# Welcome to our June 2024 Newsletter

*"The colour of springtime is in the flowers; the colour of winter is in the imagination."*

## Meet Liz

**1- How long have you worked at Moggs Accounting + Advisory?**
I have worked at Moggs Accounting + Advisory in the Audit Division for 7 years in June

**2- What did you do before working in Audit?**
Pre Moggs Accounting + Advisory - I have worked as a contract SMSF Auditor, worked at Bega Cheese, NVIRP (GMW), Pinnacle Accounting Griffith and Ernst & Young Melbourne.

**3- How did you get into Auditing?**
When I was studying at Melbourne Uni all the large accounting firms and big industry firms would conduct onsite interviews for pools of graduates and then allocate within the business. I was recruited to Ernst & Young and was allocated to the Manufacturing Retail and Distribution Audit Group and from there began a long affiliation with Audit.

**4- How would you define Audit?**
Audit is a mechanism to give assurance to the users of financial information that data being presented is materially correct and that any change in the information would not change the decision making of users of that information.

**5- What is your favourite part of your role? and why?**
Audit has always been a passion of mine, even with time in the corporate scene it still remains my interest. It is the best way to get to know about a variety of industries, how they work, what their challenges are, what opportunities they have. This gives me the opportunity to meet so many people beyond my own profession, who are skilled in their own area of expertise or alternatively very inspiring because of the passion that they hold for their industry. This includes people who are involved in not for profit organisations who give their time for no reward but the satisfaction of giving back.

**6- What motivates you?**
I love to teach people about audit. I think that audit is a fabulous way to learn about the workings of a business. I would love to think that there is someone in the industry or a person that has a better understanding of audit or develops an interest in auditing because I encouraged them or helped them in some way.

**7 - What are your favourite things to do outside of work?**
I have three primary school aged boys and anything that enables us to do things as a family. We love to go camping and exploring new places. I am also involved in the boys school Fete each year and have been in the Toy Library for over 10 Years. We think its important to teach the boys the importance of giving back.

## This issue:



# Employee Superannuation Contributions

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

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

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

**Working out SGC**

The SGC includes, as well as any shortfall superannuation paid:

1- nominal interest of 10% per annum (accrues from the start of the relevant quarter), 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 superannuation obligations, the issue will not go away.

If you use a clearing house it is also important that you are aware of their processing times to ensure the funds are paid to your employee's superannuation fund before the cut off date. We recommend that you pay your superannuation when completing the last pay run for that period, this will ensure it is paid on time and does not get forgotten.

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.

## Government warns of 'malicious' MyGov Scammers

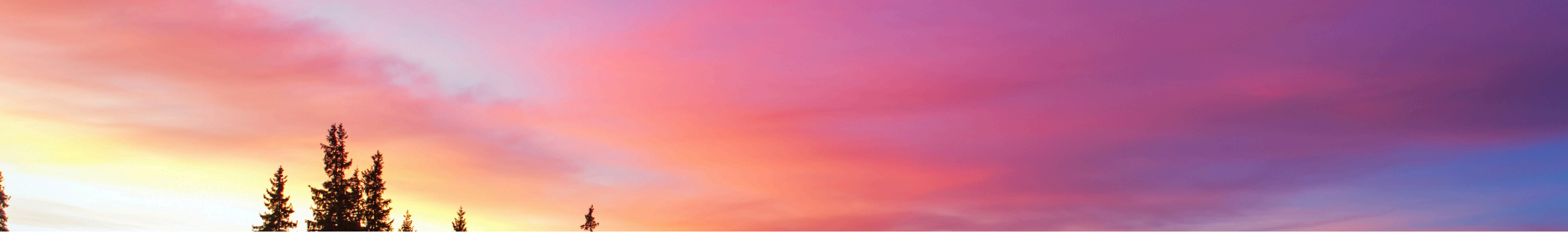
The Government has urged Australians to be vigilant regarding scammers who target ATO log-in details to commit tax fraud.

The ATO has received a large number of reports of scammers using fake MyGov sites to steal MyGov sign-in details that can be used to commit tax and refund fraud in other people's names.

These criminals will often use text message or email to lure people into clicking a link, using phrases such as 'You are due to receive an ATO Direct refund' or 'You have a new message in your MyGov inbox — click here to view.'

The Government says the ATO or MyGov will never send an email or text message with a link to sign in to MyGov, and that it is "Working hard to protect Australians from scammers and early signs show this plan is working."

