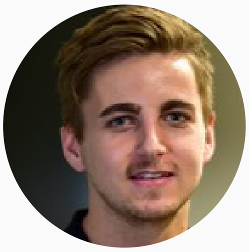
Welcome to the Spring Edition of Moggs Accounting + Advisory Newsletter.

The beautiful Spring weather has arrived. Spring is the time we feel re-energised and it is a good time to renew plans, start a new Project and let's not forget to Spring Clean!

Ben Zito - Senior Accountant



1- How long have you worked at Moggs Accounting?

I started at Moggs in August 2016 undertaking a Bachelor of Business Accounting at Latrobe University, where I graduated in 2019... so 7 Years.

2- What are you looking forward to the most with your new position as Senior Accountant in the Albury Office?

Added responsibilities and a change of thinking.

3- What advice would you give to those looking to becoming an accountant?

Best advice I could give is to stick to it, some days are repetitive, some days are tedious. You've got to start somewhere and being loyal can provide you with opportunities.

4- What are your goals as an accountant over the next 5 years?

Over the next 5 years I would like to develop relationships where clients get added value from the services we provide. And to succeed in my new job role.

5- What is the best advice you have ever been given or would have given to your younger self?

The best advice I would give to my younger self is that life is full of ups and downs, ride the wave and you will eventually come out on top. You cannot satisfy everyone's needs so just do what makes you happy.

6.- What is your favourite Colour?

Blue

7- If you could interview one person (Dead or alive) who would it be? and why?

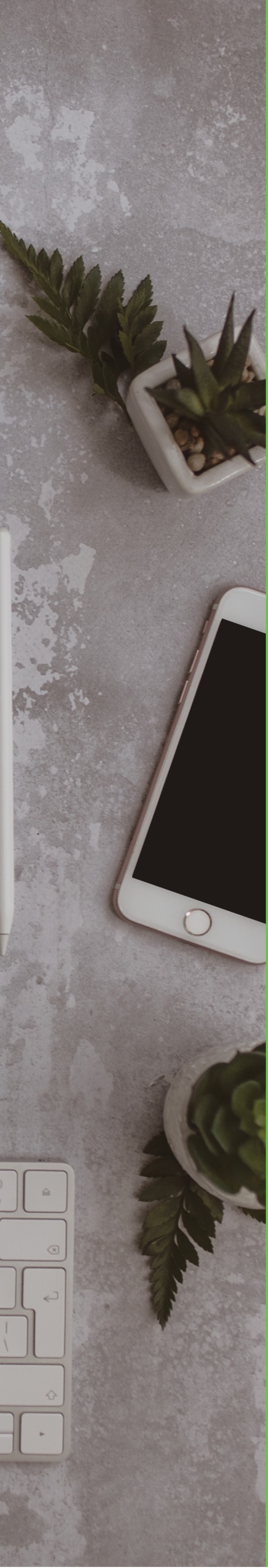
Chris Judd or Patrick Cripps - surrounding the ideas of how they have become such professionals on and off the field.

HELLO spring

This issue:

"It always seems impossible until it's done."

Nelson Mandela



Why is my tax refund so small?

The tax refund many Australians expect has dramatically reduced. We show you why.

There is a psychology to tax refunds that successive Governments have been reticent to tamper with. As a nation, Australia relies heavily on personal and corporate income tax, with personal income tax including taxes on capital gains representing 40% of revenue compared to the OECD average of 24%. And, for the amount we pay, we expect a reward.

The reward is in the form of tax deductions that reduce the amount of net income that is assessed for tax purposes and tax offsets that reduce the tax payable, generating a refund for some. And, refunds have a positive impact on tax compliance.

As part of the previous Government's efforts to flatten out the progressive individual income tax system, a time-limited low and middle income tax offset was introduced. The lifespan of the offset was extended twice, partly as a stimulus measure in response to COVID-19.

The offset delivered up to $1,080 from 2018-19 to 2020-21, and up to $1,500 in 2021-22 for those earning up to $126,000. This was a significant boost for many people each tax time and bolstered the tax returns of millions of Australians. For many, the end of this offset has meant that their tax refund has reduced dramatically compared to previous years.

Do we pay more tax than other nations?

It depends on how you look at the statistics. Australia relies heavily on income tax, collecting 40% of tax revenue from personal income. That makes Australia the fourth highest taxing nation for personal tax in the OECD – but we were second highest in 2019 if that makes you feel better.

