

Bringing local and global wishes to you.



## SEASON'S GREETINGS FROM RSM

### KATANNING OFFICE UPDATE

The year 2015 is almost gone and we look back at all that has happened during the last twelve months. As for RSM in Katanning, we can testify to another great year with its challenges and excitement. We are grateful to all our clients for your continued support, co-operation and positive testimony which continues to draw new clients to our firm. We wish you a very blessed Christmas time and we are looking forward to working with you on the challenges and opportunities in 2016 and wish you all a happy new year.



Staff member absent: Dianne Sugg

**Our office will be closed for the Christmas break from 3pm on 24 December 2015 to 4 January 2016.**

10 Amherst Street Katanning WA 6317  
PO Box 55 Katanning WA 6317  
T (08) 98211277  
[www.rsm.com.au/katanning](http://www.rsm.com.au/katanning)

Please note our email and web addresses now no longer have the 'i' in 'rsm'.

### A new global brand

RSM World Day on 26 October marked the beginning of a new chapter in our 93 year history, as we united with member firms in 110 countries as one name – RSM.

There were celebrations around the globe, but most importantly, we now have the opportunity to better leverage from our global strength, our consistent brand presence and our international expertise to pursue opportunities in Australia. Our rebrand did not mark the end of a journey – we need to ensure now that we are actively living the brand through our words and actions.

Locally we now share our brand with all RSM member firms around the world, but very much maintain our own identity and autonomy. We continue to fiercely protect our culture and core values, and strive to provide premium service and benefit to our valued clients through knowledge, trust and understanding.

### New additions to the RSM Katanning team

In July we welcomed new graduate accountant Nathan Crosby to our team. Nathan is a Katanning local having grown up on his family farm near Woodanilling and educated here. After graduating from UWA in 2013, Nathan gained valuable experience working with KPMG before the lure of the bush called him home to continue his professional career with RSM.

We also would like to welcome another graduate accountant Bernard Naude to Katanning. Bernard is originally from rural South Africa then moved over to Port Hedland, so is comfortable with country life. Having also graduated from UWA, Bernard spent some time working in local government before pursuing opportunities in public accounting and he commenced with us at RSM in November.

## Kokoda experience

In August, our intrepid hiker Cameron Taylor took on the rigours of the challenging Kokoda Trail in Papua New Guinea. Together with his son and five mates, and after months of training, they retraced the arduous steps of our courageous soldiers in their defence of Australia in 1942.

Although Cameron's group were not being shot at by a fierce enemy, they did appreciate the gruelling conditions in which our diggers fought, including the intense humidity, unforgiving terrain, fatigue, illness (in their case disease), blisters and heavy packs. However he also learnt about their bravery, mateship, respect, leadership, sacrifice and survival, and of course their wonderful support from the locals.

Cameron and his friends trekked the entire Kokoda trail completing 156km, including climbing (and descending) more than 8000 m. They enjoyed the challenge, the history and stories, spectacular scenery, lush tropical jungle, local culture, friendly happy people, and a few cold beers at the end.

## Recent seminar activity

Some of our staff have been busy presenting at client and public seminars on their areas of specialised knowledge. Jimmy Smit has presented a number of times on the latest in cloud accounting, and all the opportunities and business benefits that can be accessed on-line.

Marie Van Blommestein recently presented at the "Building Stronger Women in Business" conference in Katanning on Understanding Financial Statements and Small Business Concessions.

Cameron Taylor also shared his experience and knowledge of Succession Planning at this same conference, and well as at other previous seminars. Of particular interest was his Succession Planning Questionnaire, which he developed as a comprehensive thought-provoking communication-promoting tool to start business and farming families talking about their important issues. If anyone would like a copy of this questionnaire, please contact Katanning office.



## Summary of the key tax measures announced at the 2015–2016 Federal Budget

Small businesses with an aggregated turnover less than \$2million will benefit from the following measures:

- Immediate deduction for expenses associated with commencing a new business (previously written off over 5 years)
- Immediate deduction for assets acquired between 12 May 2015 and 30 June 2017 costing less than \$20,000 (previously \$1,000)
- 1.5% tax cut for small companies in business from 30% to \$28.5%
- 5% income tax discount, capped at \$1,000, for individuals involved in small business entities (Sole traders, Trusts & Partnerships)

Primary producers:

- Immediate deduction for the cost of fencing and certain water facilities such as dams, tanks, pumps, etc.
- Depreciate over 3 years the cost of fodder storage assets such as silos and tanks used to store grain & animal feed

## Youth Allowances to Benefit Country Kids

Some long awaited reform to youth payments will commence from January 2016 that is hoped to encourage country students to fulfil their tertiary education ambitions. The eligibility criteria which were often the most difficult for dependent applicants to meet, the family asset test and the family actual means test, will no longer be considered to determine eligibility for Youth Allowance.

