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Christmas Newsletter 2020

Dear Clients,

The staff of Trevor Wolff & Associates wish to extend to you a happy and healthy Christmas shared with loved ones, family & friends and a prosperous 2021.

Please note that our office will be closed from 4pm on Wednesday 23 December 2020 until 8.30am Monday 18 January 2021.

News from the Office
This year Rain has joined our team.

Rain is an accountant with a wealth of accounting experience and knowledge.

APHORI SMS
Money will buy a fine dog but only kindness will make him wag his tail.

If you don't have a sense of humour you probably don't have any sense at all.

A good time to keep your mouth shut is when you're in deep water.

Christmas Parties
Each year at this time, employers wish to reward their employees with gifts and a Christmas Party.

The cost of most entertainment – including Christmas parties is not Tax Deductible.

I know that at this time of year I like to give something back to my staff for their commitment over the working year, at the same time I would like to be able to claim a tax deduction for my outlay.

I have discussed this with the staff as to how to come up with a solution where both management and staff are happy and there is a win win process. We thought about me giving my staff a raise of \$2.40 per week which they would put the \$2 into a social club and the 40 cents would go towards the tax on the increase in pay. And at the end of the year, the social club would arrange the Christmas festivities. I would not be out of pocket for the Christmas party as the increase in wages is tax deductible to me and the staff are no worse off than they were before the increase in wages.

Of course, each staff member would have to become a member of the social club. The social club would also have a set of rules to protect the members.

Another idea put to me is: that I provide a bonus to the staff for approximately their share of the Christmas Party costs plus tax on the bonus and with all staff in agreement, they could then in essence pay for the cost of the Christmas party. All worthwhile thinking about.

Christmas Gifts
Christmas gifts may be tax deductible if they are a minor fringe benefit, that is that they are non-entertainment gifts (entertainment gifts are tickets to shows, dinners etc) and that the year's value to each employee is less than \$300. It is unreasonable to treat the gift as a fringe benefit.

Scams
There have been numerous scams since the outbreak of COVID-19. Common scams including phishing for personal information, online shopping and superannuation scams.

Tips to protect yourself from these types of scams:
-Don't click on hyperlinks in text/social media messages or emails, even if it appears to come from a trusted source.
-Go directly to the website through your browser. For example, to reach the MyGov website type "my.gov.au" into your browser yourself.
-Never respond to unsolicited messages and calls that ask for personal or financial details, even if they claim to be from a reputable organisation or government authority – just press delete or hang up.

Jobkeeper Extension
The Jobkeeper Payment Scheme has been extended from 28 September 2020 until 28 March 2021. There are two separate extension periods. For each extension period, an additional actual decline in turnover test applies and the rate of the payment is different.

JobSeeker Supplement Extended
The government announced that the temporary Coronavirus Supplement will be extended until 31 March 2021 but the payment rate will be reduced from \$250 to \$150 per fortnight from 1 January 2021.

Covid-19 Early Release of Super
If you have been adversely affected by COVID-19, you may be able to access some of your superannuation early. You may be able to receive money before Christmas 2020 if you submit an application before 11 December 2020. You will not need to pay tax on amounts released under COVID-19 early release of super and will not need to include these amounts in your tax return. You can apply once in the 2020-2021 financial year to access up to \$10,000 of your super. Applications close on 31 December 2020.

Time for a smile ☺

When I got to work this morning, my boss stormed up to me and said – you missed work yesterday, didn't you? I said – no, not particularly.

How many programmers does it take to change a light bulb? None, it's a hardware problem.

Why did the developer go broke? Because he used up all his cache.

Knock Knock. Who's there? Aida. Aida who? Aida a sandwich for lunch today.

Knock Knock. Who's there? Hawaii. Hawaii who? I'm fine – Hawaii you?

New Personal Income Tax Rates

In October 2020, the government brought forward and have retrospectively started the new personal income tax rates from 1 July 2020 instead of 1 July 2022. Every taxpayer will pay less than 2020 financial year if nothing changes in their situations. You may have already found your tax withheld amount has decreased and you have received more in your take home pay than before.

Low & Middle Income Tax Offset

Under the previous legislation, the low and middle income tax offset was to be repealed when the relevant threshold changes came into effect and the LITO was increased, but the government plans to keep this tax offset for one more year and remove it from 2021-22 income year and later years.

There are no changes to the amount of LMITO or the eligibility thresholds.

As a non-refundable offset, any unused low and middle income tax offset cannot be refunded. The low and middle income tax offset will directly reduce the amount of tax payable but does not reduce the Medicare Levy. If not all of the offset is used to reduce the tax payable, there is no refund of any unused portion.

New Low Income Tax Offset (LITO)

The LITO maximum amount has been increased from \$455 to \$700 per year for the 2020-21 income year and future years.

As a non-refundable offset, any unused low income tax offset cannot be refunded. The low income tax offset will directly reduce the amount of tax payable but does not reduce the Medicare Levy. If not all of the offset is used to reduce the tax payable, there is no refund of the unused portion.

New Deductible Items during COVID-19

Some new deductible items came up during COVID-19 and are only deductible during this period, such as hand sanitisers, health protective items, including masks, safety glasses and special protective clothing which are used for your work and prevent you from getting infected with COVID-19.

These items are probably only tax deductible during COVID-19 and will be removed later.

Home Office Expenses

A new method called the Shortcut Method has been introduced in 2020 to calculate home office expenses during COVID-19. Using this method you can claim 80 cents per hour for each hour you work from home. This method is temporary and can only be used to work out your work from home deduction between 1 March to 30 June 2020 and 1 July to 31 December 2020.

The 80 cents per hour is higher than the 52 cents per hour fixed rate method, but there are some restrictions when using this shortcut method. If you use this method, you cannot claim any other expenses for working from home, such as phone, internet, the decline in value of equipment and furniture, electricity and gas for heating, cooling and lighting.

When completing your tax return, we will compare the above 2 methods with your circumstances to give you the best tax deduction.

Donations

Many people made donations during the 2019-2020 bushfires and COVID-19, but don't forget donations to Deductible Gift Recipients (DGR) are deductible. Let yourself be rewarded for your warmhearted behavior. You can use the ABN lookup tool to find if a charity is a DGR.

BAS payers: Please note that your next BAS has to be lodged by 28 February. The Tax Office will not allow any extensions after this date and may apply Late Lodgement Penalties. Please get your information into us early.

Lodgement reminder: For those of you who have not yet lodged your 2019 Tax Returns, we remind you that the due date for lodgement is 15 May 2021. Call the office on 3396 1025 for an appointment after Monday 18th January or email or post your information to us.

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Unusual Facts

Australia is the only continent without an active volcano.

Australia has three times more sheep than people.

An Australian man once tried to sell New Zealand on eBay.

Sneezes regularly exceed 100mph, while coughs clock in at about 60mph.

Relax, recharge and enjoy your Christmas Break.

We would like to take this opportunity of thanking all established clients for your continued support of our business – it is very much appreciated and acknowledged. After all, without you we would not have a business. For those new clients that have joined us during the year, we thank you for choosing our firm as your professional partner in business and we hope that we have met or indeed exceeded your expectations. We also would like to thank those of you who referred new clients to our company, such referrals are always greatly appreciated and your faith in us is fully recognised and appreciated by all of us here. We look forward to working with you all again next year.

We are on Facebook – please like our page.

Thank you again for choosing Trevor Wolff & Associates

