

## Casual Cash for Cycling Classic

Our casual cash this quarter is being donated to the Bendigo Cycling Classic. This inaugural cycling event to be held on Sunday 29 October, has been developed to support two well deserving local charities, harness the power of the community and create a fun, healthy event for locals and visitors alike.

The total funds raised will be split equally between the OTIS Foundation and Give Me 5 for Kids. Every dollar raised helps a family in need, made possible by the generous support of the riding community and events like the Bendigo Cycling Classic.

If you would like to participate in any of the four ride options on the day, volunteer your time or donate, the details can be found at [bendigocyclingclassic.com.au](http://bendigocyclingclassic.com.au).



Jacob Lea, Manager at AFS & Geoff O'Sullivan, Chairman of Bendigo Cycling Classic.



### Common deductions property investors miss

There are a number of household items that are often omitted as assets when claiming depreciation. We've compiled a list to help investors avoid missing depreciation deductions. Head to [afsbendigo.com.au/news](http://afsbendigo.com.au/news)

## Economic update

October is here after the welcomed sunshine of September and all the signs point to a hot summer. Things are also beginning to heat up on the global interest rate front.

The US Federal Reserve surprised markets in late September by confirming that not only will it begin winding back its bond buying (or quantitative easing) in October but that it expects to raise official interest rates again in December with three further rate rises in 2018 also on the cards. This is despite persistently low inflation below 2%. The Federal Reserve is pinning its hopes on a solid labour market producing higher wages and prices.

The US dollar rose slightly, pushing the Aussie dollar back below US80c. The interest rate differential between the US and Australia looks set to widen, with Reserve Bank Governor Philip Lowe confirming that a lift in rates is still some way off. Our high currency, weak wages growth and booming property market are to blame, although Governor Lowe expressed guarded confidence in Australia's economic outlook.

In another surprise announcement, S&P downgraded China's sovereign credit rating one notch to A+ for the first time in 18 years due to concerns about rising debt levels. This followed a similar move by Moody's in May. If China tightens credit in response it could put downward pressure on iron ore prices and the Aussie dollar.



## Work related expense claims under scrutiny

Did you claim work related expenses on your tax return this year? With the cost of deductions for work related expenses ballooning to almost \$1.8 billion last year, the Australian Tax Office (ATO) has announced it will be giving these claims much closer scrutiny.

This year's focus is identifying higher than expected claims for expenses relating to work vehicles, travel, internet, mobile phones and self education.

The ATO now uses real time data to compare an individual's tax return with others in similar occupations and income brackets and may check work deduction claims with their employers.

There are also concerns about incorrect claims for clothing and laundry expenses. The ATO believes many taxpayers are claiming deductions for ineligible clothing without having spent the money or without being able to explain the basis for calculating the expense.

Deductible expenses are only for occupation specific clothing, protective clothing or a uniform unique to the organisation.

**Tip:** Have you been told you can make a standard claim of \$300 for work related expenses even if you don't have evidence? Wrong! The ATO doesn't ask for receipts up front for claims up to \$300, but you must have spent what you claim and be able to show how you worked out your deductions if the ATO asks.

## Work related travel deductions

The ATO has also released new guidance on work related travel deductions. To claim a deduction for transport or other travel expenses (like accommodation and meals) in your tax return, you must have incurred the expenses as part of gaining or producing your taxable income.

Transport costs for work related travel may be deductible but the ATO will consider factors such as:

- whether the travel is a necessary part of performing your work (you can't pretend your family holiday is a work trip)
- whether your employer pays you to undertake the travel
- whether you have to follow your employer's instructions during the travel period.

Accommodation, meals and other incidental expenses are only deductible as work related if your work has special demands or co-existing work locations that mean you have to sleep away from home. For full details on travel expense deductions head to [afsbendigo.com.au/news](http://afsbendigo.com.au/news).

## GST: simplified accounting for food retailers

The ATO has released a draft determination on the choices available to food retailers to use a simplified accounting method (SAM).

The determination helps calculate net GST liability by estimating GST free sales and GST free acquisitions of trading stock. The draft SAM is substantially the same as the previous determination it replaces.

Those who were eligible to use a particular SAM specified in the previous determination will continue to be eligible to use SAM under the draft determination.

Are you a food retailer? We can help you to use the simplified accounting method for your business. Contact Jagger Warde on 03 5443 0344 for more.



*Jagger Warde,  
Senior Accountant  
at AFS & Associates*



## Tax debts: setting up a payment plan

Does your small business have a tax debt? The ATO is encouraging business owners to set up a payment plan. If a business tax debt is \$100,000 or less, you can use the ATO's self help service to easily arrange paying by instalments. If the debt is more than \$100,000 you can phone the ATO on 13 11 42 to discuss your options. Alternatively, we can assist you in setting up a payment arrangement.