A sole test for people deemed dependent will be based on parental income and more closely aligned with the Family Tax Benefit part A income test. From 1 July 2016 it will also factor in any siblings of a benefit recipient for Youth Allowance, Abstudy and Assistance for Isolated Children.

The Government anticipates around 1,200 new Youth Allowance recipients and increased payments to over 4,800 existing students by removing the Family Actual Means Test. The removal of the Family Asset Test could see 4,100 new dependent claimants, receiving on average benefits of \$7,000 a year.



Although the removal of these tests has been regarded as generous the remaining test appears to require parents to be eligible for Family Tax Benefit part A and may still be difficult to meet. If you have been unsuccessful with an application in the past or if you've never applied due to the old tests we suggest you review your eligibility. If you require advice or assistance contact your RSM accountant.

### Changes to preservation ages & accessing superannuation

You have just had a birthday and you may be thinking that now you are 55, you can draw on your superannuation. Well, you may not be able to.

Back in 2014, the government made changes to increase the preservation age from 55-60 for Transition to Retirement Income Stream pensions (TRIS). Essentially what this has done is change how old you need to be in order to qualify for a TRIS.

If you were born before 1 July 1960, then you will qualify for a TRIS at the age of 55. The table below outlines the new age requirements:

Date of birth	Preservation age (years)
Before 1 July 1960	55
1 July 1960 – 30 June 1961	56
1 July 1961 – 30 June 1962	57
1 July 1962 – 30 June 1963	58
1 July 1963 – 30 June 1964	59
After 30 June 1964	60

TRIS's can only be taken as an income stream subject to maximum and minimum caps and cannot be taken as a lump sum withdrawal.

If you decide that you want to start a TRIS, it would be prudent that you speak with both your accountant and with the administrator of your superannuation fund to get the necessary paperwork completed before you withdraw funds. Once the paperwork is completed you will be notified of the amounts that you can safely withdraw without breaching the upper and lower limits. Just remember that if you access your super before the paperwork is completed, you may be in breach of the Superannuation Industry (Supervision) Act.

### Changes to work related motor vehicle expenses – non commercial vehicles

In the 2015/16 budget the Government announced substantial changes in the calculation of work related motor vehicle expenses effective from 1 July 2015.

Previously there were 4 options available to calculate motor vehicle expenses:- Cents per kilometre up to 5000km; 12% Original Cost, 1/3 of actual expenses or log book where business kilometres exceed 5000km per year. As of 1 July 2015, calculation of motor vehicle expenses has been reduced to only 2 methods.

#### Cents per kilometre method

Business travel up to a maximum of 5000km at 66 cents per kilometre. If you are registered for GST, you are only entitled to claim 20% of the GST paid on vehicle running costs such as fuel, repairs, tyres, servicing, insurance and licence. If buying a new vehicle, you can also only claim 20% of the GST in the purchase price.

#### Logbook Method

In order to make a claim for business kilometres exceeding 5000km you are required to maintain a logbook. The ATO has very strict rules relating to log books and business related travel. A logbook must be completed for a minimum period of 13 consecutive weeks in a reflective period. A new logbook is required every 5 years or sooner if business use.

Business related travel must be definitive rather than incidental. For example, if you are going from the farm into town to buy groceries and you collect the mail at the same time, this is defined as incidental business related travel and is not included. If you are registered for GST, you are entitled to claim GST paid on vehicle running costs based on the business use percentage indicated by the log book.

If you use programs such as Agrimaster to maintain your business records and complete your business activity statements, please ensure you update any settings for private use proportional codes to 80% private unless you have a logbook for that vehicle. Please also endeavour to use one specific account code for all expenses relating to a vehicle so that the GST is calculated correctly. Eg: Motor Vehicle Exp – Landcruiser.





## Superstream compliance – what all employers need to do

**SuperStream** is a Government reform aimed at improving the efficiency of the superannuation system. Under SuperStream, from 1st July 2016 all employers must make super contributions on behalf of their employees by submitting payments electronically in a consistent and simplified manner.

### What you need to do

Employers can meet SuperStream by either using:

- a software solution that conforms to SuperStream, or
- a service provider who can arrange SuperStream compliance on your behalf.

Your options may include:

- upgrading your payroll software
- using an outsourced payroll or other service provider
- using a commercial clearing house; or, for employers with 19 or fewer employees, using the free Small Business Superannuation Clearing House (go to [www.sbsch.gov.au](http://www.sbsch.gov.au))
- your default fund – they may also have an electronic channel they manage or can make transitional arrangements for you.

You will need to collect and store additional information about funds in order to send them contributions in accordance with the SuperStream standard.

This includes the following new information:

<u>New Information Required</u>	<u>Fund Type</u>
Fund's ABN	All funds
Bank account details	SMSF's
Electronic service address	SMSF's
Employee Tax File Number (TFN)	All funds

For further information, please go to <https://www.ato.gov.au/super/superstream/in-detail/what-you-need-to-know/employers/> or contact your accountant.