Earlier this month, the Assistant Treasurer released the second quarterly National Anti-Scam Centre report, which found scam losses reported to Scam Watch reduced by 43% from the same quarter in 2022, and 26% from the July to September 2023 quarter. Last year, the ATO introduced new fraud controls to help protect Australians from online identity theft, including the use of MyGovID to strengthen security during the sign-in processes on MyGov accounts, making it more difficult for criminals to gain access.



# 2024 Tax Planning Tips

**We would like to highlight some end of year tax planning opportunities that exist and need to be considered**

**1. Trust complexities continue to evolve**
The ATO have now issued their final ruling on Section 100A which confirms their view that it has a much broader application than was previously understood. This can result in distributions to low-income beneficiaries being disregarded for tax purposes, where it was never intended that they would receive the funds. The updated guidance on professional firm profit allocations is also applicable again for the 2024 financial year. This means professional practitioners may be subject to ATO scrutiny where they do not meet certain benchmarks regarding average tax rates.

**2. Temporary Full Expensing has ended on 30 June 2023**
If you are a small business entity with aggregated turnover below $10 million, a less generous instant asset write-off will apply from 1 July 2023 for assets costing up to $20,000. (Net of any Applicable GST)

**3. Coalition small business measure**
The small business incentive announced in the May 2022 Coalition budget will apply for the 2024 financial year.
The Small Business Skills and Training Boost provides an additional 20% deduction for expenditure on eligible external training courses to 30 June 2024. This measure applies to businesses with aggregated turnover below $50 million.

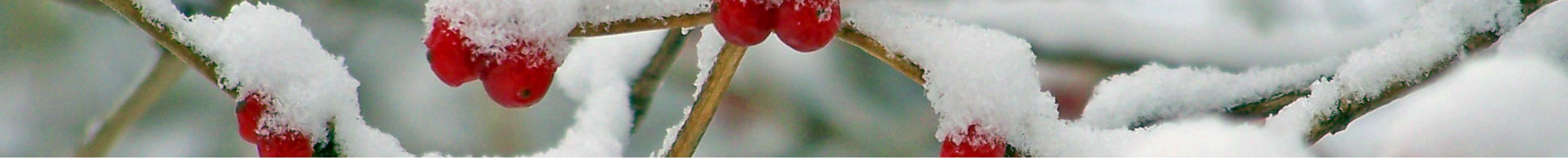
**4. Capital Gains**
Defer triggering capital gains until after the end of the financial year. Capital gains on the sale of assets generally arise on the contract date, rather than settlement date.
Defer the sale of assets until 12 month holding period is met to access the general 50% discount.
Realise capital losses on shares (especially where capital gains exist in the same income year), if it is unlikely that the market value will recover. (If you intend to immediately reacquire the shares you may attract the general anti-avoidance provisions.)
Where a business is involved, consider the small business capital gains tax exemptions, and obtain advice if necessary.
Consider if any capital gains tax rollovers are available, such as scrip for scrip rollover relief on the disposal of shares in exchange for shares in another company.

**5. Sales**
Defer sales contracts until after the end of the financial year, where it is possible and reasonable to do so.
Where timing of sales income is based on issuing invoices, consider issuing invoices after the end of the financial year (noting that the other party may miss out on a tax deduction).
Capitalise income received in advance and recognise over the life of the agreement, where certain requirements are met.

**6. Averaging Income**
Where income for this income year is higher than average, consider income averaging. Applicable to all farmers, sportsmen and artists.

**7. Personal Services Income**
If receiving Personal Services Income (PSI), consider whether the Personal Services Business (PSB) rules are satisfied to be treated as a business rather than as an employee for tax purposes, where the PSI rules apply.

**8. Distributions**
Ensure family trust distributions are only made to beneficiaries where shareholders on low marginal tax rates can benefit from a refund of franking credits.
Consider recent ATO guidance on distributions to adult children when planning trust distributions, in the family group of the specified individual.



**9. FX Gains / Losses**
Consider the tax consequences of disposing of foreign currency or repaying foreign currency denominated loans and realising foreign exchange gains/losses prior to the end of the income year.

**10. Depreciation / Immediate Write-Offs / Building Write offs**
Ensure new assets are installed ready for use by 30 June 2024 to take advantage of the $20,000 instant asset write off.
Review depreciation rates to ensure they are still adequate and reflective of the useful life of the assets.
Identify obsolete items in the depreciation schedule that can be scrapped/written off. Obtain a quantity surveyors report to maximise building write-offs and farm improvements.
Again we need to consider small business pooling -v- effective life depreciation for small business taxpayers (Turnover < $10M)

**11. Tax Losses**
Where there are carried forward losses in a company or trust, consider if the relevant loss provisions are satisfied to utilise the losses to offset taxable income.
Changes in more than 50% of the underlying ownership may cause the more onerous same business test to apply.
For individuals carrying on a business with losses, consider whether the non-commercial loss rules apply to prevent offsetting small business losses against other income.

