



PROACTIVE

ACCOUNTING SOLUTIONS

Winter 2018 Newsletter

A NOTE FROM ANDREW

It has been a very busy time at Proactive Accounting Solutions. We are seeing an increase in clients looking to buy, sell or establish new businesses. This is something that we have not seen as much of in this region in the last 5 years.

Those looking to buy or establish businesses have a renewed confidence in the local economy and the opportunities that are appearing. The clients looking to sell are generally those who have been ready to do so for some time but the business value was not there based on trading results in the downturn and the number of buyers in the market were very limited.

If you or anyone you know are interested in buying, selling or starting a business, it is very important that they get the right advice beforehand. We can assist in determining a fair value of the business, look at viability, working capital needed and assist with finance in addition to advising on any tax implications. We can also provide ongoing mentoring through regular strategic meetings to help you achieve your goals.



LOCAL ECONOMY UPDATE

Housing in the region continues to be affordable with property prices dropping by nearly 24% since December 2012. There are some positive signs in the property market that the bottom may have passed. In the December 2017 quarter, the median house price grew by 4.4% and a further 4.1% in the March quarter, with the median house price now \$333,250. This is a much welcomed improvement from the September 2017 quarter which still saw the market fall even though there was a much greater volume of sales. This was largely due to there still being a significant amount of Mortgagee in Possession sales occurring.

Vacancy rates for rental properties have fallen to around 3% down from a peak of nearly 8% a year ago and rents have been increasing steadily with the increased demand.

The Mackay economy has stabilised with coal prices remaining at a viable level and cattle prices are still reasonable. There is significant concern though in the sugar industry with sugar prices dropping dramatically and uncertainty surrounding the future of Mackay Sugar.

There are a number of infrastructure projects underway with the Mackay Ring Road being the most significant. With an investment of \$500M over the next couple of years, the ring road and other projects are contributing to unemployment now being below 5%. The outlook for the 2019 financial year is definitely brighter with many opportunities presenting themselves.

SUGAR INDUSTRY UPDATE

Mackay Sugar have advised that they are estimating a slightly higher crop than last year at 5.09 Million tonnes. Good growing conditions early in the season have contributed to an improved outlook for the expected 2018 crop, though prolonged dry weather leading up to the start of the crush has had an effect.

Mackay Sugar have been conducting an extensive maintenance program to ensure an early start and better reliability throughout the crush. With minimal delays due to weather they would hope to finish the crushing around the third week of November. The Board have been in discussions with various parties regarding a re-capitalisation but there is still much unrest in the industry with all stakeholders waiting for details to be announced.

In regards to Wilmar Growers, crop estimates for Sarina are 1.23M tonnes and 1.76M tonnes for Proserpine Mill.

Of concern is the drop in sugar price in May to 11c per pound which in many cases is below the cost of production. This drop in price was a result of India and Pakistan flooding the world market with sugar driving down the global price. It is expected that low prices will remain an issue for at least the next 12 months.



Let's talk 4951 6000

Visit us 1st Floor, Cnr Sydney & Gordon Streets, Mackay

Budget Update



GET TO KNOW MAJELLA SLEEMAN



Majella is a valuable part of the Proactive team having worked closely with many of our clients over the past 7 years. Majella spent her childhood years on the family cane farm in Farleigh and being a local, really knows and loves our town. She has now chosen to raise her two boys Harry (4) and Lucas (14 months) with her husband Scott here in Mackay.

Majella returned to part time work in January after being on maternity leave. She is working both in the office and from home. Majella loves spending time with Scott and the boys and her extended family who are mostly in Mackay.

INCOME TAX OFF

The Government will introduce the Low and Middle Income Tax Offset, a non-refundable tax offset of up to \$530 per annum to Australian resident low and middle income taxpayers. The offset will commence in the 2019 year and will be received as a lump sum on assessment after an individual lodges their tax return.

