June

2017

Murray
BUSINESS SOLUTIONS

BACK: SALLY, JAY, KINGSLEY, ADAM, KATE — FRONT: KELLY, PAULA, PAUL, RENEE

This Year

Once again the end of the financial year approaches at a rapid rate. Every year we seem to feel that our work and personal lives can't continue at this ever increasing pace, but they do, and we survive! Every year brings new challenges and opportunities and in accounting it is no different as there is a constant need to be proactive in all aspects of our work. Our journey to a cloud based paperless practice continues to evolve and we are starting to see some efficiencies in our work as the system matures and consolidates. Although, the constant tinkering of the Tax Act and the subtle changes combined with the additional information required by the taxing regimes just adds to our workload each year and adds to the ongoing challenge.

At a staff level, we have had a few changes, Pepi is on maternity leave following the arrival of their beautiful little bundle of joy Anna. Talk about cutting it fine, Pepi missed her last scheduled day at work as she went into labour the night before! Stacey and Rob have moved on during the year, and wish them the very best with their future endeavours. Kelly Forst a qualified CA with many years experience in super has joined the accounting team to assist with the ever increasing work load and bolster our capacity. Each year brings with it, its own set of unique challenges and we are very excited that we have a great team to assist and support us as we continue consolidating the practice and delivering quality and timely advice and support to our wonderful client base.

On a more personal side for the Murray family, both Aiden (8) & Liam (5) are at school and enjoying their time at Unley Primary. We have our hands full with Miss Isla (our threenager) telling the family how it will be and sometimes it's just easier to go along with the demands than fight it. We are very excited that our cloud based software package designed for accountants using Xero (Account Kit) has now been released and is slowly receiving recognition from our software peers and accountants within the professional community. The continuing development and support needed together with both of us working in the practice puts pressure on the work/life balance that so many of us face, but we hope the hard work will bare fruit in time.

Kate and Clayton's boys are growing rapidly and adding to the dynamics of their family life. Mitchell (5) is at last now happily at school with his big brother Jackson (7). Kate deals with most of the ASIC and regulatory aspects of our clients as well as being a valuable resource for clients with wage and superannuation problems particularly with those migrating across to Xero.

The transition to retirement for Kingsley is still happening; he is taking a lot more leave in the quieter times, but still looking after the Eyre Peninsula, Nyngan and many of the primary producer clients. Raelene has lots of projects lined up for him at home which worry him, so we believe he will be around for another year in some evolving capacity.

Sally is still the nerve centre for the practice, her knowledge of the client base and how everything works and where everything is in the office is legendary. We all appreciate her happy and friendly nature and value her as our first point of contact for our clients.

Adam maintains his role in the firm quietly and unassumingly leveraging his many years experience to get work out the door efficiently while

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> “Money, like emotions, is something you must control to keep your life on the right track” – Natasha Munson

being a wealth of information to the clients he deals with each day. Outside work he leads a busy social life, also keeping tabs on all the happenings in his home town of Keith and spoiling his niece and nephews.

Jay has settled into the team and established himself as an integral team player absorbing information and picking up the principles with ease – we are most proud of how far he has come in such a short time. He is enjoying a break from study before he embarks on CPA professional studies and I believe there was talk of playing country football this year.

Renee continues to support Paula in the self managed super team. It will be an exciting and busy year ahead with changes in the super software being rolled out along with plenty of legislative changes adding to the challenge. In the home life she has become an auntie twice over on both sides of the family, which is keeping her busy on top of the supporting Jake and his business and the gym they run in their ‘spare time’.

With the year fast coming to a close, we are busily finishing the last of our tax and BAS work with tax planning now coming sharply into focus where we seek to give visibility to your tax situation while there still is time to do something about it. Constant changes to the tax system and politically inspired tax incentives make it common sense to be proactive about your business and financial position and being informed is the best way to grow.

We thank you for your continued support and look forward to working with you in the new financial year. We are all refreshed and ready to embrace the 2017/18 financial year and wish you and yours continued health, happiness and prosperity.

