

Welcoming our new Partners

To help achieve our future planning and execution of strategies to set up AFS for the future, we are excited to announce the appointment of four new Partners to our leadership team!

It is with great pleasure we welcome Jessica Ritchie, Lachlan Tatt, Katie Dempster and Jacob Lea.

At AFS we want to continue to remain relevant, grow, improve and work with you, our clients and friends of the firm. Leading you with up to date advice, guidance and delivering our client first focus.

Each new Partner brings with them experience, skills and specialities that will enhance our firm's capability, future direction and growth opportunities. Their aim is to be your Partner in success.

This is truly an exciting start to our business for 2021, we congratulate Jessica, Lachlan, Katie and Jacob on their appointment.

We wish all our readers a successful year ahead and look forward to working together.

Get to know your Partners



Jessica Ritchie

AUDIT



Lachlan Tatt

AUDIT



Katie Dempster

AUDIT



Jacob Lea

BUSINESS SERVICES

For more information on our Partner group visit: afsbendigo.com.au/partners

February economic update

It's February, the kids are back at school and the nation is getting back to business. It's still not business as usual, but with the vaccine rollout about to begin there is a growing sense of optimism.

There was a sense of relief on the global economic front in January as Joe Biden

was sworn in as US President. Financial markets rallied on expectations of more US government financial stimulus and a stronger focus on containing the COVID-19 health crisis. There were also positive economic signs from our other major trading partner, China, where a V-shaped recovery is underway. China's economy grew by 2.3% in 2020, the best performance of any major economy even though it was China's slowest growth since 1976.

In Australia, there are also signs of a cautious economic recovery. Consumer confidence hit a 14-month high in January, due to our success in dealing with the pandemic and supporting jobs. The ANZ-Roy Morgan consumer confidence rating hit 111.2 points, just below its long-term average of 112.6. Unemployment fell from 6.8% to 6.6% in December, a time when businesses typically hire casual staff for the Christmas-summer holiday rush. Retail

trade fell 4.2% in December but was still up 9.4% over the year. Inflation remains weak, with the consumer price index (CPI) up 0.9% in the December quarter and also up 0.9% in 2020 overall. The exception is house prices, up 3% in 2020. This was reflected in the value of new home loans which rose 5.6% in November due to record low interest rates and government policy initiatives. The Australian dollar finished the month slightly lower at US76c.

A helping hand for Australian businesses

JobMaker Hiring Credit

The JobMaker scheme provides funding for employers to boost their employee headcount and hire new workers through a fixed payment from the Australian Taxation Office (ATO) to cover part of the employee's new wage.

The scheme is available up until 6 October 2021 for each new job created for an eligible employee (since 7 October 2020).

[Click here](#) for eligibility criteria and to register.

New insolvency reforms

The Government recently announced changes to Australia's insolvency framework to better serve small businesses, their creditors and employees. The changes introduce new processes suitable for small businesses by reducing the complexity, time and costs required.

The changes will help businesses to restructure in order to survive the economic impacts of COVID-19 or wind up more quickly where a restructure is not possible.

Supporting the flow of credit

The Government will provide a guarantee of 50% to small and medium enterprise

lenders for new unsecured loans to be used for working capital.

This will enhance lenders' ability to provide credit, resulting in increased access to additional funding for businesses.

Relief for commercial tenants

A temporary hold has been placed on evictions as well as a mandatory code of conduct for commercial tenancies.

Small business tenants seeking rent relief from 1 January 2021 to 28 March 2021 will need to apply to their landlord in writing with evidence of their eligibility as soon as possible.

Boosting apprenticeship commencements

The Government is providing support to employers who engage a new Australian apprentice.

Businesses that engage an apprentice may be eligible for a subsidy of 50% of wages paid to the apprentice between 5 October 2020 and 30 September 2021.

[Click here](#) for more on each of these government support options.

If you have any questions or would like assistance in determining your eligibility for any of the available support, please give us a call on 03 5443 0344 or email us at afs@afsbendigo.com.au

First home buyer with government support; just how good can it get?



There are a range of support packages currently available to first home buyers and Endeavor Finance recently pulled off the 'quadfecta' for a client.

The first home buyers had a combination of savings and gifted cash equating to 5% of the land and build price, plus a clean and consistent rental history. The bank recognised this and the pair were able to secure a land and build worth \$440,000 with their deposit of \$23,300. From this their repayments were \$400 a week, which was cheaper than the rent they were paying at the time!

Endeavor guided the applicants in pursuing all available grants for first home buyers and builders and were successful in all applications, pulling off almost \$60,000 in savings!

Grant	Grant amount
Cash saved as a result of First Home Buyer stamp duty exemption	\$4,370
Cash as a result of 'First Home Owners Grant'	\$20,000
Cash as a result of 'Home Builder Grant'	\$25,000
Cash saved as a result of 'New Home Guarantee'	\$10,000
Total benefit as first home buyers	\$59,370

These outstanding results are a regular day at the office for the Endeavor team. If you or a family member are looking to join the property market we highly recommend you speak to Llewellyn or Adam at Endeavor Finance to get the Endeavor Finance difference.

Call 03 5434 7690 or email endeavor@endeavorbendigo.com.au



Fringe Benefits Tax deadline approaching!

