



# MOGGS

ACCOUNTING + ADVISORY

## Welcome to our September 2024 Newsletter

*"Spring, a lovely reminder of how beautiful change can be"*

### Meet Peter Mogg



**1 - When did you start at Moggs Accounting + Advisory?**

I started at Moggs Accounting + Advisory in 1983

**2 - Did you always want to be an Accountant?**

No I didn't want to be an Accountant

**3 - What did you want to be?**

I studied Science at University and I wanted to become a School Teacher.

**4 - What is your favorite thing about being an Accountant?**

Definitely about being able to help others and working with an amazing and talented group of people.

**5 - What is the most challenging thing about being an Accountant?**

Constant changes and interpretations to the law

**6 - What has been the biggest change that has happened whilst you have been at Moggs Accounting + Advisory?**

The technology advancements have been huge. From what was all paper based and typewriters with ink, to work from anywhere and using software hosted in "the cloud" and getting Artificial Intelligence (AI) to prepare documents.

**7 - What advise would you give to someone wanting to become an Accountant?**

It could be the perfect career. Accountants help their clients all day long, especially ones like us who work in an accountancy practice. We think helping people solve their problems and achieve their business goals is a pretty rewarding way to spend your time. Being an accountant should also enable you to better understand your own personal finances.

**8 - What is your favorite thing to do outside of work?**

Hang out with Family and Friends.

Hobbies are cycling, walking, fishing, golf, horse racing and Aussie Rules.



## This issue:

### Meet The Team

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Guarantee charge

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Regarding Student  
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HELLO  
Spring

# 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.

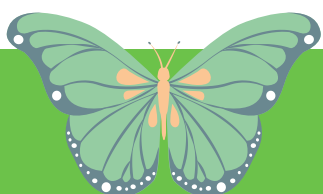
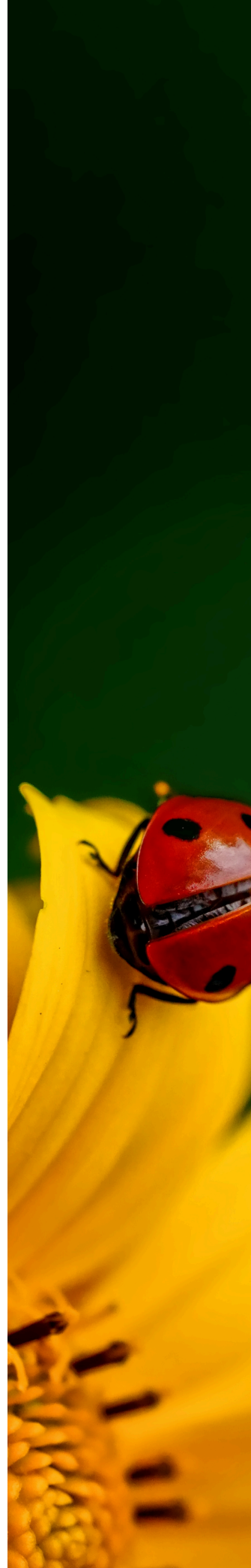
If you use a clearing house it is also important that you are aware of their processing times to ensure the funds are paid to your employee's superannuation fund before the cut off date. We recommend that you pay your superannuation when completing the last pay run for that period, this will ensure it 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.

## Legislation introduced regarding student loans indexation reform

The Government recently introduced a Bill to Parliament which "gives effect to the (Australian Universities Accord's) recommendations and the Australian Government's commitment to build a better and fairer tertiary education system". Among other things, the Bill implements measures to change the way HELP indexation is calculated by:

- Capping the HELP indexation rate to be the lower of either the Consumer Price Index or the Wage Price Index; and
- Providing an indexation credit to people's HELP accounts to ensure the new HELP indexation cap has effect from 1 June 2023. The Government will backdate this relief to all HELP, VET Student Loan, Australian Apprenticeship Support Loan and other student support loan accounts that existed on 1 June 2023. Australians with a HELP debt can find out how much this is estimated to benefit them using the 'HELP Indexation Credit Estimator'.





## Data-matching property data and lifestyle assets

The ATO has initiated a data matching program, obtaining property management data from property management software companies for the 2018-19 income year through to 2025-26.

As part of the program, the ATO will receive:

- Property owner identification details (names, addresses, phone numbers, dates of birth, email addresses, business name and ABNs, if applicable)
- Property details (property address, date property first available for rent, property manager name and contact details, property manager ABN, property manager licence number, property owner or landlord bank details)
- Property transaction details (period start and end dates, transaction type, description and amounts, ingoings and outgoings, and rental property account balance).

