

Byfields Newsletter

June / July 2019

Esperance WA

It's hard to believe that it's nearly 30 June – where has the past year gone??

It's been a year full of surprises, controversy, happiness and sadness – The Liberal-National coalition returned to power with an increased majority, Steve Smith and David Warner returned to the international cricket arena, the West Coast Eagles won the 2018 AFL Grand Final, and we said goodbye to the loveable larrikin, Bob Hawke. What will next year hold?

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National On-Farm Emergency Water Infrastructure Rebate Scheme

The Australian and Western Australian governments are working together to deliver \$4.6 million in national rebates to livestock farmers and pastoralists in rural Western Australia for on-farm water infrastructure.

The National On-Farm Emergency Water Infrastructure Rebate Scheme is available to eligible commercial livestock farmers and pastoralists in rural WA.

About the rebate

The rebate is for 25% up to a maximum of \$25 000 for the purchase of new water infrastructure, delivery and installation to address animal welfare needs and improves resilience to drought.

Eligible items include water storage devices such as tanks and troughs, pipes, fittings and pumps associated with water distribution systems, new bores and the desilting of dams by a contractor.

Rebates can be applied to costs incurred after 30 June 2018, and applications close 30 April 2021 or when the funding allocation is exhausted, whichever occurs first.

What you can claim

Eligible items include water storage devices such as tanks and troughs, pipes, fittings and pumps associated with water distribution systems, the drilling of new stock water bores and the desilting of dams by a contractor.

What you will need

To apply you will need to have the property details and location, lease agreement (if applicable), scanned copies of all paid itemised invoices of water infrastructure, delivery or labour, and scanned photos of completed works.

For further information and to apply for the scheme, visit

<http://water.wa.gov.au/planning-for-the-future/rural-water-support/on-farm-emergency-water-infrastructure-rebate>

Disclaimer: The information contained in this newsletter is provided as a guide to the general public and, whilst the content is believed to be accurate, no liability is accepted for any errors or omissions. Recipients should contact Byfields before acting on any recommendations and cannot place any reliance on such recommendations without this contact.



Don't lose track of your super as new laws take effect

Superannuation fund members should look at their accounts before 1 July when a new law starts that requires funds to report and pay inactive low-balance accounts to the Australian Tax Office (ATO).

This change is in accordance with new Protecting Your Super legislation, which has been designed to ensure that people with multiple accounts are protected from having their total super balance eroded by fees and insurance premiums that are charged by each superannuation provider.

Super providers will be required to identify inactive low-balance accounts as at 30 June and report and pay the unclaimed super money by 31 October 2019.

Where possible, the ATO will proactively consolidate these inactive low-balance accounts into a member's active account, on their behalf. But fund members are encouraged to take control of their own nest eggs and place such sums where it best suits them.

The ATO will locate all accounts that have balances of \$6000 or less and have been inactive for the past 16 months. 'Inactive' means there have been no contributions or changes in investment or insurance options for 16 consecutive months.

Within 28 days of receiving a fund member's money, the ATO will transfer the money to the member's active account – if they have one and if the combined balance will be greater than \$6000. If an active account can't be found, the money will remain with the ATO until it is claimed by the individual.

Also from 1 July, funds must report and pay to the ATO twice a year:

- ◆ unclaimed super of members aged 65 or older, non-member spouses and deceased members
- ◆ unclaimed super of former temporary residents
- ◆ small lost member accounts and insoluble lost member accounts
- ◆ inactive low-balance accounts.

Directors' Increased Liability for Superannuation

The government is getting particularly tough with directors on compliance with the superannuation guarantee system

The Treasury Laws Amended (2018 Measures No. 4) Bill 2018 received Royal Assent on 1 March 2019 and came into effect on 1 April 2019. The Commissioner's enhanced powers under the Bill apply to all outstanding SCG liabilities that became payable from 1 July 2018.

The Bill enhances the Commissioner's powers in two principle ways:

1. Penalties & directions – The Commissioner can now pursue criminal penalties for serious contraventions of employer superannuation guarantee obligations, including potential jail time. Previously the law only allowed the Commissioner to collect financial penalties. The Commissioner now also has the power to direct an employer to undertake a specified course of education.
2. Compliance measures to enhance the director penalty notice (DPN) regime – Previously, the limitation of the DPN regime for unpaid PAYG and SGC debts was that a director could avoid personal liability by taking certain action before the penalty was "locked down".