As we approach the deadline for Fringe Benefits Tax (FBT) returns for the 2020-21 FBT year, now is a good time to check over your vehicle logbooks and ensure your records are accurate and up-to-date. The statutory due date for lodgement and payment to the ATO is 21 May 2021.



Fake zoom links leaving businesses significantly out of pocket

Cyber attacks are a constant threat for businesses, however, COVID-19 has further heightened these risks due to the significant increase in use of technology as businesses attempt to continue their operations with many employees working from home.

A recent cyber attack involved Levitas Capital, an investment manager fund, who lost \$8.7 million worth of client money after an employee clicked on a fake Zoom invitation, triggering a malicious software program to be planted on the company's network. This allowed the cyber criminals to take control of the company's email system and send fake invoices.

This is one of many examples of a cyber attack resulting in serious consequences for an organisation. AFS can assist you to assess your risk exposure. If you would like to discuss putting some processes in place to ensure your business is cyber safe, please give us a call on 03 5443 0344.

Claiming plant and equipment depreciation deductions on your investment property

When we tell you that you can claim depreciation on almost anything, we mean it. You can claim depreciation from your investment property's walls and furniture to its mailbox and even the kitchen sink. One of the most versatile areas of depreciation is plant and equipment deductions.

What is property depreciation?

Property depreciation is the natural wear and tear of a building and its assets over time. There are two parts of a depreciation claim – the structural component (capital works) and the easily removable or mechanical assets (plant and equipment).

What are plant and equipment depreciation deductions?

Some common examples include:

- > floor coverings such as carpet and vinyl
- > hot water systems > furniture
- > smoke alarms > blinds.

How can you claim plant and equipment?

Plant and equipment deductions are claimed differently to capital works. Capital works are typically depreciated at 2.5% over 40 years, while each plant and equipment asset is depreciated across its effective life using either the diminishing value or prime cost method.

When using the diminishing value method, the deduction is calculated as a percentage of the asset's depreciable balance. This means the deductions are higher in the earlier years and diminish over time.

Alternatively, under the prime cost method, the deduction for each year is calculated as a percentage of the cost. If this method is used the deductions are not as high in early years

and are spread out over time showing a more even claim per financial year.

Depreciation for plant and equipment assets can be accelerated using the low-value pool. Only assets that cost or are valued less than \$1,000 can be placed into the pool. Once allocated, they depreciate at an accelerated rate of 18.75% in the first year, and 37.5% in following years.

Are plant and equipment deductions available for every property?

Legislation changes introduced in 2017 affected residential property investors' eligibility to claim plant and equipment deductions.

Under the changes, owners of second-hand investment properties (where contracts were exchanged after 9 May 2017) can't claim depreciation on previously used plant and equipment assets.

This means plant and equipment deductions are only available for brand new assets, or assets in new properties.

What to do if you're not eligible for plant and equipment deductions

If you're a second-hand investment property owner and can't claim previously used plant and equipment items, you shouldn't rule depreciation out.

You can still claim depreciation on all qualifying capital works, which on average make up 85 – 90% of a total depreciation claim. You can also claim depreciation on any new plant and equipment assets that you purchase directly for the property.

If you have any questions regarding plant and equipment depreciation deductions on your property, please get in touch. Call 03 5443 0344 or email afs@afsbendigo.com.au

Source: BMT Tax Depreciation

ATO advises of PAYG instalment and company tax rate error

The ATO recently advised that the reduction in the company tax rate had not been applied correctly in its systems from 1 July 2020.

The error, which resulted in pay-as-you-go (PAYG) instalments being calculated using the rate of 27.5% and not the correct 26%, affected base rate entities with an aggregated turnover of less than \$50 million.

The ATO has corrected the error and will issue new PAYG instalment letters to affected companies reflecting their correct rate.

If you have varied your instalment rate or amount, the variation will continue until the next income year. You can continue to vary your activity statements if your rate or amount does not reflect your current trading situation.

If you have lodged your activity statements and paid an amount based on the incorrect instalment calculation, the ATO will refund the overpaid amount shortly. No further action is needed.

For small businesses yet to lodge:

- > if you choose to lodge based on the current instalment calculation on your activity statement, the ATO will apply the correct rate and refund any excess amount due to the error; or
- > if you have intended to vary your instalment rate or amount, you can still vary, and the ATO will not adjust the varied amounts.

If you need assistance please contact your AFS accountant.



Have you seen our new website?

If 2020 wasn't busy enough with weekly (sometimes daily!) COVID updates, we were also working on a new website behind the scenes! Launching just before Christmas, our new website showcases the variety of services our firm offers as well as regular insights for industries.

You'll continue to see this new look rolled out across our communication material in 2021.

Have a look and learn something new about our firm: afsbendigo.com.au

AFS insights



Upskill your team thanks to new tax exemption

For many business owners, fear of incurring a FBT bill has kept them from retraining and re-skilling their employees to perform different roles or activities within the business.

But a new exemption announced by the government as part of last year's Federal Budget is changing all that.



How depreciation works with negative gearing

Negative gearing is a heavily debated topic throughout the property industry and is often in the headlines at election time.

As one of the major drawbacks to investing in property, investors must factor it into their ongoing strategy.



9 steps to reduce tax on your investment property

As we pass half way through the financial year it's important to be keeping track of what you can claim and where you can optimise your spending for tax purposes.

Maximise your returns with these nine steps on how to reduce tax on your investment property.

To view the blogs in full visit our insights page afsbendigo.com.au/insights



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