**12. Prepayments**
Small and medium business entities and non-business individuals are entitled to claim the full amount of the prepayment in the year in which the payment is incurred, provided the service is completed within 12 months.
Prepaid wages are excluded from the prepayments rules and are only deductible in the year in which the expense is incurred.

**13. Superannuation**
Ensure all employee superannuation contributions are paid by 30 June (and actually banked into the superfund's bank account). If not, the deduction is not allowable until the following income year. You may be entitled for a deduction for personal superannuation contributions paid from after-tax income. The concessional contributions cap for the 2024 income year is $27,500, which includes your employer contributions. On the 1st July 2024 this will increase to $30,000.
Be aware that concessional superannuation contributions may be subject to an additional 15% tax if your total adjusted taxable income is over $250,000.
Consider the availability of the government's superannuation co-contribution. The government will provide up to $500 for a $1,000 contribution made by a low-income individual if they receive employment or business income and earn less than $43,445 per year (the government stops making co-contributions at $58,445).

**14. Farm Management Deposits ("FMD")**
Individuals receiving primary production income can deposit income into an FMD and receive a deduction for the full amount deposited, however the income is assessable on withdrawal.

**15. Division 7A Deemed Dividend Provisions**
Directors and shareholders with loans owing to companies should consider the option of paying a dividend to clear the loan at year end or entering into a loan arrangement.
In relation to any existing Division 7A loans to companies, taxpayers should ensure that minimum yearly repayments are made prior to the end of the financial year.
In relation to any existing sub-trust arrangements, taxpayers should ensure that the accrued interest has been paid by the trust tax return lodgement date.

**16. Trusts**
Annual income distributions are required to be resolved by the trustee before the end of the financial year.
Trustees should ensure they are fulfilling their trustee fiduciary duties and consider all beneficiaries when deciding on income distributions.
Consider recent ATO guidance on distributions to adult children when planning trust distributions. Where someone other than the beneficiary benefits from the distribution, the reimbursement agreement provisions in section 100A could apply.
The gifting of unpaid present entitlements could also attract section 100A.
Ensure any unpaid present entitlements to companies are paid or placed onto complying Division 7A loan agreements.

# Budget 2024-25

**Tax cuts for every Australian taxpayer**
Australians keeping more of what they earn

The Government is delivering tax cuts for all 13.6 million Australian taxpayers from 1 July 2024 to ease cost-of-living pressures for middle Australia, return bracket creep, support women and boost labour supply.

From 1 July this year, the Government will:

- reduce the 19 per cent tax rate to 16 per cent
- reduce the 32.5 per cent tax rate to 30 per cent
- increase the income threshold above which the 37 per cent tax rate applies from $120,000 to $135,000
- increase the income threshold above which the 45 per cent tax rate applies from $180,000 to $190,000.

**Responsible cost-of-living relief for middle Australia**
Australians are under pressure and tax cuts will help. The Government's tax changes provide bigger tax cuts for more taxpayers, delivering meaningful cost-of-living relief to middle Australia without adding to inflationary pressures.

**Returning bracket creep**
The Government's tax cuts return bracket creep and lower average tax rates for all taxpayers.
The changes provide taxpayers with greater protection against bracket creep, particularly low- to middle-income taxpayers, and support the progressivity of the tax system.

**Boosting labour supply with more benefits for women**
The tax cuts will ensure Australians keep more of what they earn. Increases in take-home pay will reduce disincentives for Australians to take on more hours of work. The tax cuts are expected to increase labour supply by 930,000 hours per week, equivalent to around 25,000 full-time jobs. This increase is driven by women and individuals in the low-to middle-income range, particularly those earning between $25,000 and $75,000.

All 6.5 million women taxpayers will receive a tax cut in 2024–25, with an average benefit of around $1,650. This will increase the financial return from work and support participation.

**Increasing the Medicare levy low-income thresholds**
The Government has increased the Medicare levy low-income thresholds for 2023–24, ensuring more than one million low-income taxpayers continue to be exempt from the Medicare levy or pay a reduced levy rate.

**New power bill relief**
$300 energy rebates for every household
The Government is providing $3.5 billion in energy bill relief for all Australian households and around one million small businesses.
From 1 July 2024, more than 10 million households will receive a total rebate of $300 and eligible small businesses will receive $325 on their electricity bills throughout the year.
This is estimated to directly reduce headline inflation by around 1/2 of a percentage point in 2024–25 and is not expected to add to broader inflationary pressures.