The opportunity for director penalties to be remitted existed if the PAYG and superannuation liabilities had at least been reported within three months of their due date, even though not paid.

The new law eliminates the three months from due date rule for superannuation reporting only. The superannuation amounts must be reported by their due date (i.e. 28 days after quarter end), and not the former three months from the due date, for the director to have any opportunity to remit the penalty.

The three months from due date rule continues to apply to PAYG.



Trustee Resolutions Need to be Made by 30 June

Why?

A written trustee resolution may be required because the terms of the Trust Deed often specify that the trustee must put in writing the discretion to “pay, apply or set aside” income in a particular year.

Where the trustee is a company, the Corporations Act requires certain decision making to be in writing, including the resolution to distribute income.

In addition, taxpayers have the burden of proof in relation to their tax affairs, especially in the event of a dispute with the ATO. A written record will provide better evidence of the resolution and avoid a later dispute with the ATO as to whether any distribution of income was effectively made by 30 June.

When?

The ATO has issued a Fact Sheet clearly titled “Trustee resolutions must be made no later than 30 June”, which states:

1. Trustee resolutions creating a Trust Entitlement must be made before 30 June;
2. The Trust Deed may specify that resolutions must be made at an earlier date, such as 28 June (last business day of the 2019 financial year);
3. Confirming the previous ATO administrative practice has ceased that allowed resolutions to be made up to two months after year end;
4. If the Trust Deed does not require a resolution to be in writing, then an unwritten decision before 30 June is valid but requires sufficient documentation to discharge the onus of proof;
5. Accounts do not have to be prepared at 30 June and a trustee resolution can prescribe a clear methodology (such as a percentage, fixed amount with or without a balance distribution); and
6. If no beneficiary has a valid Trust Entitlement, the income and gains will be taxable to the trustee at the top marginal rate plus Medicare levy, unless a valid Default beneficiary clause is present in the Deed.

As a result, making time to ensure a considered and effective resolution is made before the end of the year will be critical to ensuring you minimise your 2019 tax position. Please contact our office if you would like to discuss any issues with respect to your 2019 trustee resolutions.

Accessing Your Payment Summary

How you get your end of financial year information from your employer showing your earnings for the year (also known as a payment summary or income statement) depends on how your employer reports your income, tax and super information to the Australian Taxation Office (ATO). You will be provided with either:

- ◆ An income statement – if your employer reports your income, tax and super information to the ATO through Single Touch Payroll (STP) they are no longer required to give you a payment summary, this information will be made available to you through ATO online services via myGov and finalised by 31 July.
- ◆ A payment summary – if your employer is not yet reporting through STP they will continue to provide you with a payment summary by 14 July (as they do now).

Your employer will let you know if they won't be giving you a payment summary this year. You should talk to your employer if you are unsure how they will be providing this information to you.

Through ATO online services via myGov

Your income statement will show your year-to-date salary and wages, the tax that has been withheld and the reported amounts of your employer super.

Your income statement/s will be ready to use in your tax return when your employer marks it as “Tax ready”. They have until 31 July to do this but will often do it earlier. It is important that you don't use any information that is not marked “Tax ready” as your employer may finalise your income statement with different amounts which means you may have to amend your tax return.



The ATO will send a notification to your myGov inbox when all of your income statements are "Tax ready".

If you have not linked the ATO to your myGov account, you have two options:

- ◆ Contact your Byfields accountant who can access the income statement for you.
- ◆ Proceed with linking the ATO to your myGov account.

If you choose to link the ATO to your myGov account all future ATO correspondence will be sent directly to you through your myGov account. Byfields will still receive an electronic copy of this communication and forward it onto you when

required.

How to access your income statement

If your myGov account is set up and linked to ATO online services, you need to:

- ◆ Log in to myGov using your email address or mobile phone number.
- ◆ Select ATO online services.
- ◆ Select Employment and then view my Income statement.

If you can't access your information via myGov, you can contact the ATO on 13 28 61 for a copy of your income statement, or alternatively contact your Byfields accountant.

