

Byfields Newsletter

October / November 2019

This newsletter sees us celebrating some important milestones reached by one of our directors and several of our senior professional staff.

Andrew Northcott has been with the firm (based in the Perth office) for 25 years and seen a lot of changes during this time – the Perth office was located in South Perth (near the zoo) with 12 staff including directors (we now have 52 in Perth alone and 86 across the practice!), email was just starting to come into play, and nearly all our work was done manually!!

Nowadays, it's a fast paced digital world. Our four new associates have grown up during this technology boom and cannot fathom how we use to process work back in "the good old days" nor how we managed without mobile phones, Facebook and Twitter.

Congratulations on Years of Service with Byfields

Byfields would like to recognise and congratulate Andrew Northcott, Director (Perth office), on 25 years of continued service with the firm. Born and raised in Albany, Andrew started at Byfields in 1994 and became a partner in July 2003.

Here are a few things you may not know about Andrew:

- ★ What is your motto or personal mantra? Find a way to get something done
- ★ What is your favourite past time or sports? Cricket and Football
- ★ What do you do to relax and unwind? Fishing and spending time with my family
- ★ What is the one thing you can't live without? Family
- ★ Favourite food? Lasagne
- ★ Favourite place to eat? Home
- ★ Favourite book / TV Show? Lincoln Hall Dead Lucky (thank you Neil for the opportunity to meet him)/ Survivor
- ★ Favourite holiday destination? Peaceful Bay (South West WA)
- ★ People would be surprised to know I played a Euphonium, Trombone and Baritone in the high school band (don't let anyone know – I have kept that quiet for 30 years!!)



Congratulations to our New Associates

The directors of Byfields would like to announce that (L to R) Danny Poultney (SMSF team), Scott Smith (Perth farming team), Christopher Tan (audit team) and Eamonn Lanagan (Perth farming team) have been promoted to Associate from 1 July 2019.

Congratulations on your well-deserved promotion and your contributions to Byfields!

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.

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ATO Cracking Down on Work-Related Expenses, Property Deductions & the Sharing Economy



Hundreds of thousands of Aussies are expected to receive “please explain” letters this year amid a dramatic escalation in the Australian Taxation Office’s (ATO) crackdown on the \$8.7 billion “tax gap”.

Dodgy, work-related claims like dry cleaning and car expenses will once again be the most closely scrutinised, along with investment property deductions and earnings from cryptocurrencies and sharing economy platforms like Uber.

It’s important to make sure you don’t claim more than you are entitled to. The ATO uses real-time data to compare taxpayers with others in similar occupations and income brackets, to identify higher-than-expected claims related to expenses including vehicle, travel, internet and mobile phone, and self-education.

Work Expenses

To claim work-related expenses, keep in mind these four points:

1. You must have spent the money yourself.
2. You were not reimbursed for the money spent.
3. The expense must be directly related to earning your income.
4. You must have a record to prove it.

Work expenses reimbursed to you by your employer are not deductible in your personal income tax return. The ATO can seek information from your employer if it suspects you have claimed as a deduction an expense

for which you have already been reimbursed.

Work Expenses to Watch

1. Trips between home and work. Generally, you can’t claim a deduction for these because they’re considered private travel.
2. Car expenses for transporting bulky tools or equipment, unless:
 - ◇ you need to use your bulky tools to do your job
 - ◇ your employer requires you to transport this equipment
 - ◇ there is no secure area to store the equipment at work.
3. Car expenses that have been salary sacrificed.
4. Motor vehicle claims where taxpayers take advantage of the 68-cent-per-kilometre flat rate available for journeys up to 5000km. The ATO is concerned too many taxpayers are automatically claiming the 5000km limit regardless of the actual amount of travel.
5. Meal expenses for travel, unless you were required to work away from home overnight.
6. Private travel, so if you take a work trip that includes personal travel you can only claim the work-related portion.
7. Everyday clothes you bought to wear to work (e.g. a suit), even if your employer requires you to wear them.
8. A flat rate for cleaning eligible work clothes without being able to show how you calculated the

cost. The ATO has flagged it will be checking taxpayers who take advantage of the exemption from keeping receipts for people who spend less than \$150 on laundry expenses.

