



NEWSLETTER – MARCH 2022



IMPORTANT UPCOMING DATES

March 2022

21st March—BAS/IAS for February 2022 due
29th March—Federal Budget
31st March—Lodgement Due Date for some 2021 returns
31st March—end of 3rd Quarter 2021/22

April 2022

6th April—Breakfast Seminar (Employment Issues)
15th April —Good Friday
18th April—Easter Monday
21st April—Monthly BAS/IAS for March due
25th April—Anzac Day
28th April—Superannuation Guarantee Due for Jan—Mar 2022

May 2022

16th May—Company and Super Fund Tax Returns Due (Lodgement and Payment)
16th May—All remaining 2021 Tax returns due for lodgement
21st May—Final possible Federal Election date
23rd May—Monthly BAS/IAS for April due
26th May—Quarterly BAS/IAS for Jan—March 2022 Due

FEDERAL BUDGET

The Federal Budget will be handed down by the Treasurer, Josh Frydenburg at 7:30pm on the 29th March 2022.

While normally held in May, due to the upcoming Federal election the budget will be held early this year.



BREAKFAST SEMINAR

We are pleased to present our upcoming breakfast seminar on 6th April covering topical employment issues including

- Tips and Traps for Employment Contracts
- Covid Vaccine requirements
- Covid Sick Leave provisions

Local Solicitor, Orry Pilven, will present the session which will be held at the North Ballarat Sports Club.

Contact our office on 5331 2322 to reserve your place or email sam.armstrong@mbaccountants.com.au

RECENT CHANGES TO TAXATION OF TRUST DISTRIBUTIONS

There has been much media attention in recent weeks following the release of guidance from the ATO regarding the treatment of discretionary trust distributions.

These documents provide some guidance in relation to the Tax Office's view in various situations surrounding distributions from trusts, of most interest is the ATO view with regard to distributions to adult children.

The ATO have concerns where a tax benefit is received but the purported beneficiary does not benefit from the distribution.

The guidance is in draft format only and we await confirmation of the final version.

For many trusts, no action is required and it will be business as usual.

We are monitoring the situation and any action will form part of our tax planning strategies for our trust clients in coming months in the lead up to 30th June 2022.

SUPER CHANGES— REMOVAL OF \$450 THRESHOLD

As part of the 2021-22 federal budget, the Government announced that it would remove the \$450 per month threshold before superannuation guarantee is payable.

This is now law.

From 1st July 2022 employers must pay 10% superannuation guarantee on every ordinary time earnings dollar earned even if total for month is less than \$450.



TEMPORARY FULL EXPENSING OF ASSETS

The Temporary Full Expensing of Assets which allows small businesses to claim an outright deduction for plant and equipment has been extended through until 30th June 2023.

This was originally set to end on 30th June 2022.

This provides cash flow incentives for business to invest in plant and equipment for their business. Talk to the team at M & B Accountants for additional guidance and how this will affect your specific situation.

CHANGES TO SUPERANNUATION WORK TEST

From 1st July 2022, people aged 67 to 74 will no longer be required to meet the work test when making non-concessional or salary sacrificed superannuation contributions.

This measure was announced in the Federal Budget in May 2021 and is aimed at providing greater flexibility for older Australians to contribute to their superannuation.

The Measures passed both house of parliament on 10th February 2022.

Previously, older Australians were required to work at least 40 hours within 30 consecutive days in a financial year before the super fund would be able to accept voluntary contributions.

These previous laws limited the amount that could be contributed to superannuation and impacted on the amount available within the superannuation framework for retirement benefits.

The changes open up opportunities for older Australians to contribute additional funds to superannuation and provide for their retirement.

Note that access to personal deductible contributions for people aged 67 to 74 will still be subject to meeting the work test.

This is general advice only. For specific investment advice, please contact us and we can connect you with a licensed financial adviser to provide advice that is specific to your circumstances.

DEDUCTIBLE SUPER

One way to boost your superannuation savings while paying less tax is to make a tax deductible contribution into your superannuation.

How does it work?

By making a personal contribution and claiming a tax deduction for it, you are reducing your taxable income and therefore paying tax on a reduced amount.

For Example:

If you have an annual salary of \$100,000 and you claim a deduction for \$10,000 for a personal contributions you will receive an additional tax refund of \$3,450 being \$10,000 multiplied by your marginal tax rate (34.5%).

Your Super Fund will be liable for \$1,500 in contributions tax so overall you will be \$1,950 better off in this example.

If your marginal rate is higher, then the percentage savings will also be higher.

The deductible amount can be one lump sum or smaller more regular contributions.

While we have used a nice round number in the example above, you can contribute a smaller amount and still benefit from a reduction in tax.

It is important to be aware of the annual contribution caps to avoid any penalties for exceeding annual limits. Currently the maximum annual concessional contribution is \$27,500 which includes what your employer has contributed. It may be possible in certain circumstances to exceed this amount but advice should be sought in this case.

Once a contribution is made into superannuation, this must remain within the super environment until a condition of release is met. This will generally be retirement.

To claim a deduction on personal contributions, a "Notice of Intention to Claim a Tax Deduction" form must be lodged with the Super Fund and an acknowledgement from the fund must be received back before a deduction can be claimed.

While the tax savings can be significant, it is important to seek advice with regard to the underlying investments and superannuation products from a licensed financial adviser.

This article provides general tax information and it is important to seek advice for your specific circumstances.

For more information on the tax consequences of personal concessional contributions please contact our office on (03) 5331 2322.

ATO SCAM ALERTS

If you think a phone call, SMS, voicemail or email claiming to be the ATO is not genuine, do not reply. Instead contact us and we can assist or contact the ATO on 1800 008 540.

There have been recent reports of scams involving cryptocurrency.

Scammers pretending to be from the ATO are telling people they are suspected of being involved in cryptocurrency tax evasion. They are then asking them to 'connect their wallet' and provide detailed information via a link.

If you receive an SMS or email like this, don't click on the link. It will take you to a fake myGov log on page, designed to steal your personal information.



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