Paul & Paula Murray

KINGSLEY DOING A WING WALK AT LONGREACH

PEPI INTRODUCING ANNA TO THE STAFF

Budget Review – Key Changes

Scott Morrison delivered his second budget for the Turnbull Government and despite a lot of rhetoric from the media prior to the budget, it proved to be a relatively positive series of measures to get the Australian economy back on track and moving forward.

Given the significant changes introduced last year (see Other Changes in Tax) that have now officially been implemented, there was not a whole lot of news for small business except for the welcome extension of the $20,000 immediate write-off for an extra year through to 30 June 2018. From 1 July 2018 this threshold will revert back to the original $1,000.

There was a significant push to increase housing affordability and much of this was aimed at reducing the appeal of owning investment properties which the government believed was keeping house prices high. There has always been the threat of negative gearing being denied, but successive governments have always shied away from such a significant reform as they reduce their involvement in public housing and need the housing market to be filled by private investors. However, from 9 May 2017 depreciation deductions for plant and equipment such as stoves, dryers, curtains etc. will only be allowed if the investor actually purchases them. For those investors who already have properties and are using the extensive depreciation schedule (eg. As prepared by BMT) which include all items embedded in the property, these claims will continue, but new investors will be denied these tax advantages. Even if you purchase an investment property and it comes with plant and equipment purchased by the previous owner, these cannot be continued to be claimed by the new owner. From July 2017, investors will no longer be able to claim tax deductions for travel expenses related to inspecting, maintaining or collecting rent from a residential rental property.

Saving a deposit can be one of the toughest challenges for first home buyers and so measures have been included in the budget to allow entry level buyer to save funds at a discounted tax rate by making additional contributions to their superannuation. At the other end of the spectrum, they have offered the ability to contribute up to $300,000 to superannuation by older Australians from the proceeds of downsizing the family home to ease the housing market. We are however concerned by the lack of clarity as to how this will affect age pension entitlements for those availing themselves of this incentive.

Some of these measures have to be passed through Parliament yet and there is often a lot of detail included in the fine print, so it is a bit of a “wait and see” approach before we get too excited as to how these changes will impact everybody’s specific circumstances.

Other Changes in Tax

Superannuation

As many of you would be aware there are widespread changes to the superannuation system that will commence from 1st July 2017. Perhaps the key changes are;

Contributions:

- Concessional contribution cap will revert to $25k for all individuals regardless of age effective 1st July 2017.
- Non-concessional contributions will be limited to $100k per person, with the option to trigger the bring-forward rule for those aged under 65yrs.

Pensions:

- Transition to retirement pensions (payable to those aged under 65yrs and still working in some capacity) will no longer generate tax free income for a fund to be effective 1st July 2017.
- Introduction of a $1.6m limit on assets held in a pension account earning tax free income, known as a Transfer Balance Cap.

The introduction of the above and several other small changes to the system are likely to impact around 40-50% of our client base, which is much more than the statistics quoted by the politicians. If you have any concerns regarding how this will impact your superannuation and retirement planning, please do not hesitate to contact our office.

Companies & Small Business

- The small business turnover threshold has seen the welcomed increase from $2 million to $10 million, thereby opening the doors to a variety of small business concessions to the majority of our clients. Note that the $2 million cap will remain with regards to capital gains concessions.
- From 1st July 2016 the company tax rate has reduced from 28.5% to 27.5%. For other entity types, the small business income tax offset has increased from 5% to 8%, although it is capped at $1,000 each year and has an arbitrary turnover limit of $5 million.
- Per above, the small business immediate write-off of plant under $20,000 has been extended for a further 12 months to the 30th of June 2018.
- Primary producers continue to have access to the tax incentives such as the immediate write-off of fencing and water facilities such as dams, tanks, bores, irrigation channels, pumps, water towers and windmills. Fodder storage facilities such as silos, hay sheds and storage tanks used to store grain and other animal feed can be depreciated over three years on a prime cost basis. See the call out for more details on Fodder Storage
- Farm Management Deposits have seen their cap increased from $400,000 to $800,000 and the legislative restriction on the use of FMDs as an interest offset account against farm business loans has been removed, which will result in some new products being offered by banks in the coming year.

