

Adams Accounting partnership EXPANDS

Congratulations to David Adams on becoming a partner in the business alongside Brooke Davis and founding partner Gerald Adams.

Brooke has been a partner for 3 years now after joining the team 12 years ago as a cadet. Brooke has developed her accounting expertise considerably through ongoing study and hands-on experience in managing her own clients for several years. Her understanding of the needs of the wider Adams Accounting client-base is next-to-none.

In more recent months, David has become partner in the business after relocating back from Melbourne in 2019. David joined Adams Accounting in 2014 after spending several years working for city-based accounting firm Blue Rock Chartered Accountants. David has developed his own client-base significantly since joining Adams Accounting and brings to the table well-rounded knowledge in all things accounting.

Both Brooke & David were born and raised in the local area and have remained active members in local community groups throughout their working lives.

They have developed a strong reputation for being highly approachable people who pride themselves on developing strong working relationships and delivering exceptional quality services to their clients.



Fuel Tax Credit – NO CHANGE to rate from August 2020

The ATO have announced that there was no change to the Fuel Tax Credit (FTC) rates from 3 August 2020.

Type of fuel	Rate for fuel acquired from 3 Aug – cents
Fuel used on the road (in heavy vehicle greater than 4.5 tonnes)	16.5
Fuel used for all other activities	42.3

Budget update: tax cuts for low- & middle-income earners

In changes announced in Budget 2020, tax cuts proposed for 1 July 2022 were brought forward and **backdated to apply from 1 July 2020**. The following tax table reflects the new scale **from 1 July 2020**.

Taxable Income	Tax on this Income
\$0 to \$18,200	Nil
\$18,201 to \$45,000	19c for each \$1 over \$18,200
\$45,001 to \$120,000	\$5,092 plus 32.5c for each \$1 over \$45,000
\$120,001 to \$180,000	\$29,467 plus 37c for each \$1 over \$120,000
\$180,001 and over	\$51,667 plus 45c for each \$1 over \$180,000

Key tax bracket changes announced in Budget 2020:

- the 19% rate ceiling lifted from \$37,000 to \$45,000
- the 32.5% tax bracket ceiling lifted from \$90,000 to \$120,000



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Does your business have a COVIDsafe plan?

It is a requirement for all Victorian businesses to have a current COVIDsafe plan.

Random spot checks are occurring in Metropolitan Melbourne and Regional Victoria.

Your COVIDsafe Plan must demonstrate:

- your actions to help prevent the introduction of coronavirus (COVID-19) to your workplace
 - the type of face mask or personal protective equipment (PPE) required for your workforce
 - how you will prepare for, and respond to, a suspected or confirmed case of coronavirus (COVID-19) in your workplace
 - how you will meet all the requirements set out by the Victorian Government.
- Some higher-risk industries or workplaces have additional requirements of employers and employees.

If you require assistance in creating your workplace COVIDsafe plan, visit the following website for more information:

<https://www.coronavirus.vic.gov.au/covidsafe-plan>



Have you got Safe Tax cover for 2020/21?

The ATO gather details of millions of transactions per year (600 million last year) from third parties and match these to what has been reported in your Income Tax Return and BAS statements.

If they find a mismatch, no matter the size, they will contact you for an explanation.

If the ATO are not satisfied with your response, an audit can arise.

It's not too late to take out Safe Tax cover for the 2020/21 financial year.

Phone our office today to find out more.

Instant tax write-off for full cost of eligible assets!



Eligible businesses with an aggregated **turnover under \$5 billion** can now immediately deduct the business portion of all **new assets purchased** (not second-hand) from 6th October 2020 up until 30th June 2022.

For **small and medium sized businesses** with an aggregated turnover under \$50 million, full expensing also applies to eligible **second-hand assets**.

The existing \$150,000 instant asset write-off incentive has been **extended for 6 months to 30 June 2021** for all businesses that do not meet the turnover test and is available for **new & second hand assets** first used or installed ready for use before that date.

The deduction is claimed through the income tax return in the year the asset was purchased.

Small business pool write-off for entire balance!

Small businesses (with aggregated turnover under \$10 million) can deduct the **entire balance** of their small business pool at the end of the 2020/21 & 2021/22 income years under the Federal Budget announcements.

Check the ABN of your contractors!

Have you checked if the contractors you deal with in running your business are GST registered? Is the ABN they quote correct and current?

It is important to confirm these details through the Australian Business Register website.

Some contractors may be charging GST when they are in fact not registered, or even trade under an inactive ABN.

It is YOUR responsibility to check these details so that you do not incorrectly report contractor payments, withhold PAYG, and claim excess GST credits.

GST limits when purchasing a motor vehicle

Did you know that the type of motor vehicle you purchase can affect how you calculate your GST claim? A motor vehicle is classified as either a 'car' or an 'other vehicle', and both are treated differently for GST claims.

Car:

- Carries a load of less than one tonne, and
- fewer than nine passengers.

Many four-wheel drives and some utilities are classed as cars. The maximum GST you can claim on the purchase of a car is **\$5,234**. This equates to a car cost limit of **\$57,581**.

Other vehicle:

- motorcycles
- minivans capable of carrying nine or more passengers
- utilities or panel vans designed to carry loads of one tonne or more.

For 'other vehicles', there is no GST limit, however these vehicles do not automatically allow you to claim 100% of the GST credits if the vehicle is partly used for private purposes.

Rental properties: hot spots for ATO review

The ATO is taking a closer look at rental property deductions in 2020, particularly in the following areas:

Repairs & maintenance vs. capital works

- Repairs include restoring an existing asset to its original condition (patching a hole in plaster, replacing roof tiles, re-painting scuffed walls).
- If the work you undertake improves the asset/structure beyond its original condition, it is deemed to be capital works (e.g. replacing a structure in full such as a roof or fence, renovations or extensions).

Initial repairs after purchasing a house

- rectifying defects to a property you have purchased in order to rent it out are not immediately deductible. However, they can be deducted over a number of years.

Interest deductions

- If you make extra repayments on your home loan and then redraw these funds to pay for private purchases, the interest on the redrawn monies is not deductible.

New legislation: vacant land holding costs may not be immediately deductible

There have been changes to legislation to limit deductions that can be claimed for holding vacant land. These changes received royal assent on 28 October 2019 and apply to costs incurred to hold vacant land on or after 1 July 2019, even for land held before that date.

Some entities and taxpayers will still be able to claim deductions for costs incurred in holding vacant land. For example, where the entity holding the land is a company, the land is used in carrying on a business, or where exceptional circumstances apply.

If you buy vacant land with the intent to build a rental property on it, you may be able to claim tax deductions for expenses incurred in holding the land before 1 July 2019, however new law changes now limit deductions incurred from 1 July 2019, irrespective of when the land was acquired (held before, on or after 1 July 2019).

Contact us at the office if you would like to find out how these changes impact you.

Consumer Price Index (CPI) – Key statistics September QTR 2020

- CPI rose 1.6% this quarter, compared to a fall of 1.9% in the June 2020 quarter.
- CPI rose 0.7% over the twelve months to the September 2020 quarter, compared to a rise of 0.3% over the twelve months to the June 2020 quarter.

Overview of CPI movements

- The most significant price rises this quarter are pre-school & primary education (11.1%), automotive fuel (+9.4%), furniture (+6.4%), major appliances (+5.3%) and small appliances (+5.8%).
- The most significant price falls this quarter are other food products (-3.5%), water & sewerage (-2.7%) and pharmaceuticals (-2.1%).

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