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Action.

GO EVEN FURTHER

The people that invest in themselves and take action make progress and get results.

It's that simple.

Knowledge.

KNOW MORE, DO MORE

We believe it all starts with having the right information when it's time to make key decisions.

Superannuation Guarantee Changes for 2022–2023

From July 2022 the Superannuation Guarantee will increase to 10.5%. This is a result of annual increases that are scheduled to take place until 2027.

With superannuation being a focus area for the ATO, employers should ensure that they are accounting for superannuation at the correct rate and paying on time.

ATO Scrutiny of Family Trust Arrangements

During the second half of the 2022 financial year the ATO released several draft rulings, and guidelines announcing a change in their stance on family trusts. While this change in stance initially appeared harsh, the ATO have since softened their view, ruling out retrospective action and also moving to reassure primary producers that they will not be targeted.

The draft rulings identify family trust arrangements where income is distributed to individuals that do not receive the financial benefit of the distribution.

The draft tax ruling and practical compliance guidelines go into depth about what is, and what is not, an ordinary family or commercial dealing. However, one area of initial concern that has been clarified being, if you are operating your business in a trust structure and you reinvest your earnings back into working capital of your business, these rules will not affect you.

Making sure you get trust distributions right is an important step each year as part of your obligations as a trustee and the further complexities introduced can make this a difficult landscape to navigate. If you wish to speak with us directly about your current year situation, please contact our office.

Keep Track of Your COVID-19 Test Purchases

The cost incurred in taking a COVID-19 test will be tax deductible for individuals and businesses as long as the test was used for a work-related purpose.

Although there was an argument to be made that an employee taking a COVID-19 test for work was already deductible under general provisions, the government has legislated it to provide certainty.

Also, expenditure incurred by an employer to provide their employees with these tests for admittance to work will be exempt from Fringe Benefits Tax.

Changes to Accelerated Depreciation

The accelerated depreciation rules that allow businesses to claim an immediate deduction for capital purchases are scheduled to end 30 June 2023. From the 2024 financial year these capital purchases may need to be written off over several years. Importantly, businesses will need to hold the asset ready for use, before they can claim the tax deduction.

While this is still 12 months away, anyone that has tried to purchase a new vehicle recently will be aware it can take some time for the customer to actually get their hands on the asset. All these factors combined make it important that if businesses plan on accessing the temporary full expensing measures before the end date, that they plan this well in advance.

Queensland Land Tax to Include Interstate Landholdings

Originally signalled in the December 2021 Mid-Year Fiscal and Economic Review, the Queensland government has introduced new legislation that will include interstate landholdings in land tax calculations.

By doing so, Queensland becomes the first jurisdiction to levy land tax in this way. The first year of operation of the new calculation will be for 30 June 2023 land tax assessments.

It is unclear at this early stage whether every other state and territory will follow Queensland's lead and introduce a similar land tax calculation.

While most of our clients are in NSW, this may impact those clients that hold land in Queensland. Visit our website akw.com.au/insights for more details, or please feel free to contact our office to discuss this further.

A New Property Tax Coming for NSW

The NSW state government has released details of its much anticipated revamping of NSW state taxes in the 2022–23 state budget. Originally released for consultation in November 2020, the government is introducing a new property tax for first home buyers who choose not to pay stamp duty. A detailed discussion can be found on our website akw.com.au/insights.





Wealth.

INFORMED FINANCIAL INSIGHTS

Articles to remind you of some of the current and emerging opportunities and changes that you may be able to take advantage of.

Retirees – Get Your Imputation Credits

If you no longer lodge a tax return but have some shares that pay you a dividend, you are able to apply for a refund of the imputation credits. The instructions for this are on the ATO website www.ato.gov.au

Seniors Energy Rebate

The NSW state government also provides a \$200 rebate, per financial year, for eligible self-funded retirees to help cover the cost of their electricity. To apply for this either go online at Service NSW or go to your nearest service centre. You must hold a Senior Health Care card to be eligible and you will need to provide a recent electricity bill.

