ACUMON CONNECT

Autumn Issue – March 2020

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IN THIS ISSUE

BUSHFIRE RELIEF FROM ATO OBLIGATIONS

The ATO has provided relief from lodgement compliance and payment obligations for those impacted by the bush fires.
An automatic two month deferral for activity statements lodgements and payments due has been provided to those in affected postcodes.

Taxpayers can also call the ATO directly to request further assistance, such as requesting extra time to manage tax debt or lodgements, help finding lost documentation such as Tax File Numbers, reconstructing tax documentation, fast tracking refunds, interest free periods, and remittance of

EXPERT ADVICE

Super guarantee opt-out for employees with multiple employers

Employees with multiple employers can now opt-out of superannuation guarantee from all but one employer.

Employers are required to pay 9.5% superannuation guarantee for all eligible employees. But what happens if you are an employee with multiple employers? Until recently, these compulsory payments meant some employees risked unintentionally breaching their concessional contributions caps. New laws however provide a potential solution.

Legislation that passed Parliament late last month allows an employee to apply to the Commissioner of Taxation for an employer shortfall exemption certificate to opt-out of the SG system for specific employers. This certificate prevents their employer from having a superannuation guarantee shortfall if they do not make superannuation contributions for the period covered by the certificate.

It's important to note that the exemption certificate does not require the employer to stop paying SG, it merely protects them if they fail to make SG payments. The employer may choose to continue paying SG – either because they could not reach an agreement with the employee on their total remuneration package once SG is removed, or the administration required to exclude an individual employee is too onerous.

The Commissioner will only issue an employer shortfall exemption certificate where:

- The taxpayer is likely to exceed their concessional contributions cap for the financial year (just because you have multiple employers does not mean you can opt out of SG), and
- At least one employer is paying SG for the employee.

The Commissioner might deny the certificate if it's not appropriate, the application would significantly reduce the amount of SG by an amount larger than necessary (for example, opting out of SG from the largest of the multiple employers), or where there is a contrived arrangement to take advantage of the new rules.

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Super guarantee opt-out for employees with multiple employers

The due date for the employer shortfall exemption certificate is 60 days before the first day of the quarter to which the application relates.

Before applying for a certificate, it's important to understand the impact of opting out of SG. You will need to negotiate your total remuneration package with your employer and the impact of this on your tax position, understand the tax outcomes if you did nothing and exceed your contributions cap, and the impact on your retirement savings over time.

NEW FACES

Welcome to the Team

Acumon have recently welcomed two new members to our team, Jason Moore and Claire Lyons. Claire and Jason bring fresh ideas and enthusiasm to the team and are a delight to have in the office.

Jason commenced in January 2020 as a Trainee Accountant. However, Jason has packed lots into his relatively short life, including being captain of the Christian school he attended, playing representative football (soccer) for the Weston Bears and working hard to receive early entry into University for his accounting degree.

Jason has slotted into the Acumon team wonderfully and is enjoying the mentoring and comradery the team offers him.

Jason Moore
Undergraduate Accountant

Claire Lyons
Administration

Claire works in administration and comes to us with wonderful experience including more than 5 years of experience working across different fields of administration, including Bookkeeping and Payroll.

Claire along with her husband has recently moved back to the Hunter Valley after living and working in Canberra.

Claire says "I can already tell that Acumon has a positive environment with wonderful clients who all share these values. I look forward to my time here."

With Claire's strong passion for administration and her keen willingness to help those around her, she will be a great asset to our team.

Be sure to introduce yourself to Claire and Jason next time you visit us at Acumon.

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ATO targets 'lifestyle' assets

The ATO has requested insurance policy information from 30 insurers for lifestyle assets such as yachts, thoroughbred horses, and fine arts.

The review, expected to impact 350,000 taxpayers, reaches from the 2015-16 to 2019-20 financial years, revealing assets that previously may not have been disclosed or under-reporting of income.

"If a taxpayer is reporting a taxable income of $70,000 to us but we know they own a three million dollar yacht then this is likely to raise some red flags," Deputy Commissioner Deborah Jenkins said.

The ATO is looking for:

- Under-reporting of income and mismatches between lifestyle assets and reported income,
- The purchase of assets in a company name but where those assets are used for private purposes (incorrect claims or non-reporting of GST credits, FBT, Division 7A, capital gains tax), and
- Lifestyle assets purchased by self-managed superannuation funds that might breach the sole purpose test.

