

# ACUMON CONNECT

AUTUMN ISSUE | MARCH 2023

## WELCOME

Here we are in March. Autumn is upon us and we hope that you and your loved ones are well.

Here at Acumon we have some exciting news this month, having recently acquired Hunter Valley Accounting Solutions, previously located in Kurri Kurri, into our business operations.

The Hunter Valley Accounting Solutions (HVAS) values align well with ours, having been devoted to providing fair, jargon-free and personalised accounting services to the great people of the Hunter Valley.

We are very happy to be offering our suite of accounting and business advisory services to existing HVAS clients and will continue to provide a high level of service to you, our valued clients, from our Greenhills, Wallsend and Morisset offices.

Thank you to Ben Watts for all of his hard work and dedication in establishing Hunter Valley Accounting Solutions, we wish him all the best for the future.

Many Thanks,

*Scott Christian & The Acumon Team.*

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## KEY DATES FOR APRIL 2023

- 28** • **Lodge & pay quarter 3, 2022-23 activity statement if electing to receive & lodge by paper & not an active STP reporter.**
- **Make super guarantee contributions for quarter 3, 2022-23 to the funds by this date.**
- **Pay quarter 3, 2022-23 instalment notice (form R, S or T). Lodge the notice only if you are varying the instalment amount.**
- 30** • **Lodge TFN report for closely held trusts if any beneficiary quoted their TFN to a trustee in quarter 3, 2022-23.**



# WHAT'S THE DEAL WITH WORKING FROM HOME?

**The Australian Taxation Office (ATO) has updated its approach to how you claim expenses for working from home.**

The ATO has 'refreshed' the way you can claim deductions for the costs you incur when you work from home. From 1 July 2022 onwards, you can choose either to use a new 'fixed rate' method (67 cents per hour) or the 'actual cost' method depending on what works out best for your scenario. Either way, you must gather and retain certain records to make a claim.

The first issue for claiming any deduction is that there must be a link between the costs you incurred and the way you earn your income. If you incur an expense but it doesn't relate to your work, or only partially relates to your work, you cannot claim the total cost as a deduction.

The second key issue is that you need to incur costs associated with working from home. For example, if you are living with your parents and not picking up any of the expenses for running the house then you can't claim deductions for working from home as you have not incurred the expenses, even if you are paying board (the ATO treats this as a private arrangement).

Let's take a look at the detail:

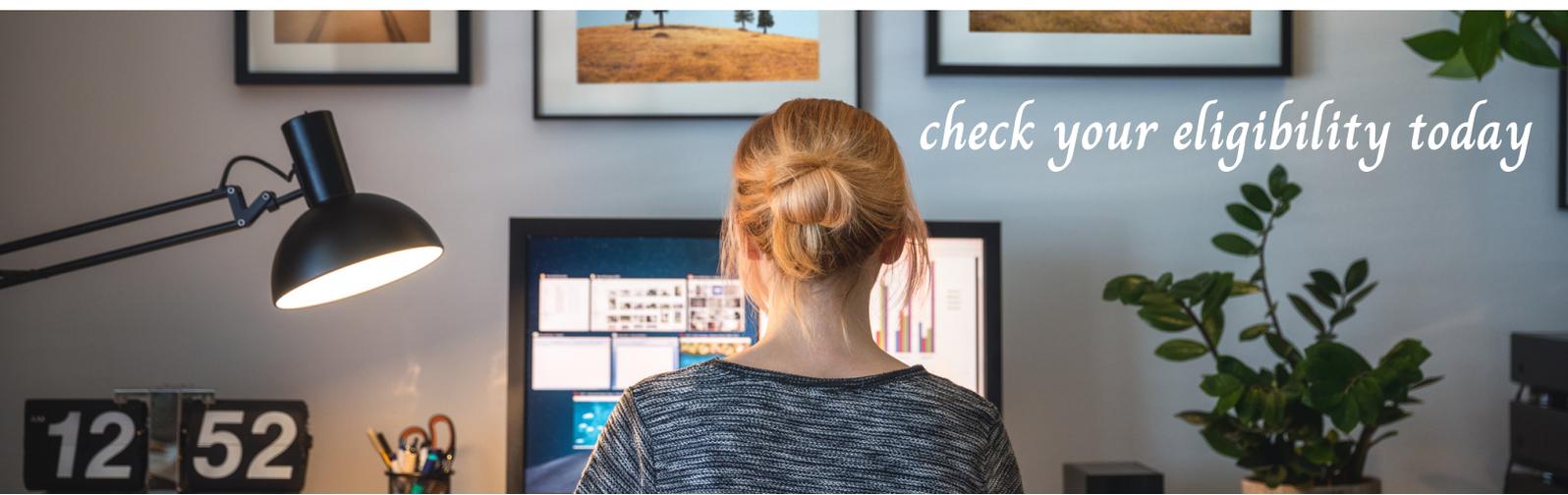
## THE NEW 'FIXED RATE' METHOD

Previously, there were two fixed-rate methods to choose from for the 2021-22 income year:

- A cover-all 80 cents per hour rate for expenses incurred while working from home (which was available from 1 March 2020). This COVID-19-related rate was intended to cover all additional running expenses incurred while working from home; or
- If you had a space dedicated to work but were not running a business from home, you could claim 52 cents for every hour you worked from home to cover the running expenses of your home. This rate doesn't cover certain items such as the depreciation of electronic devices, which can be claimed separately.

It's clear that working from home arrangements are here to stay for many workplaces even though COVID restrictions have eased. So, from the 2022-23 financial year onwards, the ATO has combined these two fixed-rate methods to create one revised method accessible by anyone working from home, regardless of whether they have a dedicated space or are just working at the kitchen table.

The new rate is 67 cents per hour and covers your energy expenses (electricity and gas), phone usage (mobile and home), internet, stationery, and computer consumables. You can separately claim the cost of the decline in value of assets such as computers, repairs, and maintenance for these assets, and if you have a dedicated home office, the cost of cleaning the office. If there is more than one person working from the same home, each person can make a claim using the fixed rate method if they meet the basic eligibility conditions.



*check your eligibility today*

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## WHAT PROOF DOES THE ATO NEED THAT I AM WORKING FROM HOME?

To use the fixed rate method, you will need a record of all of the hours you worked from home. **The ATO has warned that it will no longer accept estimates or a sample diary over a four week period.** For example, if you normally work from home on Mondays but one day you have an in-person meeting outside of your home, your diary should show that you did not work from home for at least a portion of that day.

Having said that, the ATO will allow taxpayers to keep a record which is representative of the total number of hours worked from home during the period from 1 July 2022 to 28 February 2023.

There is nothing in the ATO guidance to suggest that claims are limited to standard office hours. That is, if you work from home outside standard office hours or over the weekend, then make sure you keep an accurate record of the hours you are working so that you can maximise your deductions.

You also need to keep a copy of at least one document for each running cost you have incurred during the year which is covered by the fixed rate method. This could include invoices, bills or credit card statements. Where bills are in the name of one member of a household but the cost is shared, each member of the household who contributes to the payment of that expense will be taken to have incurred it. For example, a husband and wife, or flatmates where they jointly contribute to costs.

You need to keep these records for five years so that if the ATO comes calling, you can prove your claim. If this proof is not available at the time, the deduction will be denied. If your work-from-home diary is electronic, ensure you can access this diary over time (such as producing a PDF summary of your calendar clearly showing the dates and times of your work at the end of each financial year).



**BE CAREFUL OF THIS METHOD BECAUSE THE ATO ARE LOOKING CLOSELY TO ENSURE THESE EXPENSES ARE DIRECTLY RELATED TO YOUR INCOME.**

## THE 'ACTUAL' METHOD

Some people might find that the actual method produces a better result if their expenses are higher. As the name suggests, you can claim the actual additional expenses you incur when you work from home (and reduce the claim by any personal use and use by other family members). However, you will need to ensure you have kept records of these expenses and the extent to which the expenses relate to your work.

Using this method, you can claim the work related portion of:

- The decline in value of depreciating assets – for example, home office furniture (desk, chair) and furnishings, phones and computers, laptops or similar devices.
- Electricity and gas (energy expenses) for heating, cooling and lighting.
- Home and mobile phone, data and internet expenses.
- Stationery and computer consumables, such as printer ink and paper.
- Cleaning your dedicated home office.

## I RUN A BUSINESS FROM HOME, WHAT CAN I CLAIM?

Where your home is also your principal place of business and an area is set aside exclusively for business activities, you can potentially claim a deduction for an appropriate portion of occupancy expenses as well as running costs. An example would be a doctor who runs their surgery from home.

