

Your Partners in Success



At the time of writing this, in regional Victoria we have just emerged from another hard lockdown, with differing restrictions existing across our state. As a leadership group our focus remains clear and that is to be your partner in success and provide peace of mind.

Whilst our team continue to be flexible in where and how they work, I know they hold this as their purpose on a daily basis and over the last year they proved that our business can continue to look after our clients in times of need.

We strive to go above and beyond. If you find that the current restrictions and impacts of lockdowns is impacting you or your business we are here to help. Our team communicates any Victorian State or Federal Government business support along with applicable legislative changes on a timely basis, so please follow our socials, subscribe to our newsletter list and get in touch if you need more information.

Another key pillar and focus for our partnership group is our team, people and culture. We aim to celebrate and support our team, and provide them a meaningful place to work, developing capability whilst providing support during times of change and disruption.

Recently we have been through a period of active recruitment to build our team and not only have we welcomed new team members to AFS but we have also seen some internal movements. We congratulate Alisha who moves from Business Services into our Internal Audit team to extend her experience and diversify the skills in that team. We pride ourselves on being able to offer personal and professional development to our team and this is a fine example.

We also welcome our June intake of 2021 graduates and interns who will be commencing with us this month, who we are pleased to say have all been recruited locally or are candidates moving to our beautiful regional city.

As a leadership team we hold you, our clients and friends of the firm at the centre as to why we exist and at our recent strategy day we looked to the future and how we can support you further, develop the capability of our team and grow together.

We can't wait to build our business alongside your personal and business journey and work together over the 2021-22 financial year.



Kate Mannix

CEO AFS & Associates

Superannuation Guarantee increase coming!

From 9.5% to 10% – Are you ready?

Employers are being urged to prepare for an increase in the Superannuation Guarantee (SG) from 1 July 2021. The increase will see the SG base rate rise from 9.5% to 10%, followed by incremental half percentage point increases each year up to 12% on 1 July 2025.

Employers should consider how the scheduled SG increase will impact their employee remuneration arrangements from 1 July, and communicate this effectively.

Ensure your business is prepared for the change as non-payment, underpayment and late payments of as little as 24 hours are likely to attract attention and penalties from the Australian Taxation Office (ATO).

If you have any questions or would like assistance in re-structuring your employee remuneration arrangements to accommodate for the SG increase, please contact us.

ASIC extends deadlines for financial reports and AGMs

The Australian Securities and Investments Commission (ASIC) will extend the deadline to lodge financial reports for listed and unlisted entities by one month for balance dates from 23 June to 7 July 2021 (inclusive).

The extension will help alleviate pressure on resources for the audits of smaller entities and provide adequate time for the completion of the audit process, taking into account the challenges presented by COVID-19 conditions. This relief will not apply to registered foreign companies.

ASIC will also extend its “no-action” position for public companies to hold their annual general meetings (AGMs) from within five months to within seven months after the end of financial years that end up to 7 July 2021.

The extensions do not apply for reporting to balance dates from 8 January 2021 to 22 June 2021, as ASIC doesn't consider there to be a general lack of resources to meet financial reporting and audit obligations. However, the regulator has said it will consider relief on a case-by-case basis.

Tax relief for brewers and distillers

As announced in the 2021-2022 Federal Budget, small brewers and distillers will benefit from tax relief as the government looks to encourage hiring across the sector.

From 1 July 2021, eligible brewers and distillers will receive full excise refunds with a cap of \$350,000.

The new support is a \$250,000 increase of the excise refund cap, up from \$100,000. It will enable brewers and distillers to keep more of what they earn, helping them to invest, grow and support the Australians currently employed in the industry.

The announcement sees brewers and distillers come into line with Australia's wine producers and the rebate they receive through the Wine Equalisation Tax.

To find out more, view the Federal Government's fact sheet [here](#).

If you have any questions regarding the tax relief for brewers and distillers, please contact us.

ATO targets contractors who under report income

The ATO is using data from the Taxable Payments Reporting System to contact contractors or their tax agents to ensure that they have declared all of their income, including any income from part time work. The ATO is also checking the GST registration status and Australian Business Numbers of contractors that are businesses to ensure their relevant obligations are met.

Where discrepancies are identified, the ATO will send the contractor a letter in the first instance, requesting an explanation.

While it appears that the ATO won't initially apply penalties or interest in relation to under-reported contracting income, contractors will still need to pay any additional tax owed, and it's likely that people who ignore a letter from the ATO and fail to lodge an amended tax return will face penalties at a future date.

If you've forgotten to include income from contracting services in your tax return, an amendment can be lodged to correct the mistake.

If you believe this may impact you and would like assistance in making amendments to your tax return, please contact us.

Can your business claim a tax deduction for bad debts?

If your business is facing an unrecoverable debt, commonly known as a "bad debt", you may be able to claim a tax deduction for the unrecoverable amount, depending on the accounting method you use.

A tax deduction for a bad debt may be claimable if your business accounts for its income on an accruals basis – that is, you include all income earned for work done during the income year even if the business hasn't yet received the payment.