The ATO has stated that the data matching will not result in automatic audits but will be reviewed by compliance

MIX AND SHAKE WITH SALLY

Musk Stick Cocktail

Sally has shared her favourite cocktail with us!
Shhhhh... its her secret recipe:

INGREDIENTS

- 30 ml vodka
- 30ml vanilla Galliano
- Lemonade
- Blended musk sticks
- Dash of grenadine
- Crushed ice

SALLY'S HOT TIP!
Select glassware and chill for two hours before serving

METHOD

1. This delicious cocktail can be served long or in a Martini glass.
2. Blend the musk sticks to a fine powder. Set to the side.
3. Measure 30 mls of premium Vodka and add to glass.
4. Measure 30 mls of Vanilla Galliano and add to glass.
5. Crush ice and add to glass.
6. Top up with Lemonade.
7. Spoon in and stir musk stick powder to taste.
8. Finish with a dash of grenadine.

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MEET OUR TEAM

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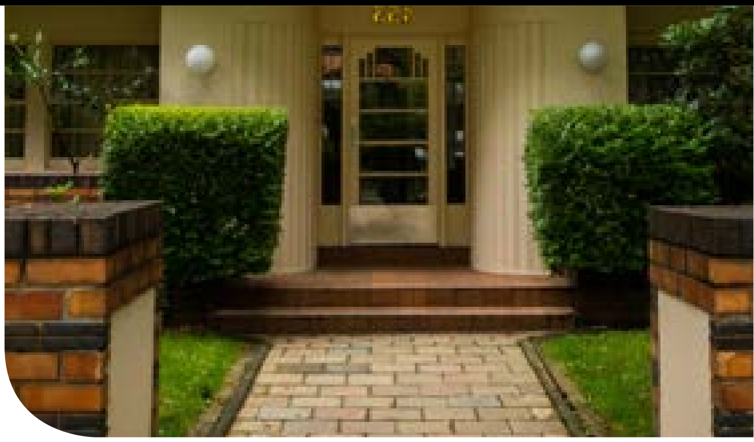
FINANCIAL PLANNING ADVICE

Capital Gains Tax and the Family Home



Late last year, legislative changes were made that exclude non-residents from accessing the main residence exemption. The retrospective changes directly impact foreigners and expats whose main residence is in Australia or overseas. We explore the impact.

KEY POINTS

Non-residents for tax purposes excluded from the main residence exemption from 9 May 2017

Transitional rules allow non-residents to sell their property and access the main residence exemption under the previous rules (if they held the property continuously from 9 May 2017).

An exclusion applies where the taxpayer has been a non-resident for 6 years or less and a 'life event' occurs, such as death.

CGT AND THE MAIN RESIDENCE EXEMPTION

Capital gains tax (CGT) applies to gains you have made on the sale of capital assets. Unless an exemption or exclusion applies, or you can offset the tax against a capital loss, any gain you made on an asset is taxed at your marginal tax rate. The tax triggers when a 'CGT event' occurs. For residential property, the 'CGT event' is generally the date the contract is signed.

The main residence exemption prevents CGT applying to your family home (the home you treat as your main residence). If the home was your main residence for only part of the time you owned it, or if you use your home to produce income (for example, you use part of the home as business premises or rent out part of the property), then a partial exemption may be available. In addition, if you move out of your home and you don't claim any other residence as your main residence, then you can continue to treat the home as your main residence for up to six years if you rent it out, or indefinitely if you don't rent it out (the 'absence rule').

Previously, the main residence exemption was available to individuals who were residents, non-residents, and temporary residents for tax purposes.

THE NEW RULES

The new rules exclude foreign residents from accessing the main residence exemption and apply to CGT events that occur from 9 May 2017 onwards.

Under the new rules, if you are a non-resident for tax purposes at the time you sell your main residence, you will no longer be able to access the main residence exemption and you will need to pay CGT on any gain you make (subject to transitional rules and an exclusion). These new rules apply regardless of whether you were an Australian resident for part of the time you owned the property and no apportionment applies - the exemption simply does or does not apply depending on your residency status for tax purposes at the time the CGT event is triggered.

However, if you are a resident of Australia at the time of the CGT event, then you may be able to access the main residence exemption, even if you have been a non-resident for some or most of the ownership period. For example, an expat who maintains their main residence in Australia could return to Australia, become a resident for tax purposes again, then sell the property and if applicable, access the main residence exemption (the new rules contain provisions that will deny the exemption where someone attempts to avoid the new rules by deliberately structuring their affairs to access the exemption – for example, transferring the property to a related party).

The new rules do not impact on Australian tax residents.