PERSONAL INCOME TAX

The Government has proposed from 1 July 2018 to increase the top of the 32.5% personal income tax bracket from \$87,000 to \$90,000.

EXTENDING THE \$20,000 IMMEDIATE WRITE OFF FOR SMALL BUSINESS ASSETS

The Government will extend the \$20,000 immediate write-off for small business assets by a further 12 months to 30 June 2019 for businesses with aggregated annual turnover less than \$10 million.

Assets valued at \$20,000 or more are to be placed into the small business simplified



depreciation pool and depreciated at 15% in the first income year and 30% in the following income years. The whole pool can also be immediately deducted if the

balance is less than \$20,000 at the start of a particular year.

INTRODUCTION OF AN ECONOMY WIDE CASH PAYMENT LIMIT

From 1 July 2019, the Government will introduce a limit of \$10,000 for

cash payments made to businesses for goods and services to help reduce tax avoidance and laundering money from criminal activity. This measure will require transactions over \$10,000 to be made through an electronic payment system or cheque.

EXEMPTION FROM THE WORK TEST FOR VOLUNTARY CONTRIBUTIONS

From 1 July 2019, the Government will introduce an exemption from the work test for voluntary contributions to superannuation. This will apply to people aged 65-74 with superannuation balances below \$300,000 in the first year that they do not meet the work test requirements.

THREE YEARLY AUDIT CYCLE FOR SOME SMSFS

From 1 July 2019, the Government will change the annual audit requirement to a three-yearly requirement for SMSFs with a history of good record-keeping and compliance. This measure will reduce red tape for SMSF trustees that have a history of three consecutive years of clear audit reports and that have lodged the fund's annual returns in a timely manner.

INCREASING THE MAXIMUM NUMBER OF ALLOWABLE MEMBERS IN AN SMSF & SMALL APRA FUND

From 1 July 2019, the Government will increase the maximum number of allowable members in new and existing SMSFs and small APRA funds from four to six. This will provide greater flexibility for families that wish to invest jointly using their superannuation.

RED CROSS BLOOD BANK

Well I finally made it to the Red Cross Blood Bank after years of wanting to get there and what a positive experience it was! The Red Cross have a new state of the art collection centre on Sydney Street with friendly staff that make you feel very comfortable and welcome.

My first donation was whole blood which was quite easy and painless to give. I felt great when I received a text a couple of

days later advising that my blood had been sent to Rockhampton Hospital to assist a patient there. I have since given plasma which is a longer process but very important. Plasma can be made into various products to treat cancers and other illnesses. I would encourage anyone to support this cause as 1 in 3 of us will need some type of blood product during our lifetime - even if not yourself, this could be any one of your loved ones.



Australian Red Cross
BLOOD SERVICE

Tax Update

CHANGES TO DEDUCTIONS FOR INVESTMENT PROPERTIES

From 1 July 2017, buyers of existing residential properties will not be able to claim existing plant and equipment depreciation from assets that were purchased by the previous owners. However, newly purchased plant and equipment added to the property by the new owners is depreciable.

Deductions for capital works allowances remains unchanged. The owners of the investment property can continue to claim the remaining years of capital works allowances not claimed by the previous owners.

TRAVELLING EXPENSE

The other change for clients with investment properties is in regards to travel to property.

From 1st July 2017, travelling expenses such as inspecting, maintaining and collecting rent in relation to investment properties will not be deductible. As a result, we will not be able to make any travel claims when preparing 2018 tax returns.

SINGLE TOUCH PAYROLL

Single Touch Payroll is a new system where employers will report payments such as salaries and wages, pay as you go (PAYG) withholding and super information to the ATO directly from their payroll software at the same time they pay their employees.

For employers who had 20 or more employees on the 1st April 2018, Single Touch Payroll reporting starts from 1 July 2018. The Australian Government has announced it will expand Single Touch Payroll to include all employers from 1 July 2019. If you require further information on Single Touch, let us know.



TAX TREATMENT OF BITCOIN

There has been a lot of attention in recent times on cryptocurrencies.

