

On-Farm Emergency Water Infrastructure Rebate Scheme

The Tasmanian and Australian Governments are offering a rebate to primary producers and horticultural farmers to purchase and install new on-farm water infrastructure, or repair and replace damaged infrastructure. These rebates address animal welfare needs, permanent planting needs, and recovery from natural disasters and improve resilience to drought. Recipients will be required to demonstrate that they are from the grazing or horticulture industries. It should be noted that it doesn't appear that the grant extends to irrigation infrastructure.

The Scheme is open to applications any time until **31 December 2023**. Evidence that project activities are completed will need to be provided by **29 March 2024**.

The Scheme provides a one-off 25 per cent rebate up to \$25,000 (GST exclusive) to eligible primary producers and horticulture farmers for the costs associated with the purchase and installation of eligible on-farm water infrastructure and/or repairs.

The maximum rebate that can be claimed is \$25 000 (ex GST) per primary production enterprise.

Prospective applicants for the rebate are advised to carefully consider the eligibility criteria and the list of eligible and ineligible activities before submitting an application. Applicants are responsible for ensuring that placement and design of water infrastructure, including infrastructure repairs, meets all relevant Tasmanian laws and permit and licensing requirements. Please refer to NRE Tas through FarmPoint on 1300 292 292 or farmpoint@nre.tas.gov.au or <https://nre.tas.gov.au> for any questions.

More information can be found at the following link:
<https://nre.tas.gov.au/agriculture/government-and-community-programs/on-farm-emergency-water-infrastructure-rebate-scheme>

Christmas Holiday Period

Burnie Office: 1pm 22/12/2023 to 8:30am 8/1/2024

Smithton Office: 5pm 21/12/2023 to 8:30am 11/1/2024



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The team at Elphinstone Stevens thank you for your continued support throughout 2023. We hope you and your families have a safe and happy Christmas & New year and look forward to working with you in 2024.

Self-Managed super fund – Transfer balance account reporting

From 1 July 2023, all SMSFs are required to report and lodge a TBAR form 28 days after the end of the quarter in which a reportable event has occurred. So, what is a reportable event?

The most common reportable events are:

- Commencing a pension
- Commutation (ie. Ceasing a pension & hence transferring back to accumulation, taking a lump sum payment, whether partial or in full)
- Commencement of death benefit pensions

This list is not exhaustive but includes the most common events. Please note that withdrawal of normal pension payments are not required to be reported.

If you believe you have a reportable event you will need to notify us in a timely manner. Your fund would then need to be processed (ie. By providing us with all transactional data having taken place in that time) up to the date of the event. We can then prepare interim accounts and notify the ATO of the TBAR event electronically on your behalf.

Since 1 July 2017, these events have been reported to the ATO, however previously we were able to report these when completing the year-end work for your fund. This is therefore a major change and will require you (as the trustee of your fund) to communicate with us about any events. Keeping up to date records is critical and if you are assisted by a financial planner, please also ensure they communicate with us any reportable events.

Small Business Energy Incentive

On 30 April 2023, the Australian Government announced it will provide businesses with an annual turnover of less than \$50 million with an additional 20% deduction on spending that supports electrification and more efficient use of energy.

Eligible assets or upgrades will need to be first used or installed ready for use between 1 July 2023 and 30 June 2024. This measure is not yet law.

The measure will help small businesses make investments like:

- electrifying their heating and cooling systems
- upgrading to more efficient fridges and induction cooktops
- installing batteries and heat pumps.

Up to \$100,000 of total expenditure will be eligible for the incentive, with the maximum bonus tax deduction being \$20,000 per business.

The 20% boost deduction for Small business energy incentive is also now before parliament as announced in most recent budget

Although there is much more details to be provided in relation to this and therefore can cannot yet confirm or advise, we assume it may apply to farming clients who often update pumps etc for more energy efficient options. It could also possibly extend to clients whom are looking at solar for their business.

Different meanings of 'dependant' superannuation and tax

On a person's death, their superannuation benefits can only be paid directly to one or more 'dependants' as defined for superannuation purposes, unless they are paid to the deceased's legal personal representative to be distributed in accordance with the deceased's Will.

Super death benefits can be tax-free to the extent that they are paid (either directly or indirectly) to persons who are 'dependants' for tax purposes.

However, the meaning of 'dependant' differs slightly for superannuation and tax purposes. For superannuation purposes, a 'dependant' of the deceased comprises:

- their spouse (including de facto spouse);
- their child (of any age);
- a person in an 'interdependency relationship' as defined with the deceased; and
- a person who was financially dependent on the deceased.

However, for tax purposes, a 'dependant' (or 'death benefits dependant') of the deceased includes their spouse or former spouse (including de facto spouse) and only children under the age of 18.

Therefore, super death benefits generally cannot be paid directly to a former spouse, as they are not a dependant for super purposes.

Also, while a child of any age is a dependant for super purposes, only children under the age of 18 are dependants for tax purposes. This means that, while a child of any age may receive super death benefits directly, those benefits will generally only be tax-free if the child is under 18.

