CLIENT UPDATE
ISSUE 65 OCTOBER 2021

AFS Partners in success
Chartered Accountants

AFS business update

Image source: Explore Bendigo Facebook

As we make our way through the second half of the year it's hard to believe we are already at October with only two months until Christmas! We've returned to a 'new normal' with 25% capacity in our office in recent weeks so a chance for most team members to mix up the remote working 1-2 days per week each - when they're not homeschooling!

In this edition you'll find a summary of the funding available for businesses across Australia, with a mix of packages starting to wrap up and others ongoing into 2022.

The states and territories are powering through vaccination rates with indication of borders opening in the next couple of months. Along with this comes proposed mandatory COVID-19 vaccination requirements, which we are navigating through and will provide updates from the authorities as guidance is released.

Whilst it may be a difficult time in business for some, these last two years have shown how resilient we all are. Both our in local Bendigo community and around Australia.

In this edition we also cover a range of topics including tax and donations, superannuation updates, WorkCover deadlines, what you need to know about the mental health and wellbeing surcharge and what's happening at AFS. Our team is again participating in Bendigo Health's Move For Mental Health October competition with an aim to raise $15,000. You can visit our social media @afsbendigo to follow how we're tracking.

We hope you enjoy this edition of the AFS Client Update.

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We need your help

Do you love working with AFS? Would you be willing to leave a quick online review for the services we deliver?

To help us increase our Google presence, we would love if you could leave a review for us on google to let others recognise the value we provide.

We would be incredibly grateful. It only takes a moment, click here to review.

Financial support available for Australian businesses

To support businesses across the country, the federal, state and territory governments continue to provide funding through grants and a variety of programs.

We've compiled a list of the current financial assistance available for businesses.

Please contact us on 03 5443 0344 or email afs@afsbendigo.com.au if you have any questions regarding any of the support.

Victoria

Commercial Landlord Hardship Fund 3

Grants to landlords of commercial premises who waive rent for their tenant(s) between 28 July 2021 and 15 January 2022.

COVID-19 Disaster Payment

A $750 payment for people who have lost more than 20 hours of work in a week or a $450 payment for those who have lost less than 20 hours of work in a week.

This includes businesses that do not qualify for other support because they are not registered for GST.

COVID-19 Rent Relief Grant

A new residential rental assistance fund will provide rent relief grants of up to $1,500 to Victorians experiencing rental hardship as a result of the pandemic.

Live Performance Support Program Round Two

Presenters: Grants of either $7,000 or $5,000 for one event, depending on losses or unrecoverable costs, and a further $5,000 for a second event.

Suppliers: Grants of either $200 or $500 per event, depending on the level of loss or unrecoverable costs incurred.

Small Business Digital Adaptation Program Round Two

A rebate of $1,200 to access selected digital business management tools for 12 months for sole traders, micro businesses and small businesses.

For more information on support available for Victorian businesses, see our blog here.

Australian Capital Territory

- COVID-19 Business Support Grant
- COVID-19 Disaster Payment
- Small Business Hardship Scheme Act
- Payroll tax exemption

New South Wales

- 2021 COVID-19 Micro-Business Grant
- JobSaver payment
- COVID-19 Disaster Payment
- 2021 COVID-19 Business Grant
- Small Business Fees and Charges Rebate
- Performing Arts Support Package
- COVID-19 Tax Relief Measures

Northern Territory

- COVID-19 Disaster Payment
- Tourism Survival Fund
- Trade Support Scheme
- Visitation Reliant Small Business Support Program

Queensland

- COVID-19 Business Support Grants
- Queensland COVID-19 cleaning rebate
- Queensland Tourism Business Financial Counselling Services
- Support for tourism operators and hospitality providers
- Coronavirus payroll tax relief
- COVID-19 Disaster Payment

South Australia

- COVID-19 Business Hardship Grant
- COVID-19 Business Support Grant July 2021
- Additional Business Support Grant
- Major Events Support Grant
- COVID Clean Infection Control Training

Tasmania

- Business Growth Loan Scheme
- Building Projects Support Program Round 2
- Rapid Response Skills Initiative

Western Australia

- Apprenticeship and Traineeship Re-engagement Incentive
- Tourism and Travel Agent Support Fund

All states and territories

- JobMaker Hiring Credit Scheme
- Boosting Apprenticeship Commencements

For more information on support available for businesses Australia wide, see our blog here.

Not all donations are tax deductible: ATO warns

The Australian Taxation Office (ATO) is reminding taxpayers to have a good record of the donations they make each year. Nearly two thirds of the charitable claims adjusted last year were due to the taxpayer having no evidence of the donation.