**Supporting students**

Debt relief for students

The Government will cut $3 billion in student debt for more than 3 million Australians.

This will provide relief for everyone with Higher Education Loan Program (HELP) and other student loan debt. The integrity and value of the student loan system, which has massively expanded access to tertiary education, will continue to be protected.

In response to the Australian Universities Accord, the Government will cap the HELP indexation rate to be the lower of either the Consumer Price Index or the Wage Price Index.

The Government will backdate this relief to all HELP, vocational education and training (VET) Student Loan, Australian Apprenticeship Support Loan and other student support loan accounts that existed on 1 June 2023.

**2025 income year HELP repayment rates and thresholds**

The Higher Education Loan Program (HELP) income levels and repayment rates for the 2025 income year have been released and are as follows:

| HELP income levels and repayment rates 2024-25 | |
|---|---|
| **HELP repayment income $** | **Repayment rate (% of HELP repayment income)** |
| Below 54,435 | Nil |
| 54,435 - 62,850 | 1.0% |
| 62,851 - 66,620 | 2.0% |
| 66,621 - 70,618 | 2.5% |
| 70,619 - 74,855 | 3.0% |
| 74,856 - 79,346 | 3.5% |
| 79,347 - 84,107 | 4.0% |
| 84,108 - 89,154 | 4.5% |
| 89,155 - 94,503 | 5.0% |
| 94,504 - 100,174 | 5.5% |
| 100,175 - 106,185 | 6.0% |
| 106,186 - 112,556 | 6.5% |
| 112,557 - 119,309 | 7.0% |
| 119,310 - 126,467 | 7.5% |
| 126,468 - 134,056 | 8.0% |
| 134,057 - 142,100 | 8.5% |
| 142,101 - 150,626 | 9.0% |
| 150,627 - 159,663 | 9.5% |
| 159,664 and above | 10.0% |

# Who doesn’t want to reduce the tax they pay and boost their retirement savings?

**Unlocking the Power of Carried Forward Concessional Contributions**

In the realm of retirement planning, maximising your savings potential is paramount. One effective strategy that often flies under the radar is leveraging carried forward concessional contributions. It’s a strategy that can reduce the amount of tax you pay and significantly boost your retirement nest egg.

**Understanding Carried Forward Concessional Contributions**

Let's break it down. Concessional contributions, also known as before-tax contributions, are payments made into your superannuation fund from your pre-tax income. These contributions include employer contributions, salary sacrifice payments, and personal contributions claimed as a tax deduction. The annual cap on concessional contributions is subject to change but is currently $27,500 increasing to $30,000 in the 24/25 financial year.
Now, what happens if you haven't fully utilised your concessional contribution cap in previous years? This is where the concept of carrying forward unused concessional contributions comes into play. Since the 2019-2020 financial year, individuals with a total superannuation balance of less than $500,000 have been able to carry forward any unused concessional contributions cap amounts for up to five consecutive years. This means you can contribute more than the annual cap in a single year by using any unused cap amounts from previous years.

**The Benefits of Utilising Carried Forward Contributions**

**1. Catch-Up Provision:**

One of the primary advantages of carried forward concessional contributions is the ability to catch up on your superannuation contributions if you've had years with lower contributions. Life circumstances such as career breaks, lower income years, or irregular employment can lead to underutilisation of the concessional cap. Carrying forward unused amounts allows you to make larger contributions in years when you have the capacity to do so.

**2. Tax Efficiency:**

Contributions made to your superannuation fund are taxed at a concessional rate of 15%, which is generally lower than most individuals' marginal tax rates. By directing more of your pre-tax income into superannuation through carried forward contributions, you effectively reduce your taxable income, leading to potential tax savings.

**3. Accelerated Retirement Savings:**

Maximising your concessional contributions means more money working for you within the tax-advantaged environment of your superannuation fund. Over time, these additional contributions, along with potential investment growth, can compound to significantly bolster your retirement savings.

**How to Utilise Carried Forward Contributions**

Speak to one of our financial advisers to understand the implications of making carried forward contributions on your overall financial plan. They can help tailor a strategy that aligns with your specific circumstances and objectives.

# Terms of Engagement

Last financial year we introduced a new system for preparing our Terms of Engagements.

Many of you will receive your 2025 Financial year Terms of Engagement via email. We are trying to make the annual process 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 still easily print it for you and still send as we have previously. Just give us a call and we will organise this.

# Office Closures

**All of our offices will be closed on Monday 10th June 2024 due to the Kings Birthday Public Holiday.**