9. Higher education contributions charged through the HELP scheme.
10. Self-education expenses when the study doesn't have a direct connection to your current employment – your future or dream jobs don't count.
11. Private use of phone or internet expenses – only the work-related portion counts.
12. Deductions for home office use, including claiming for "occupation" costs like rent, rates and mortgage interest, which are not allowable unless you're actually running a business from home.
13. Incorrectly claiming deductions under the rule that allows taxpayers who have incurred work-related expenses of \$300 or less in total to make a claim without receipts. The ATO believes some taxpayers are claiming this — or an amount just under \$300 — without actually incurring the expenses at all.
14. Union fees and subscriptions.

Property Deductions

The ATO has announced it will be paying close attention to excessive interest expense claims, such as where property owners have tried to claim borrowing costs on the family home as well as their rental property.

It will also be looking at the incorrect apportionment of rental income and expenses between owners, such as where deductions on a jointly owned property are claimed by the owner with the higher taxable income rather than jointly.

It will be looking at holiday homes that are not genuinely available for rent. Rental property owners should only claim for the periods the property is rented out or is genuinely available for rent. Periods of personal use can't be claimed. This is particularly important for holiday homes where the ATO regularly finds evidence of homeowners claiming deductions for their holiday pad on the grounds it is being rented out when in reality the only people using it are the owners, their family and friends, often rent-free.

It will be keeping a close eye on incorrect claims for newly purchased rental properties. The costs to repair damage and defects existing at the time of purchase or the costs of renovation cannot be claimed immediately. These costs are deductible instead over a number of years. Expect to see the ATO checking such claims and pushing back against claims that don't stack up.

Sharing Economy

The ATO will also be looking closely at those working in the shared economy to ensure income and expenses are correctly reported.

Examples include transporting passengers for a fare (Uber), renting out parking spaces, providing skilled services such as web or trade services (Airtasker), supplying equipment or tools, completing odd jobs, errands or deliveries, or renting out equipment such as tools, musical instruments or sports equipment.

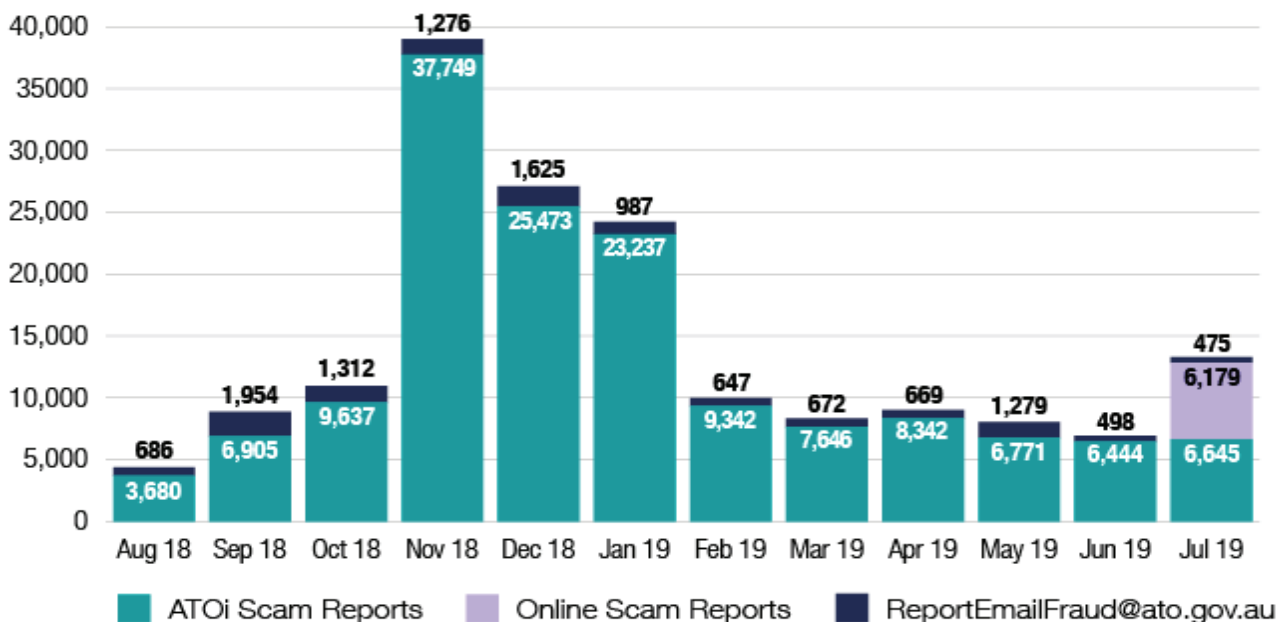
Renting out a room or house for accommodation is a big one. Airbnb hosts are the obvious example. The ATO is believed to be particularly concerned about taxpayers claiming the full CGT main residence exemption when part of their main residence has been rented out through Airbnb — the law prevents a full CGT exemption where part of a main residence has been used to earn income.