Individuals

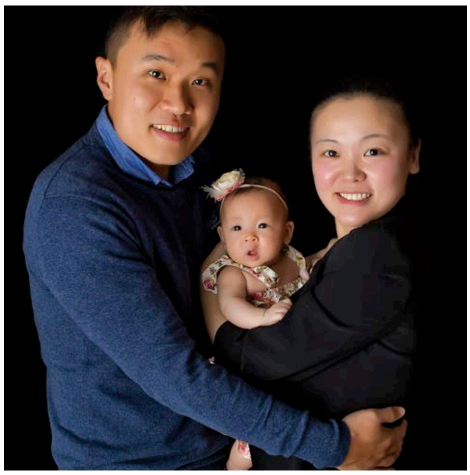
- There have been no changes to the individual tax rates this year.
- Removal of the 10% contribution rule enabling most individuals to make personal deductible super contributions as of 1st July 2017.
- High income earners will pay additional contributions tax of 15% on contributions if their personal income (including RESCs) is over $250,000 down from last years $300,000.

What is Fodder Storage?

There has been extensive detail included in the legislation about the definition of fodder storage facilities in that it must be primarily and principally for the purpose of storing fodder. The term "fodder" takes on the ordinary meaning of food for livestock such as grain, hay or silage, but it can also include liquid feed and supplements.

AIDEN WITH LIAM ON HIS FIRST DAY AT SCHOOL

JACKSON, KATE & MITCHELL JONES



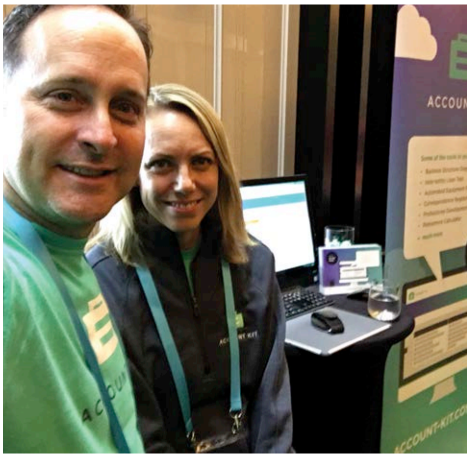
YIN, PEPI AND ANNA

Points of note for the New Financial Year

Some highlights that we believe you need to keep your eye on include;

- Super Guarantee rate has remained at 9.5% for the 2016/17 year. Please remember that any super contributions above the mandatory SG rate, should be reported in your PAYG Payment Summaries at year end as a “Reportable Employer Super Contribution” (RESC). Take care not to report your employees RESC in their Gross Wages, or their SG in the RESC field.
- If you’re in the building and construction industry, don’t forget to lodge your Taxable Payments Annual Report by the 28th of August. Further details can be found here:

  https://www.ato.gov.au/Business/Reports-and-returns/Taxable-payments-annual-report/
- Make sure that you do regular backups (and test those backups) of any computer information that you don’t want to lose. Too often we hear of a hard drive failure, or more recently of client data being locked away via Ransomware with a payment required to release the information. This results in lost accounting records, documents and family photos, which are often irreplaceable. As an alternative, utilising a cloud storage solution is tremendously cheap and convenient with some options including Microsoft OneDrive, Dropbox & Google Drive. This should not supersede putting in place solid security principles with a reasonably complex password that are changed on a semi-regular basis along with regular offsite backups. When used with a password manager such as LastPass and 2 Factor Authentication, you can rest easy that you’re as safe you’re going to be in todays fast changing world of computers and data.



PAUL & PAULA DEMOING ACCOUNTKIT AT THE XERO ROADSHOWS.

KELLY, LOGAN AND ALYSSA

RENEE & JAKE

2016 STAFF RETREAT – KAYAKING ON THE NOOSA RIVER

GET TOGETHER OF THE MURRAY FAMILY IN THE RIVERLAND FOR DENISE’S 70TH.