

Sum it Up

BUSINESS & ACCOUNTING NEWS

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Meet the Team:



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Bachelor of Business (Accounting), Certified Practising Accountant

At Flor-Hanly, our philosophy of providing advice, planning and high standards of personal service make this an exciting and fulfilling place to work.

I work with a wide range of commercial and agribusiness clients. I also have a strong background working in Self Managed Superannuation funds.



ATO warns about phony tax debt scam

The ATO is again warning the public to be aware of an aggressive phone scam circulating where fraudsters are intimidating people into paying a fake tax debt over the phone by threatening jail or arrest: ATO media release (6 July 2015).

Second Commissioner Geoff Leeper has said that the ATO is very concerned about taxpayer privacy and is reminding people of the key differences between a scam of this nature and a genuine call from the ATO.

"We make thousands of outbound calls to taxpayers a week, but there are some key

differences to a legitimate call from the ATO and a call from a potential scammer" said Mr Leeper.

"We would never cold call you about a debt; we would never threaten jail or arrest, and our staff certainly wouldn't behave in an aggressive manner. If you're not sure, hang up and call us back on 13 28 69," said Mr Leeper.

If people think they may have fallen victim to a phone scam, they should contact the ATO on 13 28 69.

For more information and examples of recent scams visit the ATO website or SCAMwatch.

Small business Budget measures now law

The following small business tax measures announced in the 2015-16 Federal Budget have passed into law:

- **Company tax rate cut** - The tax rate for companies with an aggregated annual turnover of less than \$2 million will be reduced by 1.5% (ie from 30% to 28.5%) from the 2015-16 income year.
- **Increase to the instant asset write-off threshold to \$20,000** - The threshold below which small businesses can claim an immediate deduction for the cost of assets will be temporarily increased from \$1,000 to \$20,000. This applies to assets purchased

from Budget night (12 May 2015) until 30 June 2017.

- **Small business simplified depreciation pool** - Assets costing more than \$20,000 will be able to be put in the small business simplified depreciation pool. If the pool balance falls below \$20,000, it will be able to be written off immediately. The rules preventing small businesses from re-entering the simplified depreciation regime for five years after opting not to use it will also be temporarily suspended. This applies from Budget night onwards.

ATO focus on rental property deductions

The ATO says that it will have an increased focus on rental property deductions this Tax Time and is encouraging rental owners to double-check that their claims are correct before lodging their tax returns.

In particular, the ATO is paying close attention to:

- excessive deductions claimed for holiday homes;

- husbands and wives splitting rental income and deductions for jointly owned properties where such claims are not supported;
- claims for repairs and maintenance shortly after the property was purchased; and
- interest deductions claimed for the private proportion of loans.

Are you ready for SuperStream?

SuperStream is a reform package introduced by the government aimed to improve efficiency of the superannuation system, improve the timeliness of processing of contributions and reduce the number of lost accounts and unclaimed superannuation monies.

The changes will affect almost everyone so it is important to understand your obligations.

EMPLOYERS

Depending on the number of employees in your business, SuperStream will need to be fully implemented by 30 June 2015 or 30 June 2016.

For Employers with more than 20 employees on 1 July 2015, the SuperStream changes should already be implemented in your business.

For Employers with less than 20 employees on 1 July 2015, the transition stage has begun. These employers need to start taking steps to move towards the SuperStream system now. The system must be fully implemented by 30 June 2016.

As part of this process, there is information that you will need to gather from your employees if you don't have it already.

Once you have this information, there are two main ways that you can comply with the SuperStream regulations:

a) Upgrading your Payroll Software – Many of the main Software packages have come up with a SuperStream solution and they now allow you to pay your superannuation from your software.

b) Using a Commercial Clearing House – With this solution, you will need to register with and pay superannuation contributions to the Clearing House which will then disperse the payments to individual Superannuation Funds and members.

SMSF TRUSTEES

If you work for a third party employer, who contributes superannuation to your Self-Managed Superannuation Fund you will need to supply your payroll officer with the following information:

- Your SMSF's Australian Business Number (ABN)
- Your SMSF's bank BSB and account number for receipt of contribution payments
- An electronic service address for receipt of a contribution data message.

As part of this process, you will need to register with an Electronic Service Provider. A list of these can be found on the ATO website and many of them charge a small fee for their service.

Contributions sent to a SMSF from a related-party employer are exempt from SuperStream and can be made using your existing process.