Editor: If you are thinking about estate planning with your superannuation, please contact our office



Taxpayers need to get their 'rental right'

The ATO reminds rental property owners and their tax agents to take care when lodging their tax returns this tax time. When preparing their tax returns, taxpayers should make sure all rental income is included, including income from short-term rental arrangements, renting part of a home, and other rental-related income.

Rental income must be reported in the year the tenant pays, rather than when the taxpayer's agent transfers it to them, and it must be reported as the gross amount received (i.e., before the property managers fees and other expenses they pay on the taxpayer's behalf are taken out).

There are three categories of rental expenses, as follows:

- Expenses where taxpayers cannot claim deductions – e.g., expenses arising from a taxpayer's personal use of their property and capital expenses;
- Expenses where taxpayers can claim an immediate deduction in the income year they incur the expense – e.g., interest on loans, council rates, general repairs and maintenance, and depreciating assets costing \$300 or less; and
- Expenses where taxpayers can claim deductions over a number of income years – e.g., 'capital works' deductions and borrowing expenses incurred when setting up a loan.

The ATO is particularly focused on interest expenses and ensuring rental property owners understand how to correctly apportion loan interest expenses where part of the loan was used for private purposes, or the loan was re-financed for some private purpose.

Taxpayers should ensure they have the records to demonstrate they incurred expenses for their rental property and the extent to which the expenses relate to producing rental income.

Remember the unused concessional contributions cap concession

As from 1 July 2018, individuals with a total superannuation balance of less than \$500,000 as at 30 June of the previous income year may be entitled to contribute more than the general concessional contributions cap (i.e., and make additional concessional contributions to utilise any unused cap amounts).

For example, an individual who did not make any concessional contributions in the 2020, 2021, 2022 or 2023 income years (and whose total superannuation balance was less than \$500,000 as at 30 June 2023) can make up to \$132,500 (3 x \$27,500 & 2 x \$25,000) of concessional contributions in the 2024 income year.

Unused concessional contributions are available on a rolling basis and can be carried forward for up to five years, after which they will expire. The 2024 income year is the first year in which unused caps from all five previous years are potentially available to carry forward.

The information above is objectively verifiable and should not be construed as financial product advice. Should you require personalised advice, please consult with an authorised financial adviser.

Christmas Parties & Gifts

Christmas Parties

"The cost of providing a Christmas party is income tax deductible only to the extent that it is subject to FBT. Therefore, any costs that are exempt from FBT (that is, exempt minor benefits and exempt property benefits) cannot be claimed as an income tax deduction." (From ATO website)

In other words:

If a Christmas party is held on your premises on a work day:

It is not subject to FBT, and is not tax deductible if:

- Only employees attend
- Current employees and Spouses attend at \$300 or less per person
- Employees and Clients attend at \$300 or less per person
- Any costs above \$300 per person for employee associates only may be claimed and FBT will apply

If a Christmas party is held at another premise:

It is not subject to FBT, and is not tax deductible unless

- For employees and associates, FBT applies and a tax deduction may be applied if the value is more than \$300 per person
- **Unfortunately, for the vast majority of circumstances, Christmas parties are not a tax deduction and are not a taxable supply. (ie GST also cannot be claimed)**

Client and Employee Gifts

Which gifts can be claimed?

If the gift is not classified as 'entertainment', gifts to employees and clients may be claimed as a tax deduction and GST credits can be claimed under the following circumstances

- If the gift is less than \$300, it is considered a 'minor benefit' and may be claimed as a business expense
- Gifts over \$300 may incur FBT and may still be claimed as a business expense

Gifts you can claim include: a Christmas hamper, a bottle of whisky, wine, gift vouchers, a bottle of perfume, flowers, a pen set.

Which gifts cannot be claimed?

Gifts that contain an 'entertainment' element such as a holiday, membership to a club, tickets to a theatre, sporting, movie or musical event cannot be claimed if they are under \$300. If these gifts are over \$300, they may be claimed but will be subject to FBT.

If you would like more information about what expenses you can claim, please contact our office.

Client Profile - Muddy Boots Cafe



Set amongst the beautiful farmland of Sister's Creeks is a café called Muddy Boots.

Muddy Boots cafe is situated in the old Sister's Creek hall alongside the Bass Highway and surrounding rural farmland. Owner and qualified chef by trade, Alana Elphinstone, serves homemade breakfast, brunches and tasty treats, both savoury and sweet.

Alana started the café after the existing small business in the hall closed down.

She saw an opportunity to reopen the Café, with the main focus of providing snack meals to local farmers, passing road traffic and tourists. Alana is married to a local farmer and has a young family. The old hall is a local community icon and with Alana's business operating out of the premises, it helps maintain the building and keep the hall open for use.

With easy access to off road parking, disability and wheel chair access, the café has become very popular with the community. The café is furnished with old fashioned tables and chairs, has wooden floors and boasts a children's play area. This setting gives the café a country ambience.

The café opens Tuesday to Saturday between the hours of 10 am – 4 pm and is located at 17894 Bass Highway, Sisters Creek. Summer trading hours for Saturday only will be 8 – 2 pm.

Elphinstone Stevens highly recommends a visit to Sisters Creek's Muddy Boots Café.



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.

