elphinstone stevens pty ltd

the bottom line newsletter

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JobKeeper 2.0

On 21 July 2020, the Government announced that the JobKeeper Payment would be extended until 28 March 2021, a further 6 months beyond its original end date. The JobKeeper Payment will now be made over two separate extension periods, being:

• Extension period 1 – covering seven new JobKeeper fortnights from 28 September 2020 to 3 January 2021; and

•Extension period 2 – covering six new JobKeeper fortnights from 4 January 2021 to 28 March 2021.

From 28 September 2020, the revised JobKeeper Payment scheme will be subject to a new dual payment rate and will require businesses to apply a new 'Decline in Turnover Test' based on their actual GST turnover rather than projected GST turnover.

The new JobKeeper rates are as follows:

The relevant date for determining eligible employees has been moved to 1 July.

Period	Full Rate	Reduced Rate
Extension Period 1	$1,200 A	$750 C
Extension Period 2	$1,000 B	$650 D

A. $1,200 per fortnight for eligible employees that, in the four weeks before 1 March 2020 or 1 July 2020, were working in the business for 20 hours or more a week on average, and for business participants who were actively engaged in the business for more than 20 hours per week.

B. $750 per fortnight for eligible employees that, in the four weeks before 1 March 2020 or 1 July 2020, were working in the business for less than 20 hours a week on average, and for business participants who were activley engaged in the business for less than 20 hours per week in the same period.

C. $1,000 per fortnight for eligible employees that, in the four weeks before 1 March 2020 or 1 July 2020, were working in the business for 20 hours or more a week on average, and for business participants who were actively engaged in the business for more than 20 hours per week.

D. $650 per fortnight for eligible employees that, in the four weeks before 1 March 2020 or 1 July 2020, were working in the business for less than 20 hours a week on average, and for business participants who were actively engaged in the business for less than 20 hours per week in the same period.

The new JobKeeper Turnover Test is as follows:

To qualify for the JobKeeper Payment in the extension period 1 you will need to show your actual GST turnover has fallen in the September 2020 quarter in comparison to the September 2019 quarter. To qualify for the JobKeeper Payment in the extension period 2 you will need to show your actual GST turnover has fallen in the December 2020 quarter in comparison to the December 2019 quarter.

The relevant decline in turnover that businesses generally need to meet is still 30%, but for the whole quater rather than for a single month (assuming not a charity or turnover more than $1 billion)

The ATO has not yet released an alternative decline in turnover tests.

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Please Remember

By necessity the contents of this newsletter are summary only. Clients should contact us on 6431 3933 to discuss matters prior to acting.

ATO 'Ramps Up' its Scrutiny of Rental Properties

The ATO has recently advised that it will be doubling the number of full audits undertaken in respect of rental properties. The ATO has advised it will be specially focusing on the following:

- Interest deductions not being correctly apportioned.

  For example:

  - Loan moneys that were used partly for rental and private purposes (e.g. interest being claimed on moneys drawn down from a rental property loan, where the moneys were used to buy a car used for private purposes or to pay for a holiday); and
  - A property was not genuinely available for rent (e.g. interest claimed in respect of a holiday home or weekend retreat that was not available for rent).

- The incorrect classification of capital works (improvements) as deductible repairs
- Travel claims in relation to residential rental properties which are generally no longer available
- Omitted income and over claimed deductions (especially deductions that have been incorrectly apportioned) in relation to accommodation sharing (e.g., Airbnb and similar platforms)

Please ensure you are maintaining appropriate records to substantiate your rental income and expenses.

'Shortcut' Method for Home Office Claims Extended

Back in April 2020 the ATO announced a 'shortcut' method for home office expense claims was to apply from 1 March 2020 until 30 June 2020 for individuals claiming home office expenses due to COVID-19. The ATO has recently announced an extension of this shortcut method to also apply from 1 July 2020 to 30 September 2020.

In summary, a taxpayer can claim a deduction of 80 cents for each hour they work from home due to COVID-19 provided the individual is:

- Working from home to fulfil their employment duties and not just carrying out minimal tasks such as occasionally checking emails or taking calls; and
- Incurring additional deductible running expenses as a result of working from home.