July 2019 ATO Impersonation Scam Report

In the July 2019 ATO impersonation scam report:

- ◇ 6,645 phone scam reports were officially recorded – a small increase of 200 from June
- ◇ 6,179 online scam reports were received in the first month of our online reporting form going live
- ◇ 465 phishing scam emails were reported to reportemailfraud@ato.gov.au
- ◇ \$197,057 was reported as being paid to scammers – a 43% increase from June
 - » Google Play reported the highest total paid to scammers averaging \$5,740 per payment compared to iTunes which averaged \$3,160
 - » the 25–34 demographic paid the highest amount to scammers this month, mostly by iTunes and Google Play
- ◇ 520 clients provided scammers with their personal identifying information (PII) including date of birth, tax file number (TFN), driver's licence number and notice of assessment details
 - » this type of information is valuable to scammers, who use it together with your name and address to potentially compromise your identity.



What the ATO is Doing

You can now report an ATO impersonation scam to the ATO on their website. The new online report a scam form is now live, with July being the first full month of reporting.

Figures indicate that the new online option has been well received within the community, with over 6,100 reports submitted during the month of July.

The online form is another way to report a scam, only if:

- ◇ you have not paid the scammer
- ◇ you have not provided PII to the scammer
- ◇ you have not been contacted by email or SMS.

The ATO is still offering their 1800 008 540 scam reporting hotline number as a way to verify the legitimacy of an ATO interaction. Victims who have paid or provided personal identifying information to scammers should report by phoning the hotline.

Protecting Your Information

We all need to protect our information from identity thieves.

Identity thieves can use stolen identities and other personal information to:

- ◇ access your bank account and shop using your credit card
- ◇ access your myGov account
- ◇ steal your superannuation
- ◇ apply for a government benefit
- ◇ sell your house
- ◇ create fake businesses and commit refund fraud in your name
- ◇ take over your business and submit adjustments for BAS that you have lodged before
- ◇ take over existing AUSkeys or create new AUSkeys in your name and commit fraud
- ◇ sell your identity to organised crime groups on the dark web or via other means.

Thieves only need some basic details such as name, date of birth, address, myGov details, or tax file number (TFN) to commit identity crime.

If criminals steal your identity, it can take a long time to fix. It may be difficult for you to get a job, a loan, rent a house, or apply for government services or benefits.

If you suspect your TFN or ABN has been stolen, misused or compromised, phone the ATO as soon as possible on 1800 467 033 between 8.00am and 6.00pm Monday–Friday so they can investigate and place additional protective measures on your account.



Byfields Technology Corner - Part 2

In this edition of the Tech Corner we look at some Excel date formulas. Whilst this is not a comprehensive list they are some that you might find useful particularly if you have employees.

Let's begin!

In Part 1 we learnt that <ctrl> + ; is a quick short cut to enter the current date into a cell. However, using the formula

=TODAY()

will dynamically insert the current date so no matter when the spreadsheet is opened, the date is always correct.

In the following example let's look at some employment details for an employee. We know some basic information like today's date, date of birth and employment start date.