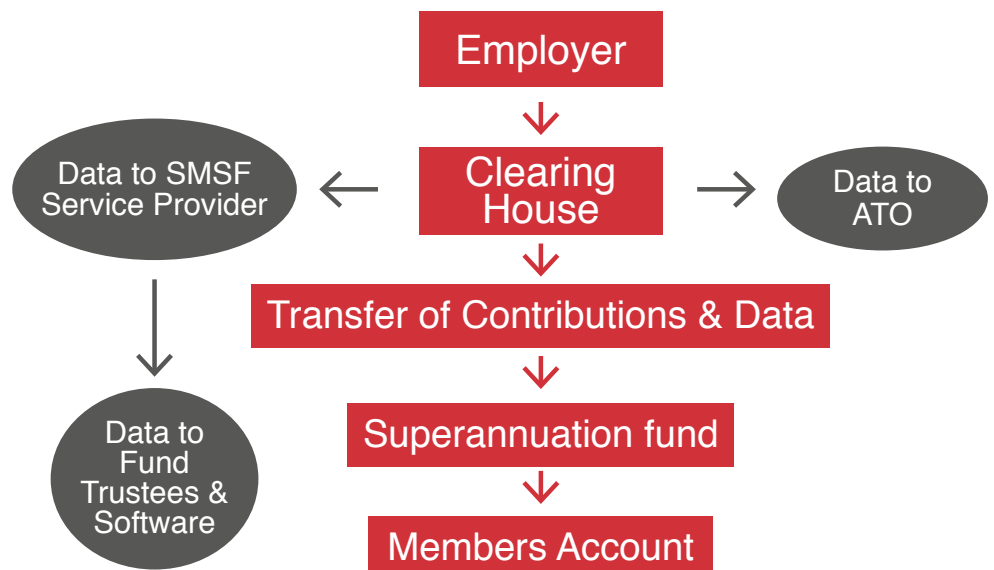
Information employers need from employees for SuperStream:

New information required	Fund type
Fund's ABN	All funds
Unique superannuation identifier (USI)	APRA-regulated funds only
Bank account details	SMSFs Only
Electronic service address	SMSFs Only
Employee tax file number (TFN)	All funds

How SuperStream Works

The flowchart to the right illustrates the process that the new SuperStream regime follows. Simply, the employer will now pay their Superannuation Contributions to a clearing house (or use a payroll software solution). Once in the clearing house, two things happen - Contribution details and data are sent to the ATO and the SMSF Trustees (if relevant) via the SMSF Service Provider and the cash amounts are physically distributed to all of the Superannuation Funds (whether APRA regulated or SMSF) where they are then split to the relevant members.

If you were not aware of the SuperStream changes, have not made steps to start to implement these changes or would like any advice or assistance, please contact our office.



Accelerated Asset Write Offs for Primary Producers

To assist primary producers with drought preparedness and cash flow, and to encourage investment in assets, on budget night the government announced an amendment to the tax law to allow producers to:

- Claim an immediate deduction for capital expenditure on fences and water facility assets; and
- Claim a deduction over three years for capital expenditure on fodder storage assets.

The new measures were originally intended to commence from 1 July 2016 however following industry consultation the start date was brought forward to budget night 12 May 2015.

Primary producers who meet the Small Business Entity definition ie annual turnover of less than \$2,000,000, will also be able to access the immediate asset write off for assets costing less than \$20,000.

Warning. A requirement for claiming the new accelerated deduction for capital expenditure incurred on a water facility, fencing or fodder storage asset is that the expenditure must have been incurred by a primary producer for use in a primary production business they carry on.

This means that the deduction is not available where an asset used by a primary producer is passively owned by a related entity. Where farm land is leased to a primary producer, expenditure incurred by the land owner will not be eligible.

Fences

We have been asked several times what is a fence? Does it include cattle yards? Unfortunately no. A fence includes an enclosure or barrier around or along a field or paddock. The immediate deduction cannot be claimed if the fencing asset is a stockyard, pen or portable fence.

Fodder storage assets

A fodder storage asset is an asset that is primarily and principally for the purpose of storing 'fodder'. 'Fodder' refers to food for livestock such as grain, hay or silage. Common examples of fodder storage assets include silos, liquid feed supplement storage tanks, hay sheds, grain sheds, silage bunkers etc.

Grain silos used primarily for storage of grain for sale would not meet this definition.

Enhancements to the Farm Management Deposits Scheme from 1 July 2016.

As part of the Federal Governments White Paper for Agriculture, the Prime Minister and Minister for Agriculture announced the following three changes to the Farm Management Deposit scheme:

- Outlying the cap on deposits from \$400,000 to \$800,000 per individual;
- Re-establishment of an early access trigger during times of drought;
- Allowing FMDs to be used to offset the interest on primary production business debt.

How will the FMD offset account work?