But, if you are looking at take home pay there is a separate measure for that. The Employee tax on labour income looks at our take home pay once tax is taken out and benefits have been added back in. This shows that the take home pay of an average single worker is 77% of their gross wage compared to the OCED average of 75.4%.

For the average worker with a family (one married earner with 2 children), once tax and family benefits are taken into account, the Australian take home pay average is 84.1% compared to the OECD average of 85.9%.

All of this means that Australia is a high taxing nation but returns much of that in the form of means tested benefits.

IS A SECOND JOB WORTH IT?

In an Uber the other day, the driver revealed that he had become a driver to pay for his second mortgage. He invested in property but with interest rates spiking, the only way he could hold onto the property was to earn additional income. His "day job" starts early and ends at 3pm at which time he heads off to start driving.

He is not alone. The latest stats from the Australian Bureau of Statistics reveal that the number of workers holding multiple jobs has increased by 2.1% since December 2022 – in total, Australia has 947,300 people holding multiple jobs or 6.6% of the working population.

The reason why people take on second jobs is varied. For some, it is to manage increasing costs, for others it is to start up a new venture but with the security of a regular income stream from their primary occupation.

From a tax perspective, Australia has a progressive income tax system – the more you earn the more tax you pay, and access to social benefits tapers off. It's important when looking at a second job to understand your overall position – how much you are likely to earn, your costs of generating income, and what this income level will mean.

The super guarantee charge

With Single touch payroll implementation, the ATO have significantly increased their audit activity in regards to paying your employees super obligations in full & on time. We have had several clients liable for Super Guarantee charge, not because they didn't pay the super but because they paid it late.

If you don't pay an employee's super guarantee (SG) amount in full, on time and to the right fund, you must pay the super guarantee charge (SGC). You must also lodge an SGC statement to the ATO.

The SGC is more than the super you would have otherwise paid to the employee's fund and is not tax deductible.

Working out the SGC
The SGC includes, as well as any shortfall super paid

1. **nominal interest of 10% per annum (accrues from the start of the relevant quarter), that the super is either not paid or paid late.**
2. **an administration fee of $20 per employee, per quarter.**

By ignoring your non-compliance with super obligations, the issue will not go away.

If you have not met your superannuation obligations by paying the correct amount or not paying on time, please contact our office for advice on how to rectify the situation.

Work test changed for voluntary super contributions to help older Australians

Since 1 July 2022, retirees aged 67 to 74 are no longer required to meet the work test when making or receiving non-concessional or salary sacrificed superannuation contributions. However, the work test still applies for those between 67 and 75 years of age, if you wish to claim a tax deduction on personal contributions.

The repealing of the work test for voluntary contributions, is aimed at giving older Australians, including self-funded retirees, greater flexibility to contribute to their superannuation. The superannuation fact sheet, issued by the government, notes that retirees aged 70 today potentially had 20 years or more in the workforce before compulsory superannuation was introduced in 1992. That is why the Government has amended the work test rules to allow retirees who have not had the benefits of compulsory superannuation throughout their working lives to get more out of the superannuation system.

What is the work test?

Applicable once you turn 67 years old until you turn 75 years old, the work test means you must have worked at least 40 hours within 30 consecutive days in a financial year before your super fund can accept any voluntary contributions for you.

By removing the work test completely for voluntary contributions, it means that from 1 July 2022, if you are aged 67 to 74 you will no longer be required to meet the work test when making, or receiving, non-concessional superannuation contributions or salary sacrificed contributions.
You will also be able to access the non-concessional bring forward arrangement, subject to meeting the relevant eligibility criteria.

The existing $1.9 million cap on lifetime superannuation contributions will continue to apply. The annual concessional and non-concessional caps will also continue to apply.

Contribution caps

As with regular voluntary contributions to your super prior to turning 67, contribution caps still apply to your payments. These are the maximum amounts you can voluntarily contribute in order to gain the tax concession. In 2022/23, they are:

·Before tax contributions cap: $27,500
·After tax contributions cap: $110,000

Terms of Engagement

We have recently introduced a new system for preparing our Terms of Engagements.

Many of you will have received your 2024 Financial year Terms of Engagement via email or paper. We are trying to make the annual processes easier for you and reduce the amount of paper we are sending out. It is a requirement of the CPA Professional Standards that we provide clients with a Terms of Engagement before we commence any work.

If you do not want your Terms of Engagement via email, we can easily print it for you and still send as we have previously. Just give us a call and we will organise this.

Office Closures

Our Cobram and Shepparton Offices will be closed on:

- **Friday 29th September for the Friday before Grand Final Public Holiday and**
- **Tuesday 7th November for the Melbourne Cup**