the trusteeship arrangements to ensure it once again meets the definition of an SMSF. The first option is to appoint a second trustee, this does not need to be the LPR of the deceased. The next option would be to appoint a sole director company, where the surviving member is the director.

In either case, the ownership of the assets must be updated to reflect the corrected trusteeship (which would have been avoided if the fund had a corporate trustee in the first instance... I'm just saying)



#### Avant Group – Government Grants

As part of our commitment to provide ongoing value to clients, the team at Mogg Osborne has engaged the services of specialised grants advisory consulting firm Avant Group to provide a complimentary grants review session for our clients in the region.

Unlocking government incentives requires eligible projects to be undertaken and the application process can be difficult to navigate – from eligibility hurdles to funding KPIs. The Avant Group will review any government funding opportunities your company could be eligible for and you will also receive a personalised grants plan after the consultation.

Mogg Osborne, in collaboration with Avant Group will be working with eligible clients throughout the application process and management to ensure a smooth application.

If your business is undertaking any of the following activities then you may be eligible to receive Government co-contribution –

- ❖ Exports
- ❖ Employs
- ❖ Spends money in Agriculture
- ❖ Builds Infrastructure (sheds, graders, silos etc)



**Pay your outstanding Mogg Osborne debt in full before 13<sup>th</sup> April 2017 and go in the draw for your chance to win this Easter Hamper valued at \$200!!**



#### About Kate Nicholls:

Kate currently is a Director of Avant Group, a leading business strategy and government grant consulting firm. The business provides services including technical project management, grant identification and application management and reporting, contract negotiation and business marketing strategy planning.

For more information please contact our office on 03 58721955 or Kate Nicholls on 0409 909 694

## Small Business Grants

The Small Business Grant is a key priority of the New South Wales Government. The grant is designed to encourage the nearly 650,000 small businesses in New South Wales that do not pay payroll tax to hire new employees and expand their business.

**Eligibility** - To be eligible for the grant your business must have an active ABN; not have a payroll tax liability. During the 12 month employment period of a new person as at 30 June of the financial year.

**Conditions for receiving the grant:** A business will receive the grant if all the following employment conditions are met: A person is employed in a position that is a new job. The employment commences on or after 1 July 2015 and before 1 July 2019. The employment is maintained for a period of 12 months. Your number of full-time equivalent (FTE) employees, prior to creating a new position must increase and be maintained over a 12 month period. The services of the employee are performed wholly or mainly in NSW.

**Registration:** Once you hire an employee in a position that is a new job you are required to register with the NSW Office of State Revenue (OSR) within 60 days after the employment commences.

**Payment of the grant** - The grant is a one off payment per new position and is paid when a claim is made on the 12 month anniversary of when the position was created. For full-time employees the grant amount is \$2,000.

## Tax rules to change for temporary working holiday makers

On Tuesday 27 September 2016, the Treasurer announced that from 1 January 2017 working holiday makers will be taxed at 19 per cent on earnings up to \$37,000. Ordinary marginal tax rates will apply after that. They will no longer be entitled to claim the tax free threshold. On 28 November 2016, the Treasurer announced that this tax rate would be reduced from 19 per cent to 15 per cent. Employers of working holiday makers will be required to undertake a simple, once-off registration with the Australian Taxation Office to be able to withhold tax at this new rate.

Employers who do not register will be required to withhold tax at the 32.5 per cent rate.

In addition, from 1 July 2017 the rate of tax on the Departing Australia Superannuation Payment (DASP) for working holiday makers will be increased to 65 per cent. These changes replace the 2015–16 Federal Budget measure in which the government proposed to change the tax residency rules for working holiday makers. On 16 February 2017, legislation to restrict access to employer registration information was introduced into Parliament.

## Claiming Work Related Expenses: Phone and Internet

If you use your mobile phone, home phone or internet for work purposes you may be able to claim a deduction. To be eligible you must not be reimbursed for these expenses and must be able to support your claim. The private portion of your usage is not eligible to be deducted and as such your deduction must be apportioned accordingly.

It may become an arduous task for individuals to calculate the business use or percentage for each of the services they wish to claim for. There are two ways to calculate the business use percentage of each respective service. The first option is keep a 4 week diary that demonstrates the Business use Percentage (BUP). Alternatively, you may calculate by viewing an itemised breakdown of the respective expenses and determining BUP either by comparing the number of calls made or data used or call length to the respective totals.

