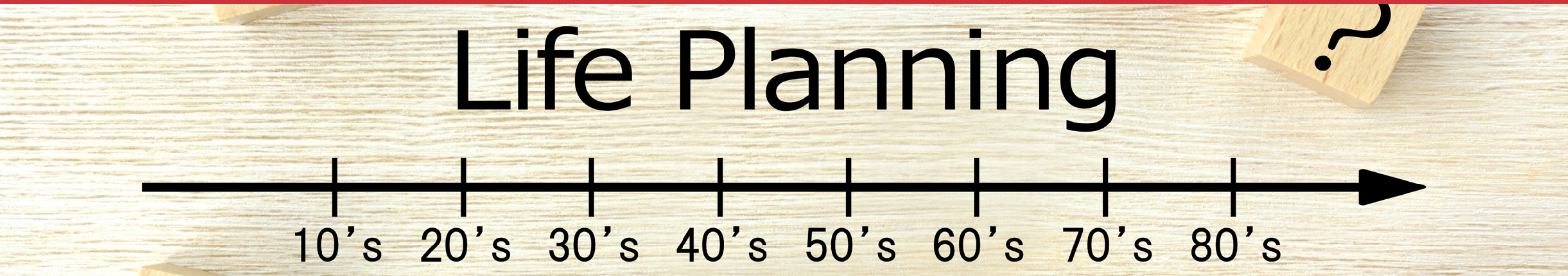
FLOR-HANLY
commercial & agribusiness accountants

The ROUND UP
January 2021



What happens to your super when you die?

by Tony Olsen

Superannuation is a significant asset to most, especially those reaching retirement who've contributed (or their employer has contributed) into super throughout their working life. There are significant tax benefits which make superannuation attractive. However, have you considered what happens to your superannuation when you die?

> **"In this world nothing can be said to be certain, except death and taxes,"**
>
> *Benjamin Franklin.*

Superannuation law says that death benefits must be dealt with as soon as practicable after death. There are different ways your superannuation benefits can be paid on your death. Generally, they're paid as a lump sum often called a "death benefit lump sum" or "lump sum death benefit", paid by taking the monies as a pension (a death benefit pension), or a combination of both. Importantly, your superannuation cannot be left to keep accumulating after your death.

Who can your superannuation be paid to?

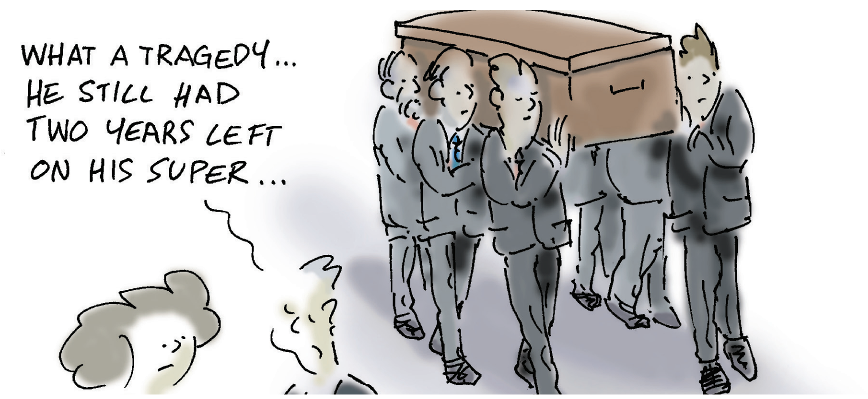
Your superannuation can generally only be paid as a lump sum to your estate, or to one or more of your "dependents". Dependents can be: your spouse, your children, regardless of age or financial dependency, someone who was financially dependent on you on your death, someone who was in an interdependency relationship with you on your death. Death benefits can also be paid as a pension. Pensions from your superannuation fund aren't to be confused with Age Pensions from Centrelink! Superannuation funds can pay pensions (typically account based pensions). These are regular payments from your superannuation benefits to the beneficiary. These can be very tax effective. The range of permitted pension beneficiaries are restricted to: a surviving spouse, a child that is under 18 or between 18 and 25 and financially dependent on you when you die, a severely disabled child; or someone other than your spouse or your children that was financially dependent on you or was in an interdependency relationship with you at the time of your death.

Who decides who your benefits are paid to?

Many are surprised to know that your superannuation doesn't automatically form part of your estate and therefore isn't controlled by your will. The decision regarding who and how your superannuation benefits are paid rests with trustees. Each superannuation fund has a trust deed which has a set of rules for that fund. The trustees, when deciding who to pay the benefits to, need to take the law and these fund rules into account. There are some situations where the trustees have no choice at all in who they pay the benefits to or how. Binding Death Benefit Nominations can be put in place by members to direct the trustees how and to whom the benefits must be paid. These can form a very important part of estate planning. They need to be prepared carefully considering where you want your super to go and any taxation consequences. If receiving a pension from your superannuation, you can nominate someone, typically your spouse who'll continue to receive your pension after your death. This is referred to as a reversionary pension. Importantly, there are limitations on who can be a reversionary pensioner. When joining a superannuation fund, you're given the opportunity to nominate who your preferred beneficiaries of your superannuation are. This isn't binding on the trustee and shouldn't be confused with binding death benefit nominations.