Minimum Pension Payments

Once a member of a superannuation fund meets a condition of release, they are able to access their retirement benefit, usually through a lump sum, income stream (pension), or both. Most retirees choose to access at least part of their benefit through a pension, providing tax free payments to the member throughout retirement. Any income earned on the assets that support a pension within a superannuation fund are usually exempt from tax, providing the member receiving the benefit has reached 'retirement phase'.

Once a pension is commenced, a minimum annual payment is calculated on the value of the pension account at 1 July each year, multiplied by a percentage factor which is based on the member's age. The percentage factor starts at 4% for members younger than 65, and gradually increases to 14% for members who have reached 95 years. Where a pension is commenced during a financial year, a pro-rated minimum pension is calculated.

Although a simple concept, minimum pension withdrawals can be overlooked, often due to:

- ◆ Not having enough available cash in the superannuation fund
- ◆ Incorrectly processing a payment transaction
- ◆ Simply forgetting
- ◆ Leaving to the very end of the financial year, where the payment falls on a weekend (and doesn't process), or the internet banking system crashes

Failing to meet the minimum pension requirements automatically ceases the relevant pension at 1 July of the financial year. This can cause many unwanted problems, including:

- ◆ The removal of tax exempt status for income on assets that support the pension
- ◆ Increased financial planning fees to commence a new pension
- ◆ An unfavourable increase in the member's Transfer Balance Account
- ◆ Potentially affecting Age Pension and Commonwealth Senior Health Care Card eligibility
- ◆ Causing early release withdrawal issues (for Transition to Retirement Pensions)

With 30 June fast approaching, we encourage all trustees of self-managed superannuation funds to ensure:

- ◆ Total pension payments made during the financial year reach or exceed the minimum pension requirements;
- ◆ There is enough liquid assets within the superannuation fund to pay any last minute pensions;
- ◆ A regular payment is maintained throughout the year for 'set and forget' arrangements; and
- ◆ Any issues with meeting the minimum pensions are discussed with the trustee's accountant or financial planner as soon as possible, to prevent any last minute problems.

What it Means to Eat the Frog

As Mark Twain once said "If it's your job to eat a frog, it's best to do it first thing in the morning. And if it's your job to eat two frogs, it's best to eat the biggest one first."

The frog is that one thing you have on your to-do list that you have absolutely no motivation to do and that you're most likely to procrastinate on. Eating the frog means to just do it, otherwise the frog will eat you meaning that you'll end up procrastinating it the whole day.

How do I spot the frog?

There are always some tasks we would like to tick off of our to-do list as soon as possible and that if accomplished would help us feel better, but are just so unmotivating to do.

We usually wait until the end of the day to tackle them, often realising we do not have any more time to do them today and pushing them on the to-do list for the day after.

In order to get an overview of your tasks, you can divide your to-do list in 4 categories:

- ◆ Things you don't want to do, but actually need to do.
- ◆ Things you want to do and actually need to do.
- ◆ Things you want to do, but actually don't need to do.
- ◆ Things you don't want to do, and actually don't need to do.



The frog is the Things you don't want to do, but actually need to do.

What if I have 2 frogs?

If you have more than one important thing to achieve for the day, simply tackle the biggest first.

Facing the most important and biggest task of the day first thing in the morning means you will tackle it with a clearer mind, probably a quiet office and while your willpower is at its strongest.

Take action

Starting and taking action is key. Just pick your frog and eat it without thinking too much about it. Discipline yourself on working on your task until it's completed.

Build a habit

To be successful at this technique and be more effective with your to-do list, it is very important to develop the habit of tackling your major task first thing each morning.

Plan ahead

Write down the thing you have to do for the day the evening before, prioritize and pick your frog. The morning after you'll simply have to act on it.

Remember, if you manage to eat the frog first thing in the morning every day, you'll end up having a clearer mind and spending more time doing things you actually enjoy doing more.

Key ATO Dates for June & July 2019

JUNE

May monthly activity statements due (payment and lodgement)	21 June
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JULY

PAYG Payment Summaries issued to employees (if not reporting through STP)	14 July
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June monthly activity statements due (payment and lodgement)	21 July
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June quarter activity statements due (payment and lodgement)	28 July
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June quarter PAYG instalment due (payment and lodgement (if varying the instalment amount))	28 July
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June quarter SC charge due	28 July
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For a full list of ATO due dates, go to www.ato.gov.au/Business/Reports-and-returns/Due-dates-for-lodging-and-paying/Due-dates-by-month/.