This ramps up ATO's continued focus on landlords, with the ATO specifically targeting taxpayers with rental properties who fail to lodge rental property schedules when required, who omit or incorrectly report rental property income and deductions, and who omit or incorrectly report capital gains tax details.

Separately, the ATO will obtain lifestyle asset data from insurance providers for the 2023-24 income year through to 2025-26.

Under the program, the ATO will collect insurance policy data for certain classes of assets where the asset's value is above certain thresholds:

- Caravans and motorhomes - \$65,000
- Motor vehicles including cars & trucks and motorcycles - \$65,000
- Thoroughbred horses - \$65,000
- Fine art - \$100,000 per item
- Marine vessels - \$100,000
- Aircraft - \$150,000

The data will include detailed client identification information (names, addresses, phone numbers, dates of birth, Australian business number, email address) and policy details (insurance brand name, policy number, policy inception date, start date of current policy, end date of current policy, last date policy was updated, total value insured, purchase price of the property insured, registration or identification number of the property, vehicle details (year, make, model), finance, policy cost, description of the property insured, primary use type).

The ATO will use this data to focus on taxpayers accumulating or improving assets with insufficient income reported in their tax returns, taxpayers disposing of assets and not declaring the income and/or capital receipts, incorrect claiming of GST credits and omitted or incorrect reporting of FBT from taxpayers purchasing assets for personal use through their business entities.

## Draft Legislation to extend amendment period to four years

The Government recently released exposure draft legislation to extend the period in which an assessment of a small or medium business entity may be amended to four years, as announced in the 2023/24 Federal Budget. Currently, the standard limitation period in which the ATO can amend an assessment of a small or medium business entity (either on application by the entity or under the ATO's own initiative) is two years, and "this timeframe has led to an increased number of these taxpayers' lodging objections and pursuing appeals of objection decisions by the (ATO), resulting in increased administrative burden for such taxpayers." This proposed amendment seeks to alleviate some of this administrative and financial burden for both taxpayers and the ATO. The proposed amendment would allow the ATO to amend an assessment of a small or medium business entity, if:

- The small or medium business entity requested the amendment in the approved form; and
- The request is given to the ATO within four years after the day on which the ATO gives notice of the assessment to the taxpayer. While this proposed legislative amendment would allow the ATO to amend such assessments on application by the taxpayer, the provisions do not mandate the ATO to do so. The ATO would only be able to amend such assessments to give effect to the decision on the taxpayer's application. That is, the provisions do not permit the ATO to amend the assessment about other particulars that are not included in the taxpayer's application. This ensures that sufficient certainty is still afforded to these taxpayers, as the four-year statutory limitation period only applies in respect of those particulars mentioned in the taxpayer's application. The amendment must be made within four years of the ATO issuing the notice of assessment to the taxpayer.





## Record-keeping for work-related expenses

The ATO has issued a reminder of the need to gather the retain appropriate records for work-related expenses this financial year - a key focus area for the ATO.

Records can be kept on paper, an electronic copy or a true and clear photo of an original record. Electronic records should be backed up regularly.

It is important to note that bank statements, on their own, are generally not a sufficient level of evidence to substantiate work-related expense expenses.

Taxpayers must keep records for 5 years from the lodgment date of the tax return.

### Working from home expenses

With respect to working from home expenses, if the individual is using the fixed rate method (67c per hour), they need a record of the actual number of hours worked from home for the full financial year and at least one record for each of the additional running expenses incurred that the fixed rate includes (e.g., home and mobile internet or data expenses, mobile and home phone usage expenses etc.). This can be recorded through a diary, spreadsheet, rosters or timesheets and must be recorded simultaneous.

If the individual is using the actual cost method, they will need to keep records for any additional running expenses incurred and details of depreciating assets they purchased, and how these are apportioned for their work-related use. The records also need to show the time worked from home for the year.

### Car expenses

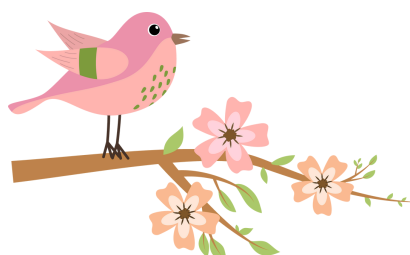
If an individual is able to claim deductions for car expenses and they are applying the logbook method, they need to keep a logbook that shows their actual work-related trips for a continuous period of at least 12 weeks that is representative of travel throughout the year. Each logbook is valid for up to 5 income years, subject to changes in circumstances.