How are death benefits taxed?

Your superannuation benefits consist of two components: a tax free component which represents contributions you've made, which you haven't claimed a tax deduction for over time; and a taxable component which is everything else. This taxable component represents all the contributions you've made which you claimed a tax deduction for, and the accumulated earnings generated over time which have been concessionally taxed.



continues on Page 3

ON THE ROAD:


Stewart Borg (Leichardt holdings) giving his bulls a scratch


PB Fenech Bull Sale: Emma, Tamika, Emma & Tony


Tony & Emma - Brahman Week


Ben, Tamika, Tony and Kaley learning from David Wright about his feed out wagon and making his silage ration.

FEDERAL BUDGET: Explained

by Tamika

The 2020/21 Federal Budget handed down on 6 October 2020 was certainly a reflection of the year it has been. Usually handed down in May each year it was delayed by the Federal Government this year due to COVID. There were also a few unexpected surprises announced by the Treasurer within the budget - many of which will be well received by a number of taxpayers. The key announcements affecting individuals and small and medium business are summarised below.

Instant Assets Write-Off for Small Businesses

Businesses are now be able to deduct the full cost of capital assets purchased and ready for use from 6 October 2020 to 30 June 2022. This overrides the $150,000 instant asset write-off threshold that was previously in place to 31 December 2020. The new instant asset write-off applies to new depreciating assets as well as second-hand assets (for small and medium businesses) and is available for businesses with an aggregated annual turnover of less than $5 billion. This announcement also meant that small businesses (with a turnover of less than $10M) are be able to deduct the balance of their Small Business Depreciation Pool in full during the 2020/21 financial year.

Individual Income Tax Rates

The government announced it would bring forward the previously announced reductions in individual income tax rates to 1 July 2020.

For the new tax rates for the current 2020/21 financial year, see the table below.

Company Loss Carry-Back

Eligible companies are able to elect to "carry-back" tax losses from the 2019/20, 2020/21 or 2021/22 financial years to be offset against profit that was previously taxed in the 2018/19 or later income years. This measure is designed to assist companies that were profitable and paid tax for the 2018/19 financial year and then incurred a tax loss to receive a refundable tax offset. The election is first available to companies when lodging their 2020/21 income tax returns. Therefore, it will not be until the end of this financial year that companies will be able to receive the economic benefit of this budget announcement.

JobMaker Hiring Credit

The JobMaker Hiring Credit is available to eligible employers for 12 months for each additional new job they create for eligible employees until 6 October 2021. Eligible employees are those who have worked for at least 20 hours per week on average, are employed by your business between 7 October 2020 and 6 October 2021 and are within the relevant age groups and have received the JobSeeker, Youth Allowance or Parenting Payment for at least one month within the past three months before they were hired by your business.

The JobMaker Hiring Credit available to eligible employers is:

- $200 a week for each additional eligible employee hired that is aged 16 to 29 years old
- $100 a week for each additional eligible employee hired that is aged 30 to 35 years old

The JobMaker Hiring Credit requires the employee to be an "additional employee" of your business (ie. the business' total employee headcount increases). Registrations for the JobMaker Hiring Credit and claims will be able to be processed with the ATO from 1 February 2021.

Individual Income Tax Rates

Taxable Income	Rate	Tax Payable
$0 - $18,200	0%	Nil
$18,201 - **$45,000**	19%	Nil + 19% of excess over $18,200
$45,001 - $120,000	32.5%	$5,092 + 32.5% of excess over $45,000
$120,00. - $180,000	37%	$29,467 + 37% of excess over $120,000
$180,001 +	45%	$51,667 + 45% of excess over $180,000

The additional 2% Medicare levy also still applies.

MEET OUR TEAM

Ben Hancock
ACCOUNTANT
Bachelor of Business (Accounting)

Ben is a country boy at heart, growing up in Surat and helping his parents run the Surat Local Post Office and Newsagency along with their cattle property North West of Roma.

Ben has a strong background in rural business, which drives his passion for helping his clients reach their potential and to provide relevant information to help them make key financial decisions.

Ben has consistently proven he is a valued member of our team, and we look forward to helping him grow his career with us at Flor-Hanly.

continued from front page.

Lump Sums
Lump sums paid to dependent beneficiaries such as your spouse, children under 18 and financially dependent children over 18 are tax free regardless of the components. When paid to adult children who are not financially dependent, any tax-free component is tax free. The taxable component is taxed at a maximum rate of 15 per cent plus Medicare levy. If there's a life insurance component and the deceased was under 65, tax of 30pc plus Medicare levy will be payable. Where a lump sum is paid to your estate, the estate may need to pay tax on the benefit depending on who'll be the ultimate beneficiary.

Pensions
The tax treatment on pensions depends on the age of the member on their death and/or the age of the recipient. If the member was 60 or over at death, the pension is tax free regardless of the age of the recipient. If the member was under 60 on death but the recipient is over 60, the pension payments are also tax free. If both were/are under 60, the pension is taxed at marginal rates less a 15pc tax offset with an allowance for any tax-free component.