Some businesses with activity statement debts may be eligible for interest free payment plans, however, if a business pays its tax debt late or by instalments interest will accrue on the unpaid debt.

Your business is still required to lodge all of its ongoing activity statements and tax returns on time, even if you have a payment plan or can't pay by the due date.

## New tax for vacant properties

The Vacant Residential Property Tax is intended to encourage property owners to make their property available for purchase or rent instead of leaving it vacant, alleviating pressure on housing prices and rent.

The tax will apply to the inner and middle areas of Melbourne, where housing affordability is most pressing, and apply to the owner of a property that is unoccupied for more than six months within a calendar year.

There will be a number of practical exemptions applied, recognising there are some legitimate reasons for a property being left vacant, such as holiday homes. The framework for the tax will be subject to consultations with property groups and the community.



Erica McArthur,  
Accountant  
at AFS & Associates



### When does the Vacant Residential Property Tax start?

The Vacant Residential Property Tax will apply from 1 January 2018. The transitional arrangements for 2017 will be subject to consultation.

### How will vacancy be reported?

The tax will be incorporated into the land tax legislative framework. Consistent with this framework, property owners are expected to inform the State Revenue Office (SRO) when their property triggers the tax. The SRO will also undertake monitoring and compliance activities.

### How is the Vacant Residential Property Tax calculated?

The Vacant Residential Property Tax will be a 1% tax on the capital improved value of the taxable property.

The capital improved value of a property is the value of land and buildings as determined every second year as part of the council valuation process. This is displayed on your council rates notice. For example, if the taxable property has a capital improved value of \$500,000, the applicable tax will be \$5,000.

More detailed information about the tax will be announced in coming weeks. If you have any questions about the tax contact Erica McArthur on 03 5443 0344.

## First Home Super Saver Scheme – draft legislation

Treasury has released draft legislation to implement the 2017–2018 Federal Budget superannuation measures aimed at improving housing affordability by the establishment of the First Home Super Saver Scheme (FHSSS).

The FHSSS will allow voluntary superannuation contributions made from 1 July 2017 to be withdrawn for a first home deposit starting from 1 July 2018. The scheme provides for up to \$15,000 per year (and \$30,000 in total) to be withdrawn from superannuation.

To be eligible to use the FHSSS, a person must be 18 years or over, have not used the scheme before and never have owned property before in Australia.

## SMSFs prepare for more reporting

The ATO has announced information on its new self-managed super fund (SMSF) 'event based reporting' regime. Starting 1 July 2018 SMSFs will be required to report certain transactions via a Transfer Balance Account Report (TBAR).

TBARs are separate to the traditional SMSF annual return and are designed to allow members to report particular events that impact their transfer balance cap (the transfer balance cap being the lifetime superannuation limit retirees can have in pension phase from 1 July 2017 - \$1.6 million at 1 July 2017).

These reporting requirements can be managed by Venture Financial Advisers. Venture will receive transactional information in electronic form which will simplify the administration of your SMSF. If you have any questions please call 03 5434 7600.







*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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# What's been happening online

Each month we upload a number of community news stories and tax updates to our social media platforms and website. To keep up to date with what's been happening online make sure you are following us on social media and subscribed to our newsletter list.    



## Cloud accounting

Ask us how online accounting can help simplify success! We can help you with any software package you're currently using, or help you to choose the best software to suit your circumstances. This includes MYOB, Intuit QuickBooks, Xero, Reckon, Cashflow Manager and more. Call us to find out more on 03 5443 0344.

## Creek Street Christian College production

In September long-time client and friends of the firm Creek St Christian College held their school production, Joseph and the Amazing Technicolour Dreamcoat. AFS were pleased to be a sponsor of the event. Congratulations to all involved in the production on stage and behind the scenes.



## Working to inspire youth

In August we participated in The Smith Family Work Inspiration Program. Work Inspiration is a modern way of doing work experience. It transforms how we prepare a generation of young Australians for the working world. The aim is to make a young person's first experience of work positive, meaningful and inspiring.

We had a great day with 15 Eaglehawk Secondary College students who spent two days visiting local organisations, big and small, around Bendigo. The program gives students an opportunity to see behind the scenes of workplaces they may not have otherwise had the chance to. It was an absolute pleasure being able to host the students and we were very proud of their efforts and participation.



## Trust matters

We have been featured in the latest Acuity Magazine on a very important topic for us - customer satisfaction. Our CEO Kate Mannix and Senior Partner David Hutchings discussed the 'AFS approach' to client relationships. Find the article on our Facebook page.

If you no longer want to receive the AFS newsletter simply email [afs@afsbendigo.com.au](mailto:afs@afsbendigo.com.au) using 'Unsubscribe' as the subject.



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