



The AFS team together before our Christmas party last December. It was a wonderful night spent celebrating 2016 and our 70 years of service.

February economic summary

It's hard to believe it's February already, with the nation back at work and kids back at school after the summer holidays. While many Australians flocked to the beach, it was business as usual on the global economic front.

All eyes were on the US in January, where newly installed President Trump hit the ground running. Markets took this as an encouraging sign that he would follow through on promised tax cuts and infrastructure spending, pushing the Standard and Poor's 500 share index to record highs. An encouraging start to the US company reporting season and higher oil prices also boosted confidence, until confusion surrounding immigration policy prompted a late sell off.

In Australia, local shares lost ground over the month despite continued strength in iron ore prices and tame inflation. The consumer price index (CPI) rose by a lower than expected 0.5% in the December quarter, taking the annual rate of inflation to 1.5% from 1.3% previously. This leaves the door open for a potential further rate cut by the Reserve Bank if inflation remains in check. Continued strength in the local housing market may hinder this. The Australian dollar finished the month above 75 US cents, well up on its low of 71.7c in December. Longer term, observers expect the US dollar to firm if the US Federal Reserve lifts interest rates and President Trump rolls out his pro-growth agenda as expected.

Casual cash for CFA

This quarter we recognise the hard work our local firefighters do, especially during the warmer months of the year. Three of our team members, Kath, David and Dennis are volunteers for the Lockwood and Maiden Gully CFA Brigades.

During the Christmas break they spent time away from their loved ones to help save property and life around our region. Dennis spent Christmas Eve on the front of the Bridgewater fire with a team of over 30 trucks and three helicopters. A couple of days after Christmas, David spent the night fighting a fire near Ultima, south of Swan Hill.

In 2015, David was awarded the National Emergency Medal for his work to protect life and property during the Black Saturday fires. We are very proud of our staff who give up their time to help others.



AFS employ and actively support dedicated CFA volunteers. Our staff are encouraged to volunteer their time to community organisations as we feel it enriches us personally and professionally. If you would like to know more about volunteering for the CFA or being a volunteer friendly workplace visit the CFA website at cfa.vic.gov.au

Home sweet home office

Working flexible hours at home or running your small business from the spare room are becoming increasingly popular options for Australians. In August 2015, the Australian Bureau of Statistics estimated around 3.5 million of us were working from home.¹

If you work from home part time you are only eligible to claim some of the costs of a home office. The amount you can claim depends on the percentage of time the equipment is used for work purposes. For example, if you use your computer for work 40% of the time, you can only claim 40% of the cost.

Employees are generally unable to claim occupancy expenses such as rent, mortgage interest, council rates and home insurance. The rules are slightly different if your home is also your principal place of business. Where you have a separate space set aside for the business, you can claim deductions for both the running and occupancy costs.

It's important to remember if you claim deductions for a home-based business you may lose some of your home's 'main residence exemption' for capital gains tax (CGT), so you could be liable for CGT when you sell.

The growing cost of tax deductions for home office expenses means the ATO is keeping a much closer eye over these claims, so it's worth ensuring you understand the rules.

To read the full article head to our blog at afsbendigo.com.au/home-sweet-home-office or if you would like more information about home office expenses and CGT issues give Daniel King a call on 03 5443 0344.

¹ Characteristics of employment in Australia, August 2015, ABS, <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6333.0>



Daniel King,
Business Services Manager
at AFS & Associates

Wine Equalisation Tax Rebate to change again

The Turnbull Government has announced further changes to the Wine Equalisation Tax (WET) Rebate to benefit grape growing, winemakers and associated tourism in Australia.

The WET Rebate was initially put in place to support small wine producers, particularly those in rural and regional Australia. However, it is believed to have been taken advantage of with some growers abusing the system to maximise their Rebate, resulting in the excessive production of wine grapes and low value wine.

The government has agreed to overhaul the Rebate in light of this misuse and exploitation. It will no longer be available to unlabelled producers, who are blamed for the influx of cheap bulk wine.

The new changes will be implemented to protect the integrity of the WET Rebate scheme and to benefit the small business owners and producers who need it the most.

The key changes include:

- Eligible producers must own 85% of the grapes at the crusher used to make the wine, and maintain ownership throughout the wine making process.
- The Rebate is limited to branded packaged wine, in a container not exceeding 5L and branded with a registered trademark for domestic retail sale.
- The Rebate claims must be better linked to the WET being paid.
- The Rebate cap will be reduced from \$500,000 to \$350,000 (which is a year later, and a higher cap, than announced in the 2016 Budget).

The new eligibility criteria will apply from 1 July 2018.

If you have any questions regarding the changes give Jacob Lea a call on 03 5443 0344.



Outstanding tax debts

From 1 July 2017, the ATO will disclose tax debt information to credit agencies for taxpayers who have debts of \$10,000 or above, potentially impacting your credit scores. If you think this could impact you, speak to us about organising a payment plan with the ATO.