Tamika Layt
MANAGER & SENIOR ACCOUNTANT
Bachelor of Business (Accounting) CA

Tamika is Flor-Hanly's walking tax encyclopaedia!

From capital gains tax to fringe benefits tax, and everything in between, Tamika's strong tax advisory background also includes company restructures and rollovers, discretionary and family trusts and several other areas affecting small, medium and large businesses and family groups.

She has a passion for helping her clients achieve their goals and being part of both their business and family journey.

We're Moving!

You may or may not have heard the exciting news that we are moving in the first half of 2021.

We've outgrown our current site and will be moving to a new premise at 16 Evans Avenue, North Mackay. There is going to be plenty of parking on site for our visitors and an array of local businesses in the area for us to support.

We are all looking forward to this move and we'll keep you updated. If you don't already follow us on Facebook jump on and like our page and check out our renovation photos.

Annie Dawson
SUPERANNUATION SPECIALIST MANAGER
BCom CA GDIp FP SSA, SMSF Specialist Adviser, CA

We are excited to have Annie join the team!

Annie has worked as a superannuation consultant for over 12 years, providing technical advice on superannuation matters to the accounting and financial planning industries. She has worked for a number of years providing advice to high net worth families in a boutique wealth management firm.

You will not find someone more passionate about superannuation. She genuinly enjoys seeing her client's financial success grow through her meticulous planning.

Annie works closely with our whole team to get the best results for our clients.

If you are looking at implementing or fine-tuning your SMSF, give Annie a call.

JUNK!

With all the changes to a paperless life you will receive more emails that don't have the Flor-Hanly domain so make sure you keep an eye on your **JUNK!** Box. Call us if unsure.

ATO SCAM ALERT!

If you're concerned that a phone call, SMS text message, voice mail or email you receive claiming to be from the Australian Taxation Office (ATO) is not genuine, don't reply to it. Instead, you should call our office and we can provide you with up to date information.

We're concerned about the increasing number of people paying fake tax debt scammers.

Scammers pretending to be from the ATO are contacting members of the community, telling them that they have a tax debt and that if they don't pay it straight away, they will be arrested.

These scammers will often request payment through unusual methods, such as cryptocurrency, pre-paid credit cards or gift cards, and will try to keep people on the line until they have paid.

If you receive a phone call, text message or voicemail like this, don't send payment or provide any personal information. Hang up and delete the message.

The ATO will never threaten you with immediate arrest or demand payment through unusual means.

If you're not sure if it's the ATO contacting you, call any of our staff at Flor-Hanly and then can help or call the ATO on 1800 008 540 to check.

Information provided in this newsletter is of a general nature. It does not take into account your personal financial circumstances. Tailored professional advice should be sought before acting on any of the information contained. PLAN AHEAD: It's important that you carefully consider your wishes and taxation issues regarding your superannuation as part of your estate planning.

ATO DOCUMENTS: Changes you need to know about

We have implemented some changes to the way we process information from the ATO to our clients.

This new system will allow us to deliver ATO correspondence directly to your email and most importantly securely. Due to the changes in the layout and delivery of these documents, we wanted to give you a heads up to make sure you know it's real and not a scam!

It's very easy but please feel free to give us a call if you're unsure.

1. Firstly, you will now receive an email from:

Flor-Hanly -
<noreply@florhanly.com.au>
<hub.ddslive.center@ddslive.com.au>

2. You will then receive a text on your mobile phone with a security pin.

3. Open your email and click the link provided and use the security pin to access the link to the ATO correspondence

WORTHY CAUSES: Spotlight on Mental Health

Grapevine Group Association Inc is a locally founded grassroots volunteer group which raises funds and awareness for suicide prevention in the Mackay, Isaac and Whitsunday regions.

Grapevine Group relies entirely on community support and has operated since 2004. On Wednesday 21st October we held a staff lunch for our team to help raise money and awareness of Grapevine and what they have achieved in our region. It was also a great opportunity to discuss how mental health has touched so many of our own lives. Hayley Jones is very passionate about this cause and we were able to donate $220 to the cause. Well done Hayley!

EVERYONE FEELS DEPRESSED OR ALONE FROM TIME TO TIME...

One out of three people will experience a major depression & almost everyone will face a life crisis at some point in their lives. If you are in intense emotional and/or physical pain, remember that your judgment is being clouded by that pain. If you are thinking about suicide or having suicidal thoughts, you are trying to end that pain. There is help available. **www.grapevinegroup.org.au**

To Staple or to Clip?

A document rarely comes alone. When they do come in, it's natural to staple them together because it keeps them neat and tidy.... but what happens next?
For every document that Flor-Hanly receives, someone in our administration team has to remove the staples before scanning.

This might not seem like a big deal, but when you think over a month, quarter or even a year, this can mean our team have to remove hundreds of staples. Instead, simply put them together loosely in an envelope, or use paper clips.

For every staple you put in, our team pulls it out