Reasons a donation or gift may not be tax deductible:

1. The organisation receiving the donation or gift is not endorsed by the ATO as a deductible gift recipient (DGR)

Crowdfunding campaigns that raise money for charitable causes and individuals in need may not be a DGR. Furthermore, donations to foreign charities and NFPs that are not registered as Australian DGRs are also not deductible.

2. The donation made includes an expectation to receive a monetary or personal benefit or advantage in return

Money spent buying a fundraising chocolate, a raffle ticket or an item from an op shop are not tax deductible.

3. No records or receipts of the donation

The ATO accepts third party receipts as evidence of a donation, however, if you made one or more donations of $2 or more to bucket collections conducted by an approved organisation for natural disasters, you can claim a tax deduction of up to $10 for those contributions without a receipt.

4. Testamentary gifts

A testamentary gift is a gift made under the terms of a will that does not become effective until the death of the donor. Testamentary gifts may include items such as a property, vehicle or jewellery, and are generally not tax deductible.

It is crucial that you have evidence of any donation you have made if you wish to claim it as a tax deduction. If you have any questions regarding donations you are considering claiming this tax time, please contact us.

Workplace giving versus salary sacrifice donations

Have you made donations either through workplace giving or salary sacrifice arrangements with your employer? To claim a deduction for it in your tax return, it's important to know that the tax treatment differs depending on which method you used to make the donation.

Workplace giving is a streamlined way for employees to regularly donate to charities and DGRs. Usually a fixed portion of your salary is deducted from your pay each pay cycle and your employer forwards the donation on to the DGR. However, the amount of your gross salary remains the same and, depending on your employer's payroll systems, the amount of tax you pay each pay period may or may not be reduced to take into account the donation.

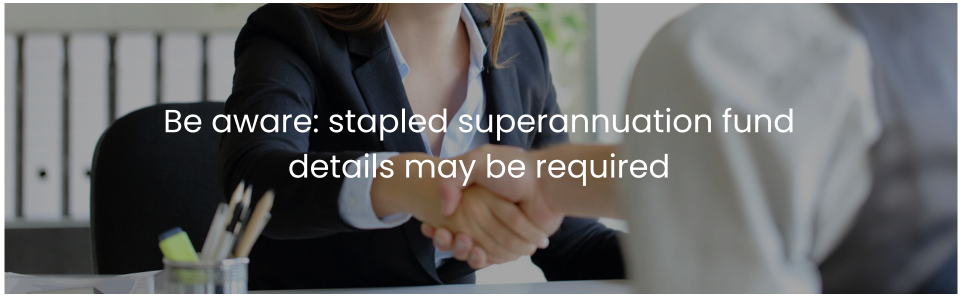
On the other hand, under a typical salary sacrificing donation arrangement, you agree to have a portion of your salary donated to a DGR in return for your employer providing you with benefits of a similar value. Your gross salary is reduced by the salary sacrificed amount and the amount of tax you pay each pay period will be reduced. Your employer makes the donation to the DGR.

If you've made a donation under workplace giving, you can claim a deduction in your tax return. This is regardless of whether or not your employer reduced the amount of tax you paid each pay cycle to account for the amount of the donation. Your employer will give you a letter or email stating the total amount donated to DGRs, and the financial year in which the donations were made. Alternatively, your employer will provide the total amount of donations you made for the year in your tax time payment summary, under the 'Workplace giving' section.

If you've made a donation to a DGR under a salary sacrifice arrangement you're not entitled to claim a deduction in your tax return, since it's your employer that is making the donation to the DGR, not you.

If you would like further clarification on how you can claim your workplace giving or salary sacrifice arrangements in your tax return, please contact us.

Changes to superannuation obligations for employers



Be aware: stapled superannuation fund details may be required

If you have new employees commence employment after 1 November 2021, you may be required to request the employee's stapled superannuation fund details from the ATO.

A stapled superannuation fund is an existing superannuation account that is linked, or 'stapled', to an individual employee so that it follows them as they change jobs.

This will only be required if the employee does not exercise choice of fund at the commencement of employment.

If a contribution is not made to the correct fund, such as a choice fund or stapled fund (if they exist), then the contribution will not count towards meeting the employer's SG obligations.

Employers may then be required to make further contributions in order to meet their SG obligations.

From 1 November 2021, employers must make SG contributions for new employees as follows:

- If the employee nominates a superannuation fund, then the employer must make SG contributions to the nominated fund.
- If the employee hasn't notified their preferred superannuation fund and has a stapled fund, then contributions must be made to the stapled fund.
- Only if the employee hasn't made a decision regarding a superannuation fund, and doesn't have a stapled fund, can the employer make SG contributions to their default fund (as nominated in the Choice Form provided when the employee commences employment).