A taxpayer does not have to have a separate or dedicated area of their home set aside for working, such as a private study.

The shortcut method rate covers all deductible running expenses such as:

- electricity/gas used for heating/cooling and running electronic items used for work purposes;
- depreciation and repair of assets used for work purposes;
- work-related phone and internet costs; and
- stationery

If you are working from home due to COVID-19 and have queries about what deductions you can claim, contact our office.

Instant Asset Write Off Extended

Good news! If you're looking to claim a deduction for assets purchased for your business, the $150,000 instant asset write-off threshold has been extended to 31 December 2020.

This means, if eligible, you can claim an immediate deduction for the business portion of an asset first used or installed ready for use from 1 July to 31 December 2020, in your 2020-21 tax return.

Please note, come 1 January 2021, if there is no further extension, the $150,000 threshold for the instant asset write-off for depreciating assets will revert to $1,000 and the turnover threshold for eligibility for the outright deduction of less than $500 million will fall to a turnover of less than $10 million. We await legislation on any extension.

Reminder: Taxable Payments Annual Reporting (TPAR)

The Taxable Payments Annual Reporting system currently applies to business who provide the following services:

- Building and construction
- Cleaning services
- Courier or road freight services
- Information technology services
- Security, investigation or surveillance services

If your business provide any of these services you are required to lodge a TPAR by 28th August 2020.

This report will notify the ATO of payments you have made to contractors for providing these services. Contractors can include subcontractors, consultants and independent contractors, and they can be operating as sole traders (individuals), companies, partnerships or trusts.

If you require assistance lodging your TPAR please contact the office.

Client Profile – Burnie Wholefoods

As complied by Chantelle Cameron. Elphinstone Stevens congratulates Chantelle & David on the purchases of the business.

Burnie Wholefoods has been operating in Burnie for over 20 years providing Burnie and the surrounding areas with wholefoods and health supplies. In January this year the business was purchased and taken over by Chantelle and David Cameron, with the vision to re stock the business and freshen up the store.

When Chantelle and David took over the business customers were welcome to scoop their own produce into bags provided or containers they brought in. Once the Covid-19 lockdowns began in Burnie, the owners had to make some changes as customers were no longer able to scoop their own products.

This led to a huge renovation of the store. The couple with some helpful family got in on a weekend and completely changed the layout of the store. The idea was to still give customers access to all of the bulk foods they loved but with a staff member scooping on their behalf. This led to the store being compliant with new Covid-19 restrictions and regulations, but it also gave the business a fresh change that has been welcomed by existing and new customers alike.

Chantelle and David have found that customers have discovered bulk foods that they had no idea were available through being able to browse all products in one place. In addition to the shop changes an online store has been developed for pickup and delivery purchases at burniewholefoods.com.au

BEFORE

DURING

AFTER

Director Identification Number (DIN)

In June 2020 parliament passed a new law requiring all company directors to be identifiable by a unique number. This number will be in addition to the usual manner in which a director is identified on the ASIC register, by way of full name, address and date and place of birth.

This unique number will be called a Director Identification Number ("DIN"). It is not yet known exactly when the DIN requirement will commence, however under the legislation the system will be operational within two years of receiving Royal Assent; by 22 June 2022.

The DIN law will require all directors of Australian companies, to obtain and hold a DIN. Each director will be required to verify their identity on application, so one can envisage a typical 100 point style application process.

Once the new law commences, for the first 12 months once a person is appointed as a director they will have 28 days to apply for their DIN. For existing directors there will be no immediate obligation to apply for a DIN, however there will be legislation released on transitional arrangements.

An individual will retain their DIN indefinitely, even if they cease to be a director. It will also be an offence for a person to hold more than one DIN. In extreme cases of contravention, say from providing false or misleading information, substantial civil or even criminal penalties may apply.

DINs have been introduced in part to deter the illegal business activity of 'phoenixing'. Phoenixing is when a new company is created to continue the business of an existing company that has been deliberately liquidated to avoid paying outstanding debts, including taxes, creditors and employee entitlements.

DINS will be searchable via ASIC, making directors' prior business affairs more transparent. This will serve to promote honesty and mitigate conflicts of interest. We will update you further when the DIN law becomes operational.