

# CLIENT NEWSLETTER

Port Lincoln  
June 2017



## OFFICE UPDATE

Welcome to the latest news from the Port Lincoln office. In this edition we share some end of year tax planning tips and check list, plus a brief overview of the new super reforms to come into effect 1 July 2017 from our RSM Financial Services division.

### Staff Profile – Anthea Christian

Anthea is part of our administration team and has been with RSM since August 2013. She was born and raised on a farm in Gunns Plains, Tasmania, and moved to Loxton, South Australia, in 2000 where she worked as a Conveyancer in a law firm. In 2007 she relocated to Port Lincoln with her husband and two kids.



### Question Time

#### What is your passion outside of work?

Working on my online business – AngelLeaDesigns.com – designing sewing and applique patterns.

#### Name three things you love doing?

Playing piano, reading & drinking coffee

#### What is your favourite time of the day?

Coffee time!

#### What was the last book you read?

Night School by Lee Child

### Congratulations!

Congratulations to Brenton Stagg, 20 years and Kerry Miller, 10 years with RSM.



### RSM Client evening with Kyle Chalmers

On Tuesday 21 February 2017 we hosted an evening at the Port Lincoln Hotel with clients and had the opportunity to hear from Kyle Chalmers about his 2016 Rio Olympic experience. It was a successful evening and we enjoyed networking with our clients and thank those that were able to attend. From all reports it was an enjoyable night!



## FEEDBACK

Are there any particular topics you would like us to explore in the next edition? Drop us an email at [portlincoln@rsm.com.au](mailto:portlincoln@rsm.com.au) and let us know. We would also love to hear any other feedback you may have.





## END OF FINANCIAL YEAR ACTION LIST

### Bad Debts

If there are bad debts, these should be physically written off the books before 30th June.

### Prepay expenses

If the business has a turnover of less than \$10 million, it may be entitled to an immediate tax deduction for pre-payment of expenses.

### Super for employees

Superannuation entitlements are to be paid to employees by 30 June 2017, so that they are tax deductible.

### Dispose of non-performing investments

Review assets and dispose of any non-performing investments so that losses can be offset against other capital gains.

### Obsolete stock and plant

Review of all stock at the end of year. Stock-take should be carried out and choices made in relation to its value. Review your assets register and scrap any obsolete plant.

### PAYG

Issue PAYG payment summaries and forward to the ATO, including your own directors' wages for those operating through a company structure.

### Annual Return To Work SA reconciliation

Remember to include gross wages and super contributions including directors' wages and super if operating through a company.

### Review private use of loans and company assets

Assets owned by a company which are available for use and under the control of an individual may create benefits which will be deemed a payment to an individual just as with a private loan.

### Deferral of income

Income can be deferred to 2017/2018 if entitlement to income can be delayed; this in turn may reduce tax obligations.

### Farm management deposits

A very valuable planning tool, farm management deposits assist in averaging out income for primary producers. Currently an individual who is a primary producer can hold up to \$800,000 in farm management deposits.

### Personal superannuation contributions

#### Concessional contributions cap

Concessional contributions include:

- employer contributions (including contributions made under a salary sacrifice arrangement)
- personal contributions claimed as a tax deduction.

If you have more than one fund, all concessional contributions made to all of your funds are added together and counted towards the concessional contributions cap.

Income year	Date	Your age at this date	Your concessional contribution cap
2016-17	30 June 2016	<49	\$30,000
		49+	\$35,000
2017-18	All ages		\$25,000

#### Non-concessional contributions cap

Non-concessional contributions include personal contributions for which you do not claim an income tax deduction.

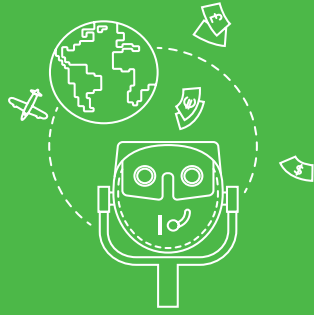
If you have more than one fund, all non-concessional contributions made to all of your funds are added together and counted towards the non-concessional contributions cap.

Income year	Amount of cap
2016-2017	\$180,000
2017-2018	\$100,000 * conditions apply

- If you are under 65, you may be able to make non-concessional contributions of up to three times the annual non-concessional contributions cap in a single year. If eligible, when you make contributions greater than the annual cap, you automatically gain access to future year caps. This is known as the 'bring-forward' option.
- From 1 July 2017 the bring-forward amount and period is dependent on your total superannuation balance on the day before the financial year contributions that trigger the bring forward.

*Information quoted from [ato.gov.au/rates/key-superannuation-rates-and-thresholds](http://ato.gov.au/rates/key-superannuation-rates-and-thresholds)*

**Remember, don't leave your end of year planning until the last week of June. Be prepared and contact your accountant for further assistance.**



IDEAS AND INSIGHT,  
COLLABORATION AND  
UNDERSTANDING.

## 2017 YEAR END TAX PLANNING

**The end of the financial year is approaching. As you know, legitimate tax minimisation for the year can often be achieved by taking certain action prior to 30 June.**

The following is a list of some of the issues you may wish to consider:

- In order to maximise benefits for the current year, it is usually helpful to prepare a preliminary assessment of your taxable income for the year to date, so that it can be seen whether or not there is a problem to fix.
- Review all deductible expenses and assessable income in the latest available figures (or prior year's figures if current figures are not available) to determine the prospects of re-payment, deferral or other action.

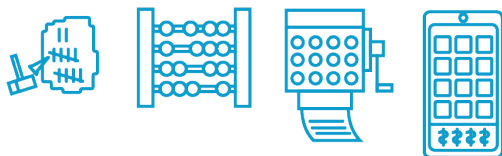
This is not a comprehensive list and terms and conditions may apply to some of these strategies if used in your circumstances.

