



# PROACTIVE

## ACCOUNTING SOLUTIONS

### Summer 2019 Newsletter

#### A NOTE FROM ANDREW

We all acknowledge that the integrity of the tax system needs to be maintained. Businesses need to meet their taxation and superannuation commitments though we are finding that the ATO seem to be relentless in their drive to obtain information. This is creating a lot of additional cost and time burdens for small business.



Over the years we have seen the ATO expand their data matching capabilities - obtaining data from banks, government departments, share trading information, auction houses and internet booking sites to name a few. This has largely happened in the background with no additional reporting necessary for small business.

At the small business level, we are now seeing the reporting requirements increasing with Single Touch Payroll (STP), contractor payments and other reporting. These additional requirements are able to be implemented with relative ease by large businesses due to their financial and human resources, however for small businesses this can be very onerous.

We are already seeing the ATO increasing their audit and debt collection activity significantly using this additional information. It has never been more important to stay on top of your record keeping and cashflow to ensure you can meet your ATO and superannuation commitments on time. If you require any assistance in these areas, please do not hesitate to contact us for help.

#### LOCAL ECONOMY UPDATE

Although we saw some strong improvement in the Mackay Economy in the last year, most businesses are commenting that this has now steadied and at times has been patchy. The issue is managing the ups and downs in work, particularly from a staffing perspective.

It has again become difficult to find experienced tradesmen so even if work drops off for a short period of time, business owners are reluctant to put off staff. This pattern places stress on the cashflow, efficiency and profitability of the business.

The outlook for the coal mining industry is still strong, evidenced by proposed new mines opening or existing mines expanding their operations. Coal prices though have reduced significantly over the past six months putting pressure on the viability of some of these projects which may have a flow on effect to our local economy.

Despite these concerns, commercial and residential building has recommenced with Rural View in the Northern Beaches leading the way. Construction is well underway on a new BP service station and car wash along with a Hungry Jacks and KFC. A further service station and fast food outlets are also planned for the area.

In regards to the residential market, there has been quite a lot of movement in the prestige market with homes selling in excess of \$1 Million. We are also aware of builders that have signed or have numerous contracts in progress to build new homes in the region.



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## SUGAR INDUSTRY UPDATE



### MACKAY SUGAR

With the finalisation of the Nordzucker investment, a number of Nordzucker staff have relocated or are in the process of relocating to Mackay.

Having Nordzucker now on board will provide much needed funding to improve mill reliability in the coming years. Extensive maintenance work is planned in the 2020 year including an investment in getting more cane bins back into service.

### SUGAR PRICE

At the time of writing, the world sugar price was still very low putting a lot of pressure on the viability of the world sugar industry. An oversupply in the world market and subsidised exports in India are the main issues facing the market. The Australian Government and other large export nations have commenced proceedings with the World Trade Organisation (WTO) against the Indian Government export subsidies.

## DO YOU HAVE A CURRENT WILL? WE CAN HELP.

Clients like talking about retirement and are less excited when we raise the topic of estate planning. Most people don't like to think of their passing and obviously we all hope it is a long way in the future. Unfortunately, this time can come earlier than planned and may be unexpected in the case of an accident.

It is surprising how many clients do not have a will or if they do, it is well and truly out of date. Having a current will that is in line with your wishes and takes into account the situation of your family members is so important and can ease the stress that loved ones have at the time. As your life situations and those of your family members change over time, it is a good idea to review and update your will if necessary. Major events such as marriage, divorce or the death of a family member will require you to review your will.

Where your assets are held in companies or trusts and include business or farming assets, it takes planning to determine how these assets are to be left to other family members. It is also important to note that your superannuation benefits do not necessarily make up part of your estate and are treated in accordance with any nomination made.

Although we leave the drafting of wills to the solicitors, these are largely financial documents and therefore consideration needs to be given as to the value and method of distributing assets to family members after you are gone and any tax implications. We find that having a discussion with your accountant first assists in providing clear instructions to the solicitors and achieves the right financial outcomes.



Drafting or updating a will does take some effort but we are here to assist you along the way. If you would like to discuss your will, please do not hesitate to call us.

## *Nude Lunch*

The Nude Lunch is a local event that raises awareness and funding for Ovarian Cancer. This was the fourth year the event has been held, with Proactive again being one of the sponsors supporting this great cause. The Nude Lunch had an incredible 800 attendees enjoying an afternoon under a marquee that had been transformed with the theme of Hopes & Dreams.