The ATO is expected to publish more information around the stapling service over the coming weeks to ensure employers are aware of their new obligations. We will update our website with this information as it comes to hand.

Reminder: the Superannuation Guarantee rate has been increased

From 1 July 2021, the rate of Superannuation Guarantee (SG) increased from 9.5% to 10%. Businesses using manual payroll processes should be careful that this change doesn't lead to unintended underpayment of superannuation, which can attract penalties.

The new rate of 10% is the minimum percentage now required by law, however, employers may pay superannuation at a higher rate under an award or agreement.

While most payroll and accounting systems will have automatically incorporated the increase in superannuation rate, business owners should make sure the change has occurred to ensure they are complying with their SG obligations. If your business is still using a manual process to pay your employees, you'll need to work out how much superannuation to pay under the new rate.

The rate you should use to calculate your employee's superannuation contributions depends on the date that you are paying your employees. It doesn't matter if the work was performed in a different quarter as the new rate applies to all superannuation payments made after 1 July 2021.

This latest increase to 10% will not be the last time the SG rate will change over the next few years. From 1 July 2022 to 30 June 2023, the rate will increase to 10.5%, followed by another 0.5% point increase to 11% in the 2023–2024 financial year. Employers will need to be proactive to ensure they are meeting their SG obligations each time the rate increases.

If you have any questions regarding your superannuation obligations, or would like assistance implementing the SG changes into your payroll software, please contact our office.

Rateable remuneration deadline approaching for WorkCover

WorkCover is a compulsory insurance that Victorian employers pay for any employees earning over $7,500 per year. The insurance covers employers against the costs of injury or illness that occurs to their employees in the workplace.

The insurance can cover:

- replacement of lost income
- medical and rehabilitation treatment costs
- legal costs
- lump sum compensation in the event of a serious injury.

Dates for certifying your 2020/21 remuneration

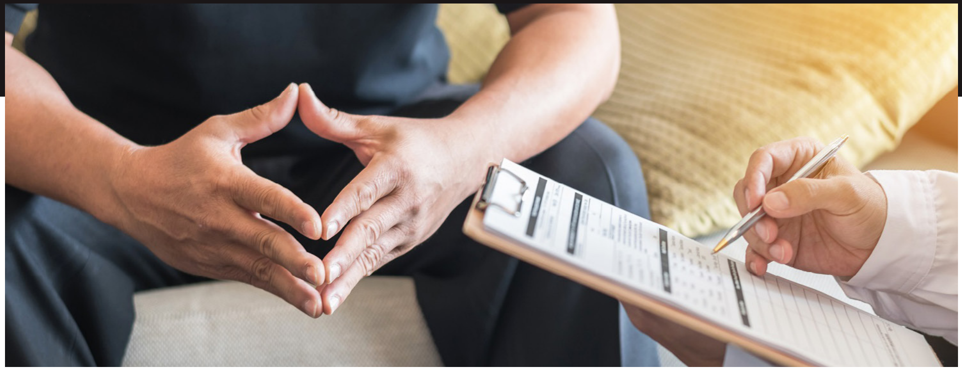
Employers must certify the total remuneration paid to employees with WorkCover every 12 months to determine their annual premium.

The due date to certify your remuneration for the 2020/21 financial year is determined based on the total remuneration an employer paid from 1 July 2019 to 30 June 2020.

Annual rateable remuneration in 2019/20	Due date of lodgement
Over $200,000	22 October 2021
$200,000 or less	25 March 2022

Employers can provide their annual rateable remuneration and manage their WorkCover by visiting the WorkSafe website.

If you have any questions regarding WorkCover or submitting your business' annual rateable remuneration, please contact us.



Mental health and wellbeing surcharge

The Victorian Government has introduced a new mental health and wellbeing surcharge for businesses who meet a $10 million threshold in national wages annually.

The surcharge is payable on Victorian taxable wages paid or payable from 1 January 2022 by an employer or group of employers.

The surcharge is intended to help provide a stable and dedicated form of additional funding for the mental health system in Victoria.

Who pays the surcharge?

Businesses will pay the surcharge of 0.5% of Victorian taxable wages where the Australian wages exceed $10 million. An additional 0.5% surcharge is payable where the Australian wages exceed $100 million.

The thresholds are calculated monthly, i.e. $833,333 for the $10 million threshold and $8,333,333 for the $100 million threshold.

These thresholds are adjusted proportionately if you are not an employer for a full financial year. In respect of the period from 1 January 2022 to 30 June 2022, the respective annual wage thresholds are $5 million and $50 million.

For full information on the surcharge, view the State Revenue Office's website here.

If you have any questions regarding the surcharge or would like assistance determining if your business will be required to pay, please contact us.