To claim a deduction for a bad debt, the amount must have been included in your business's assessable income either in the current year tax return or an earlier income year. You'll also need to determine that the debt is genuinely bad, rather than merely doubtful, at the time the business writes it off. Whether or not a debt is genuinely bad depends on the circumstances of each case, with the guiding principle being how unlikely it is that the debt can be recovered through reasonable and/or commercial attempts.

The next step in claiming a bad debt deduction is to write off the debt as bad. This usually means your business has to record (in writing) the decision to write off the debt before the end of the income year in which you intend to claim a deduction.

There may also be GST consequences for your business when writing off a bad debt. To claim a GST decreasing adjustment you must have previously paid the GST on the sale to the ATO and the bad debt needs to have been overdue for 12 months or more.

Businesses that account for income using the cash basis cannot claim a deduction for bad debts as the income is only assessable when it is received.

If you have any questions regarding bad debts, or would like assistance in claiming a bad debt as a tax deduction for your business, please contact us.

Federal Budget highlights

In May the Government delivered the 2021-2022 Federal Budget (Budget) with Treasurer Josh Frydenberg announcing it as the 'recovery budget', getting people back to work.

From a business perspective, the emphasis of this Budget is very much on recovery and rebuilding to boost economic activity and drive down unemployment levels. Tax measures have featured heavily.

Our Budget summary outlines the key accounting and tax impacts from a personal and business perspective and what they mean for you.

See our Federal Budget highlights [here](#).

Circuit Breaker Business Support Package

At the end of May Victoria faced another circuit breaker lockdown with community transmission of COVID-19. With this lockdown came another round of state funded financial support for businesses who were unable to operate due to the public health measures.

The support includes:

- > a second round of the Business Costs Assistance Program (\$2,500 - \$7,000 grants)
- > a new round of the Licensed Hospitality Venue Fund (\$3,500 - \$7,000 grants)
- > targeted support for the events industry.

Applications are now open and remain open until 24 June 2021. For more information visit our website [here](#).

Grants and initiatives for agriculture businesses

The government has developed a range of grants and programs that aim to support farmers in research, reducing energy consumption and investing in energy efficient technology.

The programs include:

Young Farmers Scholarship Program

A \$5,000 scholarship for young farmers and/or young farm workers to contribute towards study, as well as an extra \$5,000 for professional development, business planning and other activities.

On-Farm Energy Assessment

On-farm energy assessments are currently available free of charge to eligible primary producers. An on-farm energy assessment

will analyse on-farm energy use and identify opportunities to make energy savings, improve output volumes and convert to renewable energy sources.

On-Farm Energy Grants and Rebates

Once an on-farm energy assessment has been completed, there are a number of grants and rebates a farm may be eligible for based on their existing energy costs and the scale of the investment in new energy equipment.

The three rebates on offer are:

1. Fast track rebate; up to \$20,000
2. Tier 1 grant; between \$20,000 and \$50,000
3. Tier 2 grant; between \$50,000 and \$250,000.

To find out more about these grants and initiatives, including eligibility criteria and how to apply, view our full blog [here](#).

Are you tax time ready?

Tax time is just around the corner which means now is your chance to optimise your tax position before 1 July 2021. It has been an unusual financial year, so it is even more important that you are organised to ensure you get the most possible out of your return.

Organise your paperwork

Your first task should be to make sure your records and paperwork are in order. Consider doing a stocktake as well as summarising your business' income and expenses over the year. Knowing where you and your business is right now will provide a sound launching pad for determining your end of financial year (EOFY) tax strategies.

If you have been working from home (WFH), ensure you have everything you need to claim a deduction for your WFH expenses.

Prepay expenses

One of the key EOFY strategies is to pay ahead for a variety of expenses so you can bring them forward into the current financial year and reduce any tax liability.

If you expect your income to be lower in the 2021-22 financial year, you could boost this year's tax refund by paying for any future

expenses before 30 June. This will ensure these expenses are included in this year's tax deduction.

Understand all available concessions

There are many concessions available to small businesses that can assist you at tax time. Certain rules around trading stock might mean that you don't need to do a stocktake, for example, while other concessions allow you to claim immediate deductions for expenses like start-up costs and legal/accounting advice.

If you understand these concessions, it makes claiming for them a whole lot easier.

Clear your debts

Check any outstanding debts to your business. If you think payment is unlikely, then it's probably wise to write off the bad debt. You might also look at selling any obsolete equipment to free up some extra cash.

Giving yourself time to assess your situation and pursue the most tax effective strategies is vital to a healthy business.

If you want to discuss your EOFY tax planning ahead of the 30 June deadline, please get in touch. The earlier you start planning, the more tax saving options you may have.

Wage subsidy for Victorian employers

The Jobs Victoria Fund is a wage subsidy of up to \$20,000 for employers who hire eligible job seekers on a permanent or fixed term basis. These subsidies can be used towards the costs of taking on new employees for the first 12 months of their employment.