If you would like to go through the possibilities with us please call well before 30 June so that there is time to implement any strategies that may be desirable.

### Tax Minimisation Strategies

In order to minimise liability to taxation for the current year, the general strategy options for most taxpayers are as follows:

1. Delay deriving assessable income
2. Bring forward incurring deductible expenses or losses
3. Pre-pay (up to 13 months) next year's expenses
4. Shift income to a taxpayer with a lower marginal tax rate
5. Negative gearing strategies
6. Make payments that receive special tax treatment e.g. certain superannuation contributions and farm management deposits.



## SUPERANNUATION CHANGES ARE COMING INTO EFFECT FROM JULY – WILL YOU BE AFFECTED?

**Changes to Government regulations are set to become part of Australian Super law from July 2017.**

Tightening on superannuation rules and contributions limits will present opportunities that can be taken advantage of before the end of this financial year.

### What's changing?

- Tax-deductible super contributions (concessional) to be lowered to \$25,000 for everyone.
- After tax contributions (non-concessional) to be lowered to \$100,000 per year, with a maximum of \$300,000 under the bring-forward provisions.
- A Pension Cap of \$1.6 million introduced. This will effectively limit the amount of funds within the tax-free pension environment. Balances exceeding this will need to be either moved back into accumulation phase of super, where earnings are taxed at 15%, or withdrawn from super completely.
- Transition to Retirement Pension will lose their tax exemptions. Earnings will therefore be taxed at 15%, reducing the benefit from a TTR strategy.
- After tax contributions (non-concessional) cannot be made if you have balances exceeding \$1.6 million.
- Reduction of Division 293 tax threshold from \$300,000 to \$250,000. Individuals will be required to pay an additional 15% tax on contributions above this income threshold.
- Catch-up on concessional contributions available for contributions not used from the previous 5 years.

*This article has been prepared by RSM Financial Services Australia Pty Ltd ABN 22 009 176 354, AFS Licence No. 238282. This article does not take into account your individual objectives, financial situation or needs. You should assess whether the information is appropriate for you and consider talking to a financial adviser before making an investment decision.*

If you are affected by the new \$1.6 Million transfer balance cap and the super reform changes which commence from 1 July 2017 you may be eligible for CGT relief. To find out more please contact your accountant or advisor.

Please note that the 10% maximum earnings rule in relation to wages and making concessional contributions has been removed as of 1 July 2017. **To find out more please contact our office.**

## JOB ACCELERATOR GRANT SCHEME

The Government announced a Job Accelerator Grant Scheme to encourage South Australian businesses to employ additional full-time, part-time and casual employees and maintain them for at least 12 months.

A Job Accelerator Grant of up to \$10,000 (\$5,000 each year for two years) per new Full-Time Equivalent job created is available for businesses liable for payroll tax in SA with total Australian wages of \$5 million or less.

Businesses that increase their number of SA employees will be eligible to receive a grant for each additional worker employed by them in a new position between now and 30 June 2018. Businesses must register a new employee within 90 days of the employee's commencement date.

**For further details and eligibility criteria please refer to Revenue SA Job Accelerator Grant Scheme.**

## JED CARSON CLEVE & COWELL 2017

**Jed Carson** will be in **Cleve** Aug 3, 23 & 24, Sept 7, 20 & 21, Oct 26, Nov 15 & 16. He will be in **Cowell** on Aug 2, Sept 6 & Oct 25.

**Emma Brock** will be in Cleve on June 13.

Please call our office on 08 8682 2077 to make an appointment.

## RSM FINANCIAL SERVICES 2017

RSM Financial Services are available in Port Lincoln on a twice monthly basis provided by David McArthur and Daniel Cundy of RSM Financial Services Adelaide.

**Daniel Cundy** will be available on July 11, Aug 9, Sept 12, Oct 10 & Nov 7.

**David McArthur** will be available on June 29 & 30, July 27 & 28, Aug 30 & 31, Sept 28 & 29, Oct 26 & 27, Nov 29 & 30.

To make an appointment please call our office 8682 2077 or Adelaide office 8232 3000.

## CHANGES TO BAS LODGEMENT

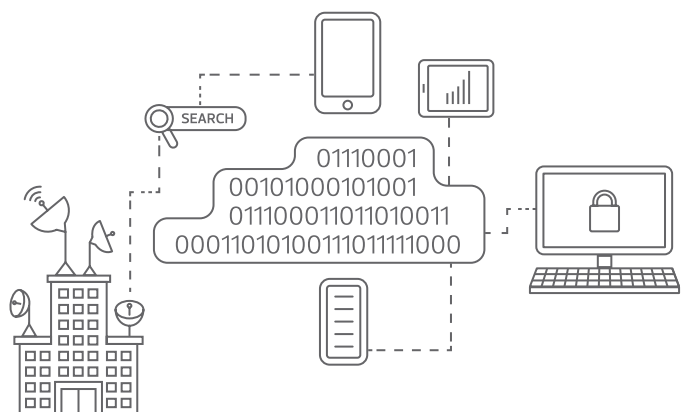
The ATO have brought in the requirement that each time your accountant lodges an approved form (BAS) on behalf of the client, the law now requires that they have first received a signed declaration in writing from the client.

The client needs to declare that they have authorised the accountant to lodge the document and that the information is true and correct. The declaration can be via email, fax or paper form. Not verbally. Therefore you will receive a letter or email asking you to confirm that the information that you have given is true and correct and that you authorise us to lodge on your behalf. Once response is received the form will be lodged.

## JUST A THOUGHT...

No matter how educated, talented, rich or cool you believe you are, how you treat people ultimately tells all.

INTEGRITY IS EVERYTHING.



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