	A	B	C	D	E
1	Today's date	=TODAY()		End of Month	31/08/2019
2	Date of Birth	25/01/1987			
3	Employment Start Date	1/07/2018			

We want to know how many days has the employee been with for us. For this we can use the DATEDIF function as shown below. In cell B4 we type the following formula:

=DATEDIF(B3,B1,"D")

In the formula B3 is the start date, B2 is the current date and "D" is the number of days. We can also substitute "D" for "M" to show months or "Y" to show years instead. In this example the answer is 425.

	A	B	C	D	E
1	Today's date	=TODAY()		End of Month	31/08/2019
2	Date of Birth	25/01/1987			
3	Employment Start Date	1/07/2018			
4	Days employed	425			

However, of the 425 days how many were actual work days, assuming a typical working week? For this we can use the NETWORKDAYS function in cell B6 as shown below:

=NETWORKDAYS(B3,B1)

	A	B	C	D	E
1	Today's date	=TODAY()		End of Month	31/08/2019
2	Date of Birth	25/01/1987			
3	Employment Start Date	1/07/2018			
4	Days employed	425			
5					
6	Total Working Days	305			

We now get 305 days of work. But we still have a problem as there were a number of public holidays during this period that the employee didn't work so let's remove those. In the table below we've created a list of public holiday dates (F2:F10) and ranged named it accordingly as "PublicHolidays". [Stay tuned to our next instalment for a detailed look at range names]. In cell B8 we type:

=NETWORKDAYS(B3,B1,PublicHolidays)

	A	B	C	D	E	F
1	Today's date	=TODAY()		End of Month		Public Holidays
2	Date of Birth	25/01/1987				24/09/2018
3	Employment Start Date	1/07/2018				25/12/2018
4	Days employed	425				26/12/2018
5						1/01/2019
6	Total Working days	305				28/01/2019
7						19/04/2019
8	Total Working Days Less Holidays	296				22/04/2019
9						25/04/2019
10	Total remaining work days					03/06/2019

So actual work days during the period was 296.

As a final example let's combine the functions above to work out how many work days there are till the end of the month from today. In cell B10 we enter the formula:

=NETWORKDAYS(TODAY(),E1)

We hope you found these functions useful but they are by no means comprehensive.

Homework!

We'll leave you with a quick exercise – see if you can work out the employee's age based on today's date. Good luck!



myGovID & RAM – An Alternative to AUSKey

myGovID is the Australian Government's digital identity provider which aims to transform the way Australians interact with Government. Once set up, it's like having 100 points of ID available on your phone. This will make it faster and easier to prove who you are when accessing government online services.

Your myGovID is unique to you and can be used for both your personal and business matters. myGovID puts you in control of your personal information.

Using the security features in your smart device, such as fingerprint or face, myGovID helps protect your identity and stop fraud.

You can now download the myGovID app from the App Store (Android coming soon). Then use your myGovID to unlock selected government online services, such as the Business Portal. Future enhancements to myGovID mean that people will be able to apply for a tax file number (TFN) entirely online.

Also available is the new authorisation service, called Relationship Authorisation Manager (RAM). This service allows you to set up and manage relationships and authorisations across government online services e.g. RAM lets you manage who can act on behalf of your business online.

Replacing AUSKey

Together, myGovID and RAM will replace AUSKey (including Manage ABN connections) in March 2020. Until that time AUSKey will continue to be supported by the ATO while you move to myGovID and RAM. myGovID and RAM give you a new, simple and secure way to use government online services.

Currently eligible business can access the Business Portal using myGovID and RAM. These new digital services will continue to be improved and refined based on feedback before becoming available to all Australians.

Be one of the first to try myGovID and RAM to access the Business Portal, check if you meet the eligibility criteria.

For more information, visit www.mygovid.gov.au/.

Key ATO Dates for October & November 2019

OCTOBER

September monthly activity statements (payment and lodgement)	21 October
Annual PAYG instalment notice (payment and lodgement)	21 October
September quarter activity statements (payment and lodgement)	28 October
September quarter PAYG instalment (payment and lodgement (if varying the instalment amount))	28 October
September quarter super guarantee contributions	28 October
Annual GST return or Annual GST information report – lodgement and payment (if required)	28 October

NOVEMBER

September quarter activity statements lodged electronically - final date for lodgement and payment	11 November
October monthly activity statements due (payment and lodgement)	21 November

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/.