Commonwealth Seniors Health Care Card

During the federal Election it was proposed that the income test for the Commonwealth Seniors Health Care Card would be lifted to \$140,000 for a couple and \$90,000 for a single person. Legislation has not yet passed, so we will await the outcome of this proposal.

Contribute to Superannuation

You no longer need to meet the “work test” to contribute to superannuation between the ages of 67 and 75. This is limited to “non-concessional” contributions which means if you want to claim a tax deduction you will still need to meet the work test.

Downsizer Contributions

The age of eligibility to make downsizer contributions to superannuation from the sale of your home has been reduced to 60. There is also a proposal to reduce this to age 55.

Reduced COVID Minimum Pension

The government has extended the halving of the minimum drawdown from Superannuation Pensions for another 12 months.

First Home Save Scheme

For young people saving for their first home, you can now contribute up to \$50,000 to superannuation that can be later withdrawn to pay for their first home. This is a rather complex strategy but is very effective for those who take the time to get their mind around it. Note there are various incentive schemes for first home buyers current and proposed so please contact us if you require more details.

NSW Travel Card

For eligible persons, the NSW state government provides regional residents with a \$250 travel card to help pay for public transport and fuel. To apply for this either go online at Service NSW or go to your nearest service centre. Broadly to be eligible, you must be in receipt of a government benefit or have the Senior Australian Health Care Card. Apply before 30 November 2022 and after this date you can reapply for another card.

Increase in SGC (Super Guarantee Contribution)

The SG contribution rate will increase to 10.5% from 1 July 2022 and will continue to increase by 0.5% each financial year until it reaches 12% on 1 July 2025.

SG counts towards the concessional contributions (CC) cap, and the annual CC cap in 2022/23 is unchanged at \$27,500 (actual CC cap may be higher if eligible for catch-up contributions).

Interest Rates

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The official cash rate should not rise until 2024.

Oh wait... that was Phillip Lowe, Reserve Bank Governor, in November 2021.

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The number one lesson for all investors – the future is a series of unpredictable events.

Do You Need Help With Centrelink?

When did you last update your financial details with Centrelink to make sure you are receiving the correct Age Pension benefit?

Applying for the Age Pension or updating your details with Centrelink can be a daunting and frustrating experience.

Our team of financial experts have the experience to assist you through this process. Please contact our head office for more details.

Call (02) 6937 7900

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What matters is whether you are on track to meet your own long-term goals detailed in the plan designed for you.

Julian McLaren
AKW WEALTH ADVISER



Market Update

RENEWED VOLATILITY IN MARKETS HAS AWOKEN THE MEDIA FROM ITS SLUMBER

Everyone has an opinion about what caused this latest bout of volatility but the key point for long-term investors is that markets are volatile by nature. Shares go up and down as information and expectations change. Sometimes, this happens very gradually. Other times it happens more suddenly.

What you can be sure of is that everyone is an expert after the fact. A few weeks ago, you might have heard experts saying markets were in party mode, fuelled by a cocktail of accelerating global growth, strong earnings and low inflation. Now, they say this was an accident waiting to happen as central banks take away the punchbowl of low interest rates. Well, which is it?

The point is there are any number of reasons markets may rise or fall on a given day. It may be fun to speculate about the drivers, but ultimately it makes little difference if you are a long-term

investor. And reacting impulsively to daily market movements is almost always counterproductive.

Increasing market volatility is essentially an expression of uncertainty. Markets move on new information which is incorporated into prices immediately. Those prices reflect the aggregate views of millions of participants, so unless you have information that no-one else is privy to, you are unlikely to get an edge by trying to time your entry and exit points.

What matters for individual investors is whether they are on track to meet their own long-term goals detailed in the plan designed for them. Unless you need the money next week, what happens on any particular day is neither here nor there. It is the long-term returns that count.

As to what happens next, no-one knows for sure. That is the nature of risk. In the meantime, you can protect yourself against volatility by diversifying broadly across and within asset classes, while focusing on what they can control – including your own behaviour.

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