An advantage of this change is that the FMD offset account will effectively work like a mortgage offset account for a home loan. For example, if you have a \$1,000,000 primary production business loan and you hold \$800,000 in FMDs you will only pay interest on the remaining \$200,000. Ultimately it will be up to the banks to determine how the offset accounts are actually set up and operated.



Flor-Hanly were proud sponsors of the 2015 Nebo Cutting Show

Drought Relief – don't miss out on the assistance you are entitled to!

The Queensland Government's Drought Relief Assistance Scheme is there to help primary producers in the grazing industry to manage their livestock resource during drought and to help in the restoration of that resource after drought.

The DRAS provides freight subsidies on the transport of fodder and water during the drought, the transport of animals returning from agistment and animals purchased for restocking after the drought. A rebate is also available on water infrastructure purchased for emergency animal welfare needs.

The DRAS provides up to a maximum \$20,000 per property per financial year. This may exceed to \$30,000 on approval of your property's drought management plan. Properties with a drought management plan entering their third and subsequent years of being drought declared are able to obtain a maximum of \$40,000 in assistance per financial year.

IMPORTANT: this assistance is available each year of being drought declared.



Clermont Date Keeper

Our Clermont team visits will be on the following dates:

JANUARY: Thursday 21st & Friday 22nd

FEBRUARY: Thursday 18th & Friday 19th

MARCH: Thursday 17th & Friday 18th

Call today for an appointment!



Christmas Closure

Flor Hanly will be closed from 12.00pm Thursday 24th of December and reopening at 8.30am Monday 4th of January.

We hope you have a Merry Christmas and look forward to seeing you in the new year!

Two women robbed in cyber crimes Daily Mercury, Aug 7 2015

IN JUST three days two identities were stolen in the Mackay region.

This week two women, one in Mackay and the other in Moranbah, became victims of identity theft.

The Mackay resident learnt someone had already received her tax rebate payout and the Moranbah woman was robbed of her welfare payment.

Mackay police crime prevention officer Senior Constable Stephen Smith said there had been an increase in identity theft.

"Identity theft is not a usual crime in the region. So having two over a period of three days is an increase," Snr Const Smith said.

"A lot of people think 'I won't be targeted (because) I don't have much money', but that's not true. Anyone with a computer, phone or internet access is at risk."

Mackay police are now aiming to raise awareness of identity theft to prevent future crimes in the region.

"Identity theft cases are easier to solve with today's modern technology," he said.

Snr Const Smith stressed everyone could be targeted by cyber crime.

However, everyone had the means to protect themselves, he said. "It's not personally targeted; it's a way for criminals to get money. But people who are vulnerable are most likely to be targeted."



TO STAY SAFE

- Make sure you use privacy settings on social media
- Install anti-virus software
- Don't respond to spam mail that could activate a virus



Personal Property Securities Act 2009 (Cth) and the Personal Property Securities Register – An Introductory Article

In January 2012 the Personal Property Securities Register (“PPSR”) was established as a single, national online register for consumers, lenders and businesses to register their security interests in and over personal property. The PPSR has changed the concept of ownership of, and security in, personal property dramatically and the purpose of this article is to provide a brief introduction to the PPSR and its application to your business

Personal property is defined in Personal Property Securities Act 2009 (Cth) (“the Act”) as any form of property other than land or buildings and their fixtures. Personal property includes tangible property such as cars, boats, machinery, livestock or crops; as well as intangible property such as shares, intellectual property, or contract rights.

A security interest is created when a secured party has an interest in personal property as a result of entering into a transaction with a grantor. One example of this would be where a lender (secured party) provides a loan (e.g. an equipment finance loan for an excavator) to a borrower (grantor) and registers the lender’s interest in the loan against a borrower’s personal property (e.g. register against the grantor and the excavator). If the borrower encountered financial difficulty such as bankruptcy or liquidation, the lender’s registration on the PPSR against the borrower and the excavator would allow the lender to repossess the excavator and sell the excavator to repay the

loan. If the lender failed to register their interest on the PPSR, then they would have no right to repossess the excavator and would be an unsecured creditor with little prospects of recovering the money owed by the borrower.

Many of our clients are blissfully unaware that the PPSR already impacts them. For instance, clients who have trade or credit accounts with businesses around town are surprised when told that their creditors have a PPSR registration against them to secure their retention of title in the goods sold to them on account. It is now essential for suppliers to put in place PPSR registrations to protect their interest in transactions where goods are supplied on credit and a customer subsequently goes into liquidation or bankruptcy. This PPSR registration is the only way to protect the supplier’s interest in the unpaid account and allow the supplier to repossess the goods in an insolvency event. It cannot be stressed enough, when it comes to the PPSR, registration of your interest is crucial.