The logbook needs to include:

- The destination and purpose of every journey,
- Odometer reading at the start and end of each journey
- Total kilometers travelled during the period
- Odometer readings for the start and end of the logbook period, and
- Odometer readings for the start and end of the income year you use the logbook.

Taxpayers also need to keep receipts for their car expenses.

If the individual is applying the cents per kilometer method they don't need to keep receipts of actual expenses incurred, but there is a requirement to keep a record of how the work-related kilometers have been calculated for the year. This could be done by using a diary or using the ATO myDeductions tool.







# Four ways to Psychologically Prepare for Retirement

Retirement can feel like a shockwave, particularly if life's circumstances or a redundancy means that you don't get to choose the timing. We outline below how to set up healthy habits and structures now and set out why having a financial adviser can help smooth your transition.

Leaving work is one of life's biggest changes. It's on the scale of other big transitions like adolescence or new parenthood. This is because retirement forces us to reset where we fit in the world and find our sense of meaning in new ways.

Getting psychologically ready for retirement means we must face up to what we lose: the steady pay cheque, status, collegiate relationships and a highly structured week. We need to proactively replace these losses with new gains, such as pleasurable activities and relationships that give us meaning and purpose. Here are four ways to prepare:

## 1. Dial down your work hours

Consider gradually withdrawing from full-time work by shifting to part-time work or consulting before you retire. By easing into retirement, you're better able to diffuse the shock that comes from no longer working. And by reducing your work hours, you'll free up the time and mental energy you'll need to invest in social connections and initiate new activities.

## 2. Dial up your non-work activities

The pleasure of endless leisure time can quickly turn to boredom when you're retired. So, in the years before you retire, build a scaffold of new activities. When you have a motivating reason to get up each day, it's much easier. You'll strengthen your sense of purpose, meaning and identity for your post work life.

Start by developing a portfolio of personal activities in the same way that you might diversify your investment portfolio and use these activities to create structure and rhythm. Volunteer, learn a new language, take up a sport, find new hobbies, write a book, deepen your religious practice or set up a business. Be brave and proactive in exploring your options rather than waiting for activities to come to you. Use activities to strengthen your identity and boost your self-worth so that when you meet someone for the first time you can confidently describe yourself without referring to your career.

## 3. Dial up your social life

Without regular contact with colleagues, loneliness is a common problem retirees face. No one's calling, no one's emailing, no one needs your help. Use the time leading up to retirement to develop a full social life. It can be helpful to surround yourself with people on the same journey. Consider joining community groups, advocacy groups, men's sheds, senior sporting groups, choirs, walking clubs and book clubs before retirement. Invite people over for a meal and build community around your neighborhood or your personal interests.

As much as possible, set up a rhythm of regular social commitments. That structure will help to replace the discipline of going to work.

Another reason to invest in a social network is to prevent overwhelming your close relationships. Because if, after a long career, you're suddenly spending a lot of time at home, you risk disrupting your partner's rhythms. Plus, being socially active will relieve any pressure your partner might feel to keep you busy.

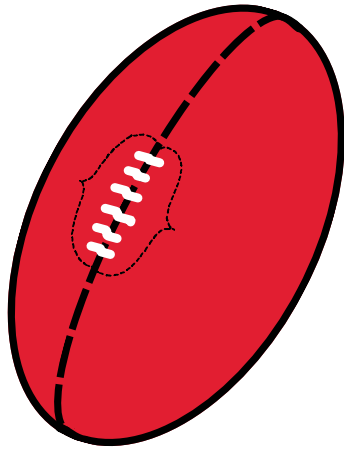
## 4. Plan your finances

It can be psychologically challenging to leave the certainty of a regular pay cheque. And when you're accustomed to your superannuation and other savings growing year on year, it can be hard to spend what you've saved.

Having confidence that your finances are in good shape makes the transition to retirement much easier. That's why it's critical to have a financial plan. You're then able to retire knowing how much you're able to spend – and that your finances are in safe hands, whatever the future holds.

### **How your Moggs Financial adviser can help**

If you're planning to retire in the next five years, talk to your Moggs Financial adviser about how to put in place plans to set you up for financial, social and psychological success in retirement.



## Office Closures

### **Friday 27th September 2024**

Our Cobram and Shepparton Offices will be closed due to the Friday before AFL Grand Final Public Holiday

### **Monday 7th October**

Our Albury and Finley Offices will be closed due to the Labour Day Public Holiday

### **Tuesday 5th November**

Our Cobram and Shepparton Offices will be closed due to Melbourne Cup

