

# CLIENT NEWSLETTER

DECEMBER 2016



IDEAS



INSIGHT



UNDERSTANDING

## SEASON'S GREETINGS FROM RSM

### NARROGIN OFFICE UPDATE

Congratulations to **Jim Adamson** on reaching 30 years with RSM and all within the Narrogin office!! A huge achievement. Jim will also be showing off his gourmet skills by hosting the whole team and their families to his house for the end of year party. Homemade woodfired pizza's, champagne cocktails and lawn games are on the agenda.

**Johan Meyer** has hopefully now passed his third CPA unit. Not many units to go!

**Alex Wray** has returned from maternity leave and has been working one day per week since July and this has increased since November. Darcy her son is doing well and is always a welcome visitor in the office.

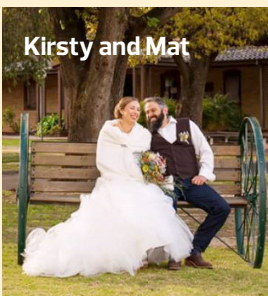
**Nadine Allen** has now had a year in our office and has recently bought a house in Narrogin. Her own place for the dog to rip up the back yard without fear of retribution!

**Marsha Garrett** has had an eventful year with her passion, her horses. She kicked off her year with a bang, with a broken nose after her colourful mare kicked her but all was forgiven as the pair took out the Supreme Champion Show Horse Hack and Reserve Champion Senior Rider at the Dryandra Showhorse Championships. The local rag described Marsha's mare Sanlirra Dreamland as "refined" but Marsha's facial scars tell another story.



Marsha on her horse

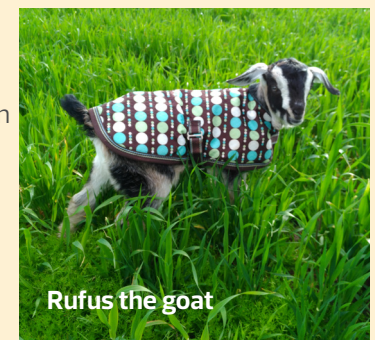
**Ronald Subramoney** has now completed 12 months in the Narrogin office. With Ron's wife joining the Katanning team, Ron is now doing the daily trip from Katanning to work so he is seeing plenty of the countryside on that route.



Kirsty and Mat

**Kirsty Brickwood (nee Williams)** has just returned from her honeymoon from camping in the North of the state and across to Darwin. Kirsty and Mat got married on the Grand Final day! Although it was a cold and wet day it all went to plan with a beautiful ceremony and reception at the Narrogin Ag College.

Kirsty is also over the moon with the return of her beloved Rufus the goat into her Noah's Arc style family.



Rufus the goat

**Felicity Taylor** has recently joined the office in a part time capacity and has settled in quickly, many of our clients already know her in her previous role with the Facey Group so not too many introductions needed to happen. Felicity has just purchased a house in Narrogin and she is looking forward to a 5 minute walk to the office not a 1.5hour round trip!

**Karen Bain** has replaced Tanya French and has joined our office as part of the Business Local Team. Karen is working between the Northam and Narrogin Office. Business Local advisors provide free advice and guidance to help start and grow your business. Call Karen on 0439 634 566 to book an appointment.



## WHAT IS THE LOW DOWN ON THE “CLOUD”?

### What is “cloud computing?”

It's simply using the internet to access software rather than physically installing it on a computer. Which therefore means you can access and operate the software on any internet enabled device, smart phone, tablet or laptop, from anywhere there is an internet connection.

### Did you know that you're already using cloud computing?

Many people are actually using cloud computing without realising it. For example anyone with Hotmail or Gmail accounts are already “in the cloud” as the software and data is stored remotely and is accessible from any computer, not just your computer. Internet banking is another example of a cloud based system.

### What is cloud accounting?

Cloud accounting, also known as “online accounting”, serves the same function as cloud computing. You might install the software on your computer but it runs on servers and you can access it using your Internet. In some instances, you won't need to install the software on your computer and can access it via web browsers. There are many cloud “solutions” available on the current market with some of the bigger providers being Myob, Quickbooks and Agrimaster.

### Why is cloud accounting good for your business?

Cloud based accounting software offers a number of benefits for businesses including:

- You can operate the software from a single computer with a standard modem providing an internet connection, without being connected to a server or having specific software installed on the computer
- The cloud reduces the need for businesses to store and manage data or maintaining expensive computer hardware

- There is only one ledger kept and that is the file in the cloud, which improves the accuracy of the information and therefore minimises errors at BAS and tax time
- The ability for owners to interact with their accountant in real time instead of having to send the data file to the accountant each time
- A monthly subscription is paid which usually works out less than the cost of buying the software and then paying for annual subscriptions
- The software is automatically kept up-to-date by the provider meaning that you don't need to download updates such as new tax rates or software bug fixes.

### What does this mean for your accountant?

We can access our clients cloud accounting software without them having to backup the file, then save it a USB or email to send to us to then restore the backup and extract the data.

We log in to their online file and process the end of period or year work which is then updated in real time, all with little interruption to the client.