Employers can apply for the wage subsidy for up to 20 full time equivalent employees depending on the size of the business.

Small and medium sized businesses, sole traders, local councils, social enterprises, universities and not-for-profits are invited to apply.

To qualify for the subsidy you must have employed someone on or after 16 March 2021 from at least one of the priority groups outlined below:

- > job seekers who are long-term unemployed (unemployed for six months or more)
- > job seekers registered with a [Jobs Victoria partner](#)
- > Aboriginal and/or Torres Strait Islander people
- > people with disability
- > people seeking asylum/refugees
- > people aged under 25 or over 45
- > newly arrived migrants from non-English speaking backgrounds
- > veterans
- > people previously employed under the Working for Victoria initiative.

If you are an employer interested in applying to the Jobs Victoria Fund, you must hire employees from these priority groups before you apply to the Fund and apply within 12 weeks of the first employee commencing.



The Fund is now open. For full guidelines, eligibility questionnaire and to apply, [click here](#).

Hazeldene's Chicken Farm donates half a million dollars to Bendigo Foodshare

We were blown away to hear of the recent donation from Hazeldene's to local charity Bendigo Foodshare.

Our longtime friend and client Hazeldene's has been a strong supporter of several social and community services throughout regional Victoria for many years.

In light of Bendigo Foodshare's recent campaign to raise \$1.8 million for a new warehouse, topping all other donations for the project to date, Hazeldene's donated a whopping \$500,000 to the cause.

This donation is the largest single donation it has ever gifted to an organisation.

We are so appreciative of this incredibly generous donation by Hazeldene's and on behalf of the community would like to give a huge thank you for providing the support to help Bendigo Foodshare look after our region.



Federal Budget boost for single parents

Under the proposed Family Home Guarantee, single parents will now be able to purchase a property with a deposit of just 2%, with the government guaranteeing the remaining 18%.

The Family Home Guarantee is limited to 10,000 places which will be spread evenly across four financial years, equating to 2,500 per year.

The scheme is open to first home buyers, as well as those who have previously owned a home.

The Family Home Guarantee aims to help single parent families get onto the property ladder or re-enter the property market. The scheme was announced as part of the 2021-22 Federal Budget.

Eligibility

To be eligible for the scheme, you must:

- > be a single parent with a dependant(s)
- > earn less than \$125,000 per year
- > be an Australian citizen
- > be above 18 years of age.

Apply

The Family Home Guarantee will commence from 1 July 2021, subject to legislative approval. Further information about the scheme will be available on the [National Housing Finance and Investment Corporation](https://www.nhic.gov.au) website.

If you have any questions regarding the Family Home Guarantee, or would like assistance determining if you are eligible for the scheme, please give the team at Endeavor Finance a call on **03 5434 7690**.



We are hiring!

Are you looking to join an innovative firm that places the employee and client at the centre of its culture? Then AFS is the workplace for you!

We have a number of current vacancies as our business grows and are looking for committed team members with skills that would add to our capability in being able to deliver our client first focus.

If you have skills in accounting, risk, strategy, governance, bookkeeping or administration and are passionate about a connected culture and client service please get in touch with us at recruitment@afsbendigo.com.au.

Joining the AFS team comes with a number of benefits including flexible working conditions, a fun culture and the opportunity for career development.

To find out more about working with AFS, click [here](#).



Supporting our community

Maryborough District Health Services Charity Golf Day

AFS residents Kane and Damien were out on the green last month with Hugh and Richard from Evans Shoes for the Maryborough District Health Service (MDHS) Charity Golf Day.

We appreciate the valuable service MDHS provides to our region as well as the support of the event's major sponsor, True Foods, and were happy to be involved as sponsors for this fantastic cause (while having some fun on the greens)!

The day raised approximately \$25,000 for the very necessary work MDHS is undertaking in forging a recovery post COVID-19 for its team and our community.

Grab a coffee with a colleague



After almost 12 months of working remotely, it is important that we re-establish our connection as our team returns to working in the office.

The team at AFS were recently treated with a KitKat chocolate and \$10 each to spend on a coffee for themselves and a colleague from a nearby café.

We place an emphasis on supporting all of our team and their mental health, and are glad to be able to support local small businesses at the same time.

AFS insights



Supporting employees return to the workplace

Many workers are now starting to go back to work in the office with a mixture of excitement and apprehension.

Each person will respond differently to a return to the office, however, there are some things you can do to help your employees feel more comfortable.



ATO approved logbook apps for work travel

If you use your own car for work related duties, you may be able to claim a deduction on your tax return for vehicle expenses.

To record your work related travel, the ATO requires logbooks to be kept. Our blog provides a list of the ATO approved logbook apps that you can use to record your travel.



Grants available for manufacturing businesses

As part of the Business Competitiveness Program, Victorian manufacturers can apply for grants of up to \$500,000 to support and expand their operations.

The program, which will provide grants of up to 33% of eligible project expenditure, will help eligible businesses implement new manufacturing technologies and processes.

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



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