If you are interested in finding out more information in relation to the PPSR and how it may apply to your business, the PPSR website is a good starting point. It can be found at <https://www.ppsr.gov.au/>. In the event that you require more specialised or detailed advice, we suggest you make an appointment to discuss your scenario with one of our experienced and knowledgeable PPSR practitioners without delay.

Depending on the type of business you operate, the PPSR may be essential for you to protect your interest in transactions and personal property. Below is a table which sets out some common industries which have exposure to the Act and the PPSR:-

Industry	Activity
Agriculture	Selling or buying livestock, wool, timber, feed or fertiliser, crops, nursery trees; Leasing or other hiring of stud or breeding cattle, horses or other animal; and, Selling, leasing or purchasing farm machinery.
Construction & Mining	Selling or buying materials; Selling, leasing or hiring plant and machinery separately or as part of works contracts.
Motor Vehicles	Selling, leasing or financing cars, trucks, boats, planes; Leasing vehicles to employees; buying second-hand vehicles.
Arts and Crafts	Leaving your work (e.g. artwork, jewellery) for sale on behalf or on consignment with a gallery.
Wholesale	Selling goods (other than cash on delivery) to retailers for on-sale to the public or as materials for use or installation in manufacturing, agriculture or any other process.
Retail	Buying goods (other than for immediate payment from wholesalers, wherever they are based, and selling goods to the public (other than for immediate cash).
IT/Research & Development	Selling or buying goods (as above) but also software and/or licensing others to use software or other intellectual property (e.g. copyright, patents, designs).
Financial Services	Selling or buying shares and other investment products whether for your business or for third parties; Dealing in or lending on book debts (receivables); Lending on security over any type of personal property.



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Born and bred in Mackay, Paul attended Whitsunday Anglican School before moving to Townsville to complete his Law Degree at James Cook University. Since commencing work at Macrossan and Amiet, Paul has been involved in a wide variety of matters with a focus in the areas of commercial law, securities law and property law. Outside of work, Paul is a fishing tragic and enjoys spending weekends in the boat.

Small Business Budget Measures

More of the small business tax measures announced in the 2015-16 Federal Budget have recently passed through Parliament, including: More small business Budget measures

Tax rate cut for other business entities - A 5% tax discount for individual taxpayers capped at \$1,000 with business income from an unincorporated business with an aggregated annual turnover of less than \$2 million will be introduced from the 2015-16 income year.

The amount of the tax offset is 5% of the income tax payable on the portion of an individual's income that is small business income, that is 5% of the person's "total net small business income". An individual's "total net small business income" is comprised of the "net small business income" they make as a small business entity, together with any share of the "net small business income" of a small business entity that is included in the individual's assessable income.

In general terms, the net small business income of a small business entity (including an individual) is the assessable income of the entity that relates to the entity carrying on a business, less any deductions to which the entity is entitled to the extent the deductions are attributable to the income. Where an individual has a share of the net small business income of another entity included in his or her assessable income, the individual also reduces the share by any deductions to which the individual is entitled, to the extent the deductions are attributable to the share of the entity's net small business income.

Professional expenses - new businesses will be able to claim an immediate deduction for professional expenses (eg for the cost of advice from lawyers, accountants and other professionals)

associated with starting a business from the 2015-16 income year.

This will include government fees and charges as well as costs associated with raising capital that are presently only deductible over five years.

For expenses to be immediately deductible, the entity claiming the deduction must be:

- a small business entity; or
- not carrying on a business and not connected with, or an affiliate of, an entity that carries on a business that is not a small business entity;

for the income year in which the deduction is claimed.

Immediate deductibility will be available for only two categories of expenditure:

- expenditure on advice or services relating to the structure or the operation of the proposed business (including costs associated with raising capital, whether debt or equity); and
- payment to an Australian government agency of fees, taxes or charges relating to establishing the business or its operating structure.

The amendments do not apply to expenditure incurred in relation to an ongoing business or a business that has ceased to operate (including expenditure relating to the liquidation or winding up of an entity).

The amendments will apply to expenditure incurred in the 2015-2016 income year and later income years.

Work-related car expense deductions

Modernising the calculation of work-related car expense deductions

Following the announcement in the 2015-16 Federal Budget, exposure draft legislation was released in July this year to "modernise and simplify" the calculation of work-related car expenses.

The four available methods will be reduced to two. The "cents per kilometre" and "logbook" methods will be retained and the "12 per cent of original value" and the "one-third of actual expenses" methods will be removed.

The "cents per kilometre" method will be amended so that the three current rates based on engine size will be replaced with one rate set at 66 cents per kilometre, which applies to all motor vehicles.

Revisions to the rate will be made by the Commissioner in future income years and this change applies from 1 July 2015.



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