Telecommunication companies often package home phone, mobile phone and internet services together. This causes an issue for individuals who wish to claim a work related deduction as they must apportion the costs for each component. This requires either obtaining an itemised break down of the costs of each service or calculating as a percentage the relevant service costs as if they were purchased separately from your supplier or similar supplier. Presently, the Australian Taxation Office (ATO) allows for the use of safe harbour rates for home phone and mobile phone use. The safe harbour rates allow you to avoid the task of recording a 4 week diary or going through your itemised bill. The ATO provides a separate rate for each phone call from a land line and mobile phone and text message. While you are not required to calculate business use percentage using the safe harbour rates you are still required to be able demonstrate how you calculated the expense and that the expense was actually incurred. The drawback of using this method is it only allows a maximum deduction of \$50.



## Services Offered at Mogg Osborne Pty Ltd

- ❖ Financial Planning
- ❖ Estate Planning
- ❖ Business Leasing & Asset Purchasing



## **Double the First Home Owners Grant for Regional Victoria**

### **About this initiative**

For contracts signed between 1 July 2017 and 30 June 2020, the First Home Owner Grant (FHOG) for regional new home purchases will double to \$20,000. The increase will help first home buyers to purchase in their local community and will help support construction and employment.

### **How will it work?**

FHOG is currently a \$10,000 grant for first home buyers that purchase new homes throughout Victoria. This initiative increases the FHOG to \$20,000 for regional new home purchases.

First home buyers of new homes in metropolitan Melbourne will continue to receive the \$10,000 FHOG.

As with the current arrangements, the FHOG will only be available to purchases valued up to \$750,000.

The increased FHOG will be applicable to contracts signed from 1 July 2017 to 30 June 2020, at which time, the Government will assess the impact of the policy on first home buyers and construction in the regional area.

## **Staff Profile**



**Glen (Bobby) Brooks  
Director**

**The best thing about my job is....**

**Helping people resolve their issues**

**I love coming to the office every day because....**

**I get to work with awesome people**

**When I'm not in the office my favourite thing to do is...**

**Be around family and friends, the great outdoors and motorcycling**

**My favourite movie is...**

**Avatar**

## **Abolishing stamp Duty for first home buyers in Victoria**

### **About this initiative**

From 1 July 2017, first home buyers purchasing properties valued below \$600,000 will be **exempt from paying stamp duty**. Further, first home purchases valued between \$600,000 and \$750,000 will receive a concession applied on a sliding scale. It will be available for new and established home purchases.

This initiative gives first home buyers across the state a helping hand, by substantially reducing the upfront cost of purchasing a home.



### **How will it work?**

The exemption and concession are available for new and established home purchases and will be applicable to **contracts signed from 1 July 2017**. Most states have similar first home exceptions.

## **What's New**

### **Single Touch Payroll**

The proposed changes will streamline the way employers report some tax and superannuation information to the Australian Taxation Office. When employers pay their staff, the employees' salary or wages and PAYG withholding amounts will be automatically reported to the Australian Taxation Office. Employers will also have the option to pay their PAYG withholding at the same time they pay their staff.

There will also be some changes to how superannuation is reported to the Australian Taxation Office. There will be no changes to the way employers pay their superannuation. However, when those payments are made to their employees' funds, the information will be automatically reported to the Australian Taxation Office.

Employers with 20 employees or more will be able to report to us through Single Touch Payroll from 1 July 2017. However, they will be required to report from 1 July 2018.

•Employers with 19 employees or less will be able to report to us through Single Touch Payroll from 1 July 2017. However, it is not a requirement at this stage.

### **IMPORTANT DATES**

- Super and Travel Seminar 27 April 2017
- Companies and Super Funds due 31 March 2017
- Ten Hats 8 May 2017 (more information to come)
- Tax lodgement due 15 May 2017
- March BAS due 26 May 2017

## **DISCLAIMER**

Mogg Osborne Pty Ltd respects your privacy. If you do not wish to receive any further mail from us, please feel free to contact us on (03) 5872 1955. For more information about Mogg Osborne Pty Ltd.'s privacy policy, please refer to [www.moggosborne.com.au](http://www.moggosborne.com.au).