The doctor may have one-third of the home set aside as a place of business where they see patients.

It is important to keep in mind that Capital Gains Tax (CGT) might be payable on the eventual sale of the home. While your main residence is normally exempt from CGT, the portion of the home set aside as a place of business will not generally qualify for the main residence exemption for the period it is used for this purpose, although if you are eligible, the small business CGT concessions and general CGT discount may reduce any resulting capital gain.



## END OF THE FBT YEAR FAST APPROACHING

The Fringe Benefits Tax (FBT) year ends on 31 March 2023. If you operate a business, we'll be in contact with you shortly to work out whether or not your business needs to be registered for FBT (if you are not already) and start collecting the information to work out your FBT liability (if any). We'll look at the detail of cars or other business assets used for private purposes, benefits provided to employees, loans, salary sacrifice agreements etc.



## CONGRATULATIONS ITS A BOY!

Congratulations to Phil, Bec and big sister Ruby on the birth of baby **Max William Hall** on the 16th January 2023. What a cutie!

## RECIPE OF THE SEASON



### **GNOCCHI BOLOGNESE BAKE**

It is rich and full of flavour with a molten cheesy topping and made with the simplest ingredients.

#### **INGREDIENTS**

3 tbsp olive oil  
2 onions, finely diced  
2 carrots, finely diced  
1 celery stalk, finely diced  
2 garlic cloves, finely chopped  
500g beef mince  
1.5 tsp salt  
1/2 tsp black pepper  
1 cup white wine (or substitute with 1 cup beef stock)  
1/2 cup full cream milk (see note 1 below)  
2x 400g tins chopped tomatoes  
1/2 cup beef stock  
500g fresh potato gnocchi  
200g fresh mozzarella cheese, sliced thinly  
1/4 cup basil, leaves picked  
1/4 cup parmesan cheese, freshly grated to serve

#### **METHOD**

1. Preheat the oven to 180°C (200°C fan).
2. Heat the olive oil on medium heat in a large, oven proof pan. Add the onions, carrots, celery and garlic. Cook for 5 minutes or until softened.
3. Turn the heat to high, add the beef and cook 2-3 minutes until browned, season with salt and pepper.
4. Add the white wine, cook for 2 minutes until it has mostly evaporated.
5. Add the full cream milk, chopped tomatoes and beef stock. Bring the sauce to the boil before reducing the heat to low so the sauce is simmering gently. Cook uncovered for 30 minutes, adding 1/4 cup of water if the sauce begins to stick to the base of the pan (see note 2 for a slow simmer option).
6. Stir through the gnocchi, top with mozzarella slices and oven bake for 15 minutes or until golden and bubbly.
7. Top with fresh basil and freshly grated parmesan before serving.

**NOTE 1** - Milk adds richness and depth to Bolognaise sauce, helps to tenderise the meat and also helps to remove the acidity from the tomatoes. If you would prefer not to use it, simply omit it from the recipe (no substitute is required).



## THE 'SUPER' WARS

**A consultation paper released by Treasury has sparked a national debate about the role, purpose and access to superannuation ahead of the 2023-24 Federal Budget.**

What is the purpose of superannuation? At first glance, the consultation released by Treasury in February titled Legislating the objective of Superannuation sounds innocuous enough. The consultation seeks to anchor future policies relating to superannuation to a legislated objective:

*The objective of superannuation is to preserve savings to deliver income for a dignified retirement, alongside Government support, in an equitable and sustainable way.*

But what seems self-evident has opened a Pandora's Box of what superannuation is not. If superannuation is to "preserve savings", that is, restricting access to superannuation savings to retirement only, by default it is not a means of accumulating wealth in a concessionally taxed environment. It is not a strategy to manage intergenerational wealth. The definition would also prevent initiatives such as the COVID-19 early access scheme used widely during the pandemic to give those in financial distress access to quick cash (over 3 million people withdrew \$37.8 billion from their superannuation funds). And, it is not a method of purchasing a home sooner.

As an aside, the Treasurer points out that the average super balance in Australia is \$150,000 - taking account of all those with a super balance including new entrants into the workforce. For those 65 and over, the average balance is around \$400,000 across all income brackets.

**The Federal Budget is released on 9 May 2023. Look out for our update with all the relevant news to you, your business and your super.**

**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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