The tax treatment of cryptocurrency gains and losses depends on the intention of the purchase. If purchased to use to buy goods for personal consumption, then any profit will be taxed under the capital gains tax (CGT) rules. However, if the Bitcoins were purchased for under \$10,000, it will be exempt from the CGT ruling as it is regarded as a personal use asset and any gains or losses will be disregarded.

If the Bitcoin is acquired to make a profit, then it will be regarded as taxable income and will be taxed at marginal rates as trading income. This will be the case even if buying less than \$10,000 worth.

The more frequent the individual trades will suggest that an individual is investing for speculation, hence any profit or loss will be assessed as taxable income.



Superannuation Update

REMOVAL OF RULE TO PERSONAL CONTRIBUTIONS

The 10% rule has now been removed for the financial year ending 30 June 2018. This means all individuals below 75 years of age are able to claim tax deductions for their personal contributions to their super fund account. This includes individuals who are both employed and self-employed.

In previous years, the 10% rule applied to individuals who received both employment income and income from self-employment or investments. To claim tax deductions on their personal contributions to their super fund, an individual's income from employment had to be less than 10% of their total income.

LOWERING OF THRESHOLD FOR HIGH INCOME EARNERS SUPER CONTRIBUTION TAX

From 1 July 2017, individuals were liable to pay extra tax (Division 293 assessment) if their income and concessional super contributions are more than \$250,000 (previously \$300,000).

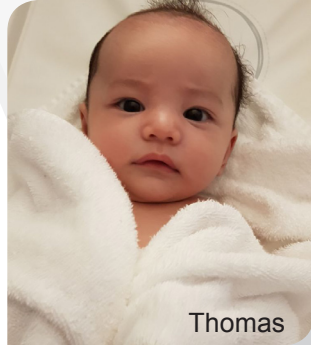
On lodging your 2018 return, you will automatically receive a Division 293 notice if this applies to you.



STAFF NEWS

KELLIE & RHIANNON BACK FROM MATERNITY LEAVE

The team at Proactive would like to welcome Kellie and Rhiannon back from their maternity leave breaks after the births of their babies. Kellie had her 2nd child Lucy in September last year, a sister for Taylor (6 years old).



Thomas

Rhiannon also had her 2nd child Thomas in December last year, a brother for Samuel (4 years old). Both Kellie and Rhiannon will be working part time in the office and from home.

NUDE LUNCH

Proactive are very proud to be one of the sponsors for this year's Nude Lunch event to be held on the 21st September.



Although the name is a bit of fun (and we assure you the patrons definitely wear clothes), the serious reason for the lunch is to raise funds for Ovarian Cancer. This silent killer of women often goes undetected until too late and the lunch not only raises vital funding, but also the level of awareness surrounding this cancer.

For more information on how you can get involved, visit www.nudelunch.com.au.

SILVANA'S OVERSEAS HOLIDAY

By the time you are reading this, Silvana will be back from her 5 week overseas holiday. Silvana and her husband Andrew were lucky enough to visit Malta, Sicily and Italy, with Italy being her family's country of origin.

We would like to thank Sarah, Anita and Angela for their efforts in sharing the extra load in her absence.



About us

The accountants at Proactive Accounting Solutions are passionate about building close relationships with our clients, working with you to achieve your business, financial and lifestyle goals.

Did you know?

Mick Jagger, Janet Jackson, Eddie Izzard and John Grisham all studied accountancy!

What is a Proactive Accountant?

An accountant who is **passionate** about helping their clients

An accountant that **returns your call promptly**

An accountant that is more like a **business partner**

An accountant who **meets with you regularly** to ensure you are on track & achieving your goals

An accountant that **does not charge** you for a quick question or chat

An accountant that can **change your business** & ultimately your personal life

An accountant with an **open door** policy and a **complimentary** consultation

Let's talk

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Visit us 1st Floor, Cnr Sydney & Gordon Streets, Mackay



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