Fire up your small business in 2017

Before you start setting goals for the year ahead, you need a clear picture of where your business is right now. What have you achieved in the last 12 months? Were there areas of concern? Are there areas of potential to be tapped? To do this, it may be helpful to examine the key elements of your business such as:

Take a business snapshot

Before you start setting goals for the year ahead, you need a clear picture of where your business is right now. What have you achieved in the last 12 months? Were there areas of concern? Are there areas of potential to be tapped? To do this, it may be helpful to examine the key elements of your business such as:

- Staff
- Financials
- Clients
- Premises
- Innovation
- Marketing.

A critical element is to make sure your cash flow is working well. Small businesses are often at the mercy of larger businesses who may make them wait up to 90 days for payment.

You need to make sure your debtors pay promptly. You might even consider offering incentives for early payment to improve your cash flow.

Set SMART goals

Goals are central to your business success, but the goals need to be SMART. In management circles this stands for Specific, Measurable, Achievable, Relevant and Timely. There's no point in creating some fanciful goal that your business has no chance of achieving.

This kind of strategy – small steps, rather than grandiose plans – is far more likely to succeed.



Update your business plan

The goals you set should become part of your business plan. Most businesses would have made a business plan at some stage, as it is the cornerstone to getting a bank loan.

Harness technology

Small businesses are often slow to take up technology due to the time pressures of running a business. The irony is that technology has the potential to save time and reduce stress.

New technology can be particularly helpful in setting and tracking your goals, monitoring your cash flow and even motivating your staff.

Running your own business can be hectic, with little time to step back and do some forward planning. So why not come and chat with us to check that you are on track to a successful future?

ATO data matching programs continue

The Australian Tax Office (ATO) has advised that it will continue with the following data matching programs.

Share transactions

Share transactions data will be acquired for the period 20 September 1985 to 30 June 2018 from various sources, including stock transfer companies. The ATO will collect full names and addresses, purchase and sale details, and other information. The program aims to ensure that taxpayers are correctly meeting their tax obligations in relation to share transactions. It is estimated that records relating to 3.3 million individuals will be matched.

Credit and debit cards

Credit and debit card transactions will be acquired for the 2015–2016 and 2016–2017 financial years from various financial institutions. The ATO will collect details (such as name, address and contact information) of merchants with a credit and debit card merchant facility and the amount and quantity of the transactions processed. The program seeks to identify businesses that may not be meeting their tax obligations. It is estimated that around 950,000 records will be obtained, including 90,000 matched to individuals.

Online selling

Data will be acquired relating to registrants who sold goods and services to an annual value of \$12,000 or more during the 2015–2016, 2016–2017 and 2017–2018 financial years. The ATO said data will be sought from eBay Australia and New Zealand Pty Ltd. The data will be used to identify those apparently operating a business but failing to meet their registration and/or lodgement obligations. It is estimated that between 20,000 and 30,000 records will be obtained.

Counting the cost of education

A quality education is a lifelong resource and a powerful launching pad for young Australians. With education costs rising at more than twice the rate of inflation, it's more important than ever to plan ahead for the investment you're making in your child, or grandchild.ⁱ



It is becoming increasingly common for grandparents to help out with education fees with 29% of them wanting to draw down on their super to pay school fees.ⁱⁱ

An ASG survey found the cost of private education in metropolitan areas – from preschool to year 12 – ranged between \$360,000 and \$550,000. Private schools in regional areas are slightly more affordable. In contrast, the cost of public schooling in regional areas is around \$50,000. These estimates include the 'voluntary contributions' in lieu of fees that most public schools ask for.

Systemic schools, such as religious and other alternative institutions, sit between the two extremes. Here the national average is an estimated \$172,000 for regional areas.

Of course, fees aren't the only cost you need to budget for. There are the traditional outgoings of uniforms, books and extracurricular activities. It's also becoming increasingly common for schools to require students to purchase a laptop or tablet.

And let's not forget the cost of higher education. An undergraduate degree currently costs between \$6,000 and \$10,000 each academic year, depending on the course chosen.^{iv}

Like any major investment, the sooner you start saving the more options you will have. Investing in a child's education is a long term commitment, but the satisfaction that comes from knowing you have given them the best possible start in life is priceless.

To read the full article along with some popular strategies for long-term education savings head to our blog venturebendigo.com.au/news

ⁱ Trading economics, <http://www.tradingeconomics.com/australia/inflation-cpi>

ⁱⁱ <http://www.smh.com.au/national/education/grandparents-stumping-up-for-private-school-fees-20160225-gn3hst.html>

ⁱⁱⁱ <http://www.gooduniversitiesguide.com.au/Support-Centre/Funding-your-education/Degree-costs-and-loans/Commonwealth-Supported-Places#.WCtAOErKRs%20>

The information in this document reflects our understanding of existing legislation, proposed legislation, rulings etc as at the date of issue. In some cases the information has been provided to us by third parties. While it is believed the information is accurate and reliable, this is not guaranteed in any way.

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GODFREY PEMBROKE

Coming soon

2017 Seminar series

We are excited to bring you another seminar series in 2017. Starting in March, we will host some of our most popular events from 2016, together with brand new seminars based on your feedback. Dates will be released in coming weeks.

If you no longer want to receive the AFS newsletter simply email afs@afsbendigo.com.au using 'Unsubscribe' as the subject.



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