Another benefit of using the cloud is that I can review my clients operating results at any time (including in April or May each year for tax planning purposes) and provide proactive and timely advice on issues impacting on the business. This adds more value to the service offering by helping to keep the business on track and also comply with its tax obligations.

If you are interested in discussing how Cloud Accounting could work for your business at a training workshop in early 2017 please register your interest with Felicity Taylor: [felicity.taylor@rsm.com.au](mailto:felicity.taylor@rsm.com.au) or 9881 1611



## SUPERANNUATION AND BUDGET REFORMS COMING 1 JULY 2017

On 9 November 2016 the Fair and Sustainable Superannuation Bill 2016 passed both the House of Representatives and the Senate. This bill enacted many of the announcements made on budget night 2016 regarding superannuation.

From 1 July 2017 concessional contributions will be capped at \$25,000, down from the current \$35,000 for over 50's and \$30,000 for those under 50. There was some good news in that the 10% rule will be removed for those who receive employer mandated contributions. For example, from 1 July 2017 if you receive \$10,000 as employer superannuation guarantee 9.5% contributions you will then be able to make an additional contribution of \$15,000 which you can claim as a deduction for in your personal tax return.

As long as your member balance is under \$1.6m you can also make a non-concessional contribution of \$100,000. If your member balance is over this limit you will be unable to make this contribution.

Unfortunately one of the announcements from budget night has been dropped. People who are aged 65 years or older at 1 July 2017 will still need to pass the work test to be eligible to make contributions. This is a declaration to state that you have worked at least 40 hours in a 30 day period.

For the financial year ended 30 June 2017, the existing caps still apply. This means that you can make up to \$35,000 as a concessional / employer contribution depending on your age, as well as \$180,000 as a non-concessional contribution.

## DEALING WITH THE IMPACT OF FROST

A lot of our farming clients were affected by frost, and we understand the financial and emotional impact this will have on the farm and the family. There are a number of things you can do to deal with the effects of frost:

- Act early if frost damage had a serious financial impact
- Contact your banking institution as soon as possible to start working through your situation and secure financial arrangements for next season
- Prepare a budget and future business plan to help you make important decisions for next year
- Develop a written plan of your proposed actions and review it as your situation and circumstances change
- Every farmers situation is different, so base your action plan and decisions to suit your own circumstances
- Organise a tax planning meeting with your accountant to discuss your tax situation. There are a number of tax planning strategies we can implement, including possibly varying your PAYG instalments.
- Assess the personal and emotional impact. Frost can trigger feelings of depression, grief and loss. Maintain contact with family, friends and colleagues and seek professional advice if necessary.

We at RSM are here to support you in any way we can, so please give us a call if we can be of any assistance. If you feel that you require urgent support please contact Lifeline 13 11 14

## WORKING HOLIDAY MAKER REFORM (BACKPACKER'S TAX)

Imagine you are a humble traveller from afar and you have come to Australia with all the right visa's to experience all there is to experience in Australia. You find yourself on a farm during the perfect season for picking fruit avoiding all the snakes and spiders (apparently they're poisonous). All is going well until tax time arrives, you self-assess and discover you are a non-resident for tax purposes and you now have to pay 32.5% tax on your Australian source income from the first \$1.

Well there is some good news. As of the 5th of December the Working Holiday Maker Reform, commonly referred to as the Backpacker's Tax, has received Royal Assent with changes to come into effect as of 1 January 2017. What this means is, if and while you meet the criteria of a working holiday maker your taxable income is now subject to new tax rates. For taxable income less than \$37,000 the new rate is 15%, see the below table for all the rates.

Taxable Income	Tax Rate
Less than \$37,000	15%
Exceeds \$37,000 but does not exceed \$87,000	32.5%
Exceeds \$87,000 but does not exceed \$180,000	37%
Exceeds \$180,000*	45%

\*Does not include temporary budget repair levy.

To meet the criteria of a working holiday maker, you are an individual holding one of the following temporary visas:

- Subclass 417 (working holiday) visa
- Subclass 462 (work and holiday) visa

A working holiday maker may also be an individual who holds a bridging visa permitting the individual to work in Australia if:

- The bridging visa was granted under the Migration Act 1958 in relation to an application for one of the visas referred to above
- The Immigration Ministers decision on that application is yet to be made
- The most recent visa, other than a bridging visa, held by the individual was a subclass 417 (working holiday) visa or subclass 462 (work and holiday) visa

If a working holiday maker only qualifies for part of the year then only the income during the time they qualified is subject to the above rates; as for the balance of the time, they will need to self-assess on a full year basis whether they are subject to the resident or non-resident tax rates.

There is also mention that employers may need to register with the commissioner if they employ working holiday makers, however, this hasn't been refined or rolled out so it is a case of watch this space.

*Season's greetings to all of our clients and we take the opportunity to thank all of you for your ongoing support over the last 12 months. Despite it being a difficult end of year for many, we wish you a very happy Christmas and trust that the new year will bring enjoyable times for us all.*

### RSM

50 Fortune Street Narrogin WA 6312  
PO Box 87 Narrogin WA 6312

T (08) 98811611

[www.rsm.com.au/narrogin](http://www.rsm.com.au/narrogin)