

ACUMON CONNECT

SUMMER ISSUE | DECEMBER 2021

Welcome

Welcome to the Summer edition of our newsletter.

2021 has been quite the year. And December has rolled around incredibly quickly.

We know that the last few years have been challenging for many, for many different reasons. We hope that the new year brings some certainty and fresh positivity.

In this edition, we answer a few common questions around the taxation of cryptocurrency, something which has seen increased interest and news coverage throughout 2021.

We have also included information on the 'Top Christmas Tax Questions' and a few quick and tasty Summer recipes to share with loved ones.

The team at Acumon would like to take this chance to wish you and your family a very Merry Christmas and a happy and healthy New Year.

CHRISTMAS OFFICE CLOSURE

Our offices will close from midday on **Thursday 23rd December 2021** and will re-open at 9am on **Monday 10th January 2022**.

We look forward to working with all our valued clients again next year.

Best wishes,

Scott. Christian & The Acumon Team.

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KEY DATES FOR JANUARY 2022

15 Lodge tax return for taxable large / medium entities

21 Lodge & pay quarter 2, 2021-22 PAYG instalment

BAS due for December 2021

28 Quarter 2, 2021-22 super guarantee contributions

31 Lodge TFN report



Tax and the Normalisation of Cryptocurrency

In early November, the Commonwealth Bank announced that it is now Australia's first bank to offer customers the ability to buy, sell and hold crypto assets, directly through the CommBank app.

You know when the banks come on board, cryptocurrency has become normal.

Let's look at what the Australian Taxation Office has to say about some of the commonly asked questions about the implications of investing in blockchain.

Is mining cryptocurrency income or an asset?

If you receive crypto from providing services to others, this can represent income. If you create crypto, you acquire a capital gains tax (CGT) asset. A taxing event will arise when you exchange crypto for Australian Dollars or another crypto asset.

Does the ATO really know about my crypto transactions?

The ATO is using various sources for data collection including digital service providers (DSPs) and analysis software to track taxpayer compliance. There are several data-mining projects (no pun intended) underway looking specifically at cryptocurrency and cryptocurrency platforms.

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Can I get a tax deduction for computer equipment purchased for mining?

If you are in the business of mining, then you can claim a deduction for the equipment you purchase to generate income. If you are not carrying on a business, then the crypto is held as an investment and the equipment is not deductible.

What happens if my cryptocurrency is stolen?

You may be able to claim a capital loss if you lose your cryptocurrency private key or your cryptocurrency is stolen. Generally, where an item can be replaced it is not lost. A lost private key can't be replaced. Therefore, to claim a capital loss you must be able to provide the following kinds of evidence:

- When you acquired and lost the private key
- The wallet address that the private key relates to
- The cost you incurred to acquire the lost or stolen cryptocurrency
- The amount of cryptocurrency in the wallet at the time of loss of private key
- That the wallet was controlled by you (for example, transactions linked to your identity)
- That you are in possession of the hardware that stores the wallet
- Transactions to the wallet from a digital currency exchange for which you hold a verified account or is linked to your identity.

Top Christmas Tax Questions

Each year many people ask about the tax impact of various Christmas and / or holiday related gestures. Here are some of the top issues:

Staff gifts

The key to Christmas presents for your team is to keep the gift spontaneous, ad hoc, and from a tax perspective, below \$300 per person. \$300 is the minor benefit threshold for Fringe Benefits Tax (FBT) so anything at or above this level will mean that your Christmas generosity will result in a gift to the Tax Office as well. To qualify as a minor benefit, the gifts also have to be ad hoc (no ongoing gym membership payments or giving the same person regular gift vouchers amounting to \$300 or more).

A question we often get is what is the tax impact if you give your team say a hamper and a gift card? The good news is that the tax rules treat each item (the hamper and the gift card) separately. FBT won't necessarily apply as long as the value of each item is less than \$300. However, the minor benefits exemption is a bit more complex than this. For example, you need to look at the total value of similar benefits provided to the employee across the FBT year etc.

If you are planning to provide your team with a cash bonus rather than a gift voucher or other item of property, then this will be taxed in much the same way as salary and wages. A cash bonus at Christmas is not a gift; it's still income for the employee regardless of the intent. A PAYG withholding obligation will be triggered and the ATO's view is that the bonus will also be treated as ordinary time earnings which means that it will be subject to the superannuation guarantee provisions unless it relates solely to overtime that was worked by the employee.



Client gifts - Few of us have that much time in the diary for pre-Christmas entertainment so why not give a gift instead? In addition to a few extra hours saved and a lot less calories to work-off (most of us are still struggling post lock down), there is also a tax benefit. As long as the gift you give to the client is given for relationship building with the expectation that the client will keep giving you work (that is, there is a link between the gift and revenue generation), then the gift is generally tax deductible as long as it doesn't involve entertainment.

Entertaining your clients at Christmas is not tax deductible. If you take them out to a nice restaurant, to a show, or any other form of entertainment, then you can't claim it as a deductible business expense and you can't claim the GST credits either. It's goodwill to all men but not much more.