This year's event has raised over \$100,000 bringing the total amount raised in the last four years to be \$310,000.

Some of these funds have been used to support having a Palliative Care nurse in Mackay dedicated to Ovarian Cancer patients which is a first for regional Australia.



# Tax and Superannuation Update

## PRIVATE HEALTH INSURANCE STATEMENTS NOW OPTIONAL

Taxpayers with private health insurance may find that they do not receive a statement this year as insurance providers are no longer required to provide statements to their members.

These details will be available via MyGov.com.au or we can access the ATO Tax Agent Portal for you.

## PAYMENTS TO WORKERS MUST HAVE PAYG WITHHELD & ABN'S MUST BE OBTAINED FROM CONTRACTORS

The ATO has reminded employers that any 'cash in hand' payments made to workers from 1 July 2019 will not be tax deductible. 'Cash in hand' refers to cash payments to employees that do not comply with Pay As You Go ('PAYG') withholding obligations.

Payments made to contractors where the contractor does not provide an ABN and the business does not withhold any tax will also not be tax deductible from 1 July 2019.



## CENTS PER KILOMETRE METHOD FOR WORK RELATED CAR CLAIMS

The 'cents per kilometre' method allows an individual taxpayer or business to claim up to a maximum of 5,000 business kilometres per car, per year without the need to keep any written evidence. It is still necessary though to demonstrate that the number of business kilometres have been calculated on a reasonable basis. Where justified travel can be claimed at a rate of 68c per kilometre up to the maximum of 5,000 kilometres.



## ATO EXTENDED DATA MATCHING FOR HIGH WEALTH INDIVIDUALS

The ATO have advised that they will obtain information on insurance policies for certain luxury assets such as boats, cars, art and aircraft to improve their profiling of high wealth individuals to gain a better understanding of their assets and wealth in relation to taxes being paid.

## ATO RATES & THRESHOLDS

### DIVISION 7A - BENCHMARK INTEREST RATE

The Division 7A benchmark interest rate for the 2020 income year is 5.37%. This is up from the rate for the 2019 income year of 5.20%.

### CAR COST LIMIT FOR DEPRECIATION

The maximum value taxpayers can use for depreciation of cars in the 2019/20 income year is \$57,581. This has not changed from the 2018/19 year.

## KMART WISHING TREE

Proactive Accounting Solutions are proud to support the Kmart Wishing Tree Appeal again this year. The Kmart Wishing Tree appeal started in 1987 and is coordinated with the Salvation Army. All gifts / cash contributions donated go to Australian families and children doing it tough or less fortunate to brighten up their Christmas Day.

Last Christmas the appeal successfully collected more than 200,000 gifts. If you wish to donate any gifts, these can be placed under the tree in our office up until Thursday 19th December.



## STAFF NEWS

### WELCOME CHLOE & BRIDGET

We would like to welcome both Chloe and Bridget to our administration team.

Chloe joined the team back in April with Silvana moving up to the Tablelands to be closer to family. Chloe finished school last year and is completing a traineeship to obtain a Certificate III in Business Administration.



Bridget joined us in August to assist the firm's administration team. She is working part time while studying her Psychology degree at CQU.

### CHLOE'S 18TH BIRTHDAY

The Proactive team enjoyed a morning tea to celebrate Chloe's 18th Birthday in October. As a bit of fun, Chloe was allowed a miniature glass of bubbles to go with Angela's homemade Carrot Cake.



### FAREWELL & THANKS TO KEITH

The Proactive team would like to say a big farewell and thanks to Keith. We wish him all the best in the Senior Accounting position he has taken up with the Seventh Day Adventist Church in Townsville.

Keith commenced working with us in 2003 starting as an Undergraduate Accountant. He completed his Accounting and IT degrees and then studied to become a member of the Certified Practising Accountants.

Over the last 16 years he has provided a high level of advice and support to our clients and has been an integral part of our team and we thank him for all his efforts.

### CHRISTMAS BREAK

We wish to advise that our office will be closed from 5pm Friday 20th December 2019 and will be re-opening on Monday 6th January 2020. We hope all have an enjoyable and safe Christmas and New Year.

## 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?

There are just under 200,000 poker machines in Australia. This represents 18% of the poker machines on Earth, despite making up just 0.3% of the global population!

## 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

4951 6000

info@proactivesolutions.com.au

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



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WWW.PROACTIVESOLUTIONS.COM.AU