Lending options available for SMSFs

endeavor FINANCE

Despite lending options for Self-Managed Superannuation Funds (SMSFs) being limited for many years due to the reduced appetite from major banks, there are still many SMSF lending options available to assist in wealth creation and retirement planning.

The findings of the Royal Commission into the broader Misconduct in the Banking, Superannuation and Financial Services Industry saw the majority of lenders deem the complex structure and associated compliance onus too high a risk and have since withdrawn themselves from the market, choosing to focus on their core business lending instead. This created some fears that SMSF lending would be coming to an end, therefore restricting the ability of SMSFs to make property investments.

Despite many banks and many brokers being unable to assist with SMSF lending, we can!

We can help you secure finance that:

- can be used to invest in either residential or commercial properties
- is eligible for investment in 'owner occupied' commercial property
- has terms of up to 25 years, and in some circumstances up to 30 years
- is competitively priced with set and forget options without annual reviews
- has loan value ratio's up to 80% for residential property and up to 75% for commercial property.

If you would like assistance in refinancing or are considering a purchase in your SMSF please call on 03 5434 7690 or email **endeavor@endeavorbendigo.com.au**

Tax return deadline is approaching!

The deadline to lodge your own 2020/2021 tax return is 31 October!

If you lodge your tax return through a tax agent such as AFS, the deadline is extended to 15 May 2022.

To take advantage of this extended deadline, please contact us.

You can even claim your accountant's fee as a tax deduction!

Call us on 03 5443 0344 to arrange to have your documents dropped off.

Tax 2021: rental property pitfalls

The ATO is again closely monitoring claims in relation to rental properties. In the 2019–2020 financial year over 1.8 million taxpayers owned rental properties and claimed $38 billion in deductions. While most taxpayers do the right thing and are able to justify their claims, the ATO notes that over 70% of the 2019–2020 returns selected for review of rental information needed adjustments.

The most common mistake that rental property owners and holiday homeowners make is not declaring all their income, and their capital gains from selling property.

Another area of concern involves claims for interest charges on personal loans. For example, if you take out a loan to buy a rental property and rent it out at market rates, the interest on the loan is deductible. However, if you redraw money from that mortgage for personal use (eg to buy a car or pay off the mortgage of the house you're living in), then you can't claim interest on that part of the loan.

You should also be careful when claiming deductions for capital works. While the cost of repairs for wear and tear are immediately deductible if you're replacing or fixing an existing item (eg a broken toilet), the cost of upgrading the property or areas of the property is considered capital works and any deductions need to be spread over a number of years.

The ATO guidance makes it clear there's no intention to penalise property owners whose rental income or property costs have been negatively affected by COVID-19.

We can help you report the right information in your return. Contact us to ensure you claim the correct deductions and get the most out of your tax return.

Supporting our community
Move for Mental Health

This October, the team at AFS will once again be walking, running and cycling as part of the Move for Mental Health challenge. The virtual fitness and fundraising challenge raises vital funds for the improvement of mental health facilities, services and complementary therapies provided by Bendigo Health across the region.

In 2020 our team travelled 9,200 kilometres and raised over $15,000 which we are hoping to beat in 2021!

The challenge provides our team with some extra motivation to take some time out of the day to get outside and complete some physical activity, with a known connection between exercise and improved mental health.

If you would like to donate, click here to visit our AFS team page. All donations are greatly appreciated and will be going to a great cause.

AFS insights

To support businesses in the alcohol industry facing difficulties in trading due to COVID-19, the ATO has introduced some key changes regarding takeaway beer and mixed drinks.

The changes include the ability to repackage duty-paid kegged beer for takeaway in sealed containers as well as an updated stance from the ATO for when excise requirements do not apply to mixed drinks.

The Victorian Government has recently announced new and increased taxes in relation to land that are likely to significantly impact land owners, land developers, and ultimately private buyers of land looking to get into the housing market.

The changes include land tax increases, land transfer duty (stamp duty) increases and windfall gains tax (rezoning tax).

The Australian Government and State Treasurers issued a consultation paper that proposed increasing the reporting revenue thresholds for small, medium and large charities.

The changes have been approved and will take effect from the 2021-22 financial year.
The changes are aimed to balance a reduction in regulatory compliance while maintaining transparency in the sector.

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

Auditor proud week at AFS

At the end of September we celebrated Auditor Proud week. This year, #AuditorProud celebrates the vital roles auditors play in maintaining the integrity of our economies and businesses – particularly following years as challenging as 2020 and 2021.

We asked Audit Partner Josh Griffin to reflect on how he and his team have responded to the new normal:

"I am proud of our resilience throughout the pandemic and how we continue to service and lead our clients in this ever changing landscape. Clients have appreciated the personal approach we take while completing the audit work, chatting with clients in similar lockdown situations has helped everyone."

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