Charitable gift giving

The safest way to ensure that you or your business can claim a deduction for the full amount of the donation is to give cash to an organisation that is classified as a deductible gift recipient (DGR). And, the charities love it as they don't have to spend any of their precious resources to receive it.

There are a few rules that make the difference between whether you will or won't receive a tax deduction.

- The charity must be a DGR. You can find the list of DGRs on the Australian Business Register.
- If you buy any form of merchandise for the 'donation' – biscuits, teddies, balls or you buy something at an auction – then it's generally not deductible (the rules become more complex in this area). Your donation needs to be a gift, not an exchange for something material. Buying a goat or funding a child's education in the third world is generally ok because you are generally donating an amount equivalent to the cause rather than directly funding that thing.
- The tax deduction for charitable giving over \$2 goes to the person or entity whose name is on the receipt.

If your business is making a donation on behalf of someone else, such as a client or that friend 'who has everything', it will depend on how the donation is structured. The tax rules generally ensure that the deduction is available to the individual or entity who actually makes the gift or contribution. Having receipts issued in someone else's name can make this more complex.

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LYNNE SMITH

Dealing with Acumon over the last 7 years we have been treated like an individual not a number and the service has been second to none.



QUICK SUMMER RECIPES TO SHARE

BABY SPINACH, ORANGE AND MACADAMIA SALAD

simple, quick and super tasty

Ingredients

100g baby spinach leaves
2 oranges, peeled, halved, thinly sliced
50g macadamia nuts, toasted, chopped
100g marinated goat's feta*, drained
2 tbsp flavoured oil from marinated fetta*

Method

Toss spinach, oranges and nuts together. Place on a platter, crumble over feta and drizzle with oil.

Season well and serve.



PINE LIME SPLICE CHEESECAKE

zesty, fresh, the perfect Summer sweet treat

Ingredients

200g butternut snap cookies
100g butter, melted
1 1/2 tbsp boiling water
3 tsp gelatine powder
500g cream cheese, softened
1/2 cup caster sugar
1 tsp finely grated lime rind, plus extra zest, to serve
300ml thickened cream, whipped
9g packet lite pineapple jelly
200g fresh pineapple, peeled, cut into small wedges
1/4 cup fresh mint leaves

Method

Step 1. Grease a 6cm-deep, 20cm (base) round springform pan. Line base and side with baking paper. Place biscuits in a food processor. Process until evenly chopped. Add butter. Process to combine. Using the back of a spoon, press mixture evenly over base of prepared pan. Refrigerate for 30 minutes.

Step 2. Place boiling water in a small bowl. Sprinkle over gelatine. Stir until dissolved. Set aside to cool slightly. Meanwhile, using an electric mixer, beat cream cheese, sugar and lime rind for 2 to 3 minutes or until smooth.

Beat gelatine mixture into cream cheese mixture.

Fold in whipped cream until combined. Spoon mixture over the biscuit base. Smooth surface. Refrigerate for 2 hours or until just set.

Step 3. Meanwhile, make jelly following packet directions. Set aside to cool to room temperature.

Step 4. Pour jelly over the back of a large spoon over the cheesecake. Refrigerate for 2 hours or until set.

Step 5. Remove cake from pan and place on a serving plate. Serve topped with pineapple wedges, mint leaves and extra lime zest.



2022

What's ahead for 2022

2021 was meant to be the year we returned to a post-COVID “normal” however the pandemic has fundamentally changed the way many of us operate in our personal and work lives.

Here are some of the events and impacts that we can expect in 2022:

Federal Election

The Federal election will be held between March and May 2022. All the annoying text messages and all those advertisements are on their way!

Federal Budget in March

The timing of the election will bring the Federal Budget forward to March 2022. It's an election year; so we can expect many of the productivity-based tax concessions to be extended.

Lock-in digital gains

McKinsey & Company reports that consumer digital adoption rates accelerated dramatically during the pandemic.

- Many sectors will lock in the digital gains they made. Some, however, will see a decline in digital sales as consumers are no longer forced to shop online – groceries for example.

- Many sectors will lock in the digital gains they made. Some, however, will see a decline in digital sales as consumers are no longer forced to shop online – groceries for example.
- To lock in the gains of digitalisation, consumers expect trust, end-to-end digital service (from start to after sales service), and an improved online experience.
- Forced online adoption has changed the consumption habits of an older and wealthier portion of the market. The average age of online users in the McKinsey Global Sentiment Survey increased by around 3 years and spend around 4% more.
- Coming off a lower base, developing nations have experienced a much higher growth in digital adoption than developed nations; evening out global access.

Going green

Businesses and consumers will be expected to be more mindful of their carbon footprint. A wasteful process is likely to diminish consumer appeal.

**If you'd like to get ahead on your
2022 financial goals, please
contact us on
(02) 4931 1100**

The material and contents provided in this publication are informative in nature only. It is not intended to be advice and you should not act specifically on the basis of this information alone. If expert assistance is required, professional advice should be obtained.

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