



**Chan & Naylor**  
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## **Mr. Peter J. Locandro (CPA)**

Managing Partner - Chan & Naylor Melbourne

### **Topic – “The 2020/21 Federal Budget”**

Webinar # 1 - Thursday 8<sup>th</sup> October 2020 @ 12.30pm

Webinar # 2 - Friday 9<sup>th</sup> October 2020 @ 2.30pm



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— **Welcome**

## □ Chan & Naylor Melbourne – 3 office locations in Victoria

### *Moonee Ponds*

*Level 1, Suite 2, 38 Margaret Street*

### *Wheelers Hill*

*Level 2, Suite 10, 622 Ferntree Gully Road*

### *Melbourne*

*Level 5, 84 William Street (by appointment only)*

## □ Services

- ✓ Taxation & Accountancy
- ✓ Financial Planning & Wealth Creation
- ✓ SMSF Services
- ✓ Insurances
- ✓ Loan Broking
- ✓ Bookkeeping
- ✓ Xero & Cloud Accountancy Training...





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## — Disclaimer

### □ General Advice Only!

*The information provided in this seminar/webinar has been prepared for general information purposes only and not as specific advice to any particular person or situation.*

*Any advice contained in this document is General Advice only and does not take into account any person's particular investment objectives, financial situation and particular needs.*

*Before making any decisions, it's recommended to seek advice from a qualified professional relevant to your particular needs or interests. This may include tax advice from an Accountant &/or Tax Agent, Financial Advice from Licensed Financial Adviser or other professionals where required.*



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## — Agenda

### □ Discussion Points!

- ✓ Highlights of the Federal Budget FY 2020/21
- ✓ Proposed changes for individuals
- ✓ Proposed changes for corporate entities & incentives for businesses
- ✓ How these changes will impact your Superannuation
- ✓ Look at Social Security & other tax measures
- ✓ Economic outlook for the year ahead
- ✓ What to do Next!





## □ Highlights

- ✓ Budget deficit of \$213.7 billion
- ✓ & deficits for the foreseeable future as well
- ✓ ... all about “jobs, jobs & more jobs”
- ✓ What’s in it – tax cuts for individuals & businesses, plenty of business incentives designed to retain & employ staff, superannuation changes along with social security handouts
- ✓ All needs to get through Parliament & be legislated!

## □ Individuals

- ✓ Great news – put more in peoples pockets each week
- ✓ Tax cuts – brought forward 2 years
- ✓ Estimated to be received by some 11million Australian's
- ✓ Changes to various tax offsets also retained
- ✓ Date of effect – 1<sup>st</sup> July 2020





## □ Individuals ... continue!

Old Tax Brackets	<u>New</u> Tax Brackets	<u>New</u> Tax Rate on Excess
\$0 - \$18,200	\$0 - \$18,200	0%
\$18,201 to \$37,000	\$18,201 to \$45,000	19.00% over \$18,200
\$37,001 to \$90,000	\$45,001 to \$120,000	32.50% over \$45,000
\$90,001 to \$180,000	\$120,001 to \$180,000	37.00% over \$120,000
\$180,001 upwards	\$180,001 upwards	45.00% over \$180,000

- ✓ Plus Medicare levy – currently @ 2.00%
- ✓ Savings for the middle 2 brackets; generally, low & middle-income earners
- ✓ Back dated to 1<sup>st</sup> July 2020



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# — Federal Budget # FY 2020/2021

## ☐ Individuals ... continue!

### CGT Exemption for Granny Flat Arrangements

✓ Designed to assist the elderly perhaps living at home with family longer rather than aged care

✓ From 1<sup>st</sup> July 2021







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# — Federal Budget # FY 2020/2021

## □ Business Incentives & Corporate Entities

✓ Jobs, Jobs & more Jobs!





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# — Federal Budget # FY 2020/2021

## □ Business Incentives & Corporate Entities ... continue!

### Temporary Loss Carry-Back for Corporate Tax Entities

- ✓ Eligible companies with turnover up to \$5b will be able to offset tax losses against prior year taxed profits to generate a refund





## ❑ **Business Incentives & Corporate Entities ... continue!**

### **Full Expensing of Eligible Assets**

- ✓ Business with aggregated annual turnover of up to \$5b
  - ✓ Able to deduct the full cost of eligible depreciable assets of any value in the year they are installed
- ✓ The full expensing period is available from 7:30pm AEDT on 6 October 2020 to 30 June 2022
- ✓ Government encouraging businesses to spend money on equipment & build for future growth.



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## — Federal Budget # FY 2020/2021

### ❑ Business Incentives & Corporate Entities... continue!

#### **JobMaker: Small Business Depreciation Pools Write-Off Extended**

- ✓ Small business depreciation pools may have up to 30 June 2022 to write-off their entire balances, and
- ✓ What is a small business – up to \$50m in gross turnover.





## ❑ Business Incentives & Corporate Entities... continue!

### **JobMaker: Instant Asset Write-Off for Companies with Turnover between \$50m to \$500m**

- ✓ Companies with turnover between \$50m and \$500m
- ✓ Additional six months to comply with instant asset write-off provisions





## ❑ Business Incentives & Corporate Entities... continue!

### Accounting Tip

- ✓ Great – depreciation claim now, less taxable income which equals less taxes today,
- ✓ Be careful, future taxable income & possible GST could arise.





## **Business Incentives & Corporate Entities... continue!**

### **JobMaker: Hiring Credit for Employers Creating New Jobs**

- ✓ Eligible employers can claim a JobMaker Hiring Credit of up to \$200 per week for each additional new job they create for an eligible employee - 7 October 2020 to 6 October 2021
- ✓ Capped at \$10,400 per hire



## □ **Business Incentives & Corporate Entities... continue!**

### **JobMaker: Hiring Credit for Employers Creating New Jobs**

<b>Particulars</b>	<b>Amount</b>
Eligible employee aged b/w 16 to 29 yrs of age	\$200 per week or maximum of \$10,400
Eligible employee aged b/w 30 to 35 yrs of age	\$100 per week or maximum of \$5,200

- No support for those aged older than 35!





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# — Federal Budget # FY 2020/2021

## □ Business Incentives & Corporate Entities... continue!

### **JobMaker: Apprenticeship Wage Subsidy Expanded**

✓ The apprenticeship wage subsidy will be further expanded by JobMaker





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## — Federal Budget # FY 2020/2021

### □ Business Incentives & Corporate Entities... continue!

#### Victorian COVID-19 Business Support Grants

- ✓ Victorian business support grants will be made non-assessable, non-exempt income for tax purposes



## Superannuation

- ✓ Early access of \$10,000 (\* 2) in certain circumstances
- ✓ SMSF's – generally spared in this years Budget
- ✓ Positive considering the raft of changes over the last 10 years
- ✓ Gives some confidence of the plans & objectives in place can continue



## Self-funded retirees – forgotten ones!

## ❑ Superannuation ... continue!

- ✓ SMSF - trustee transparency & accountability,
- ✓ By July 2021.





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# — Federal Budget # FY 2020/2021

## ❑ Superannuation ... continue!

- ✓ Superannuation Funds – will be “stapled” to a member
- ✓ This will avoid the need to create a new account when that person changes their employment



## ☐ Superannuation ... continue!

✓ New interactive online comparison tool

✓ Known as “YourSuper”

✓ By 1 July 2021, the YourSuper online tool will:

- provide a table of simple superannuation products (MySuper) ranked by fees and investment returns
- link to superannuation fund websites where individuals can choose a MySuper product
- prompt individuals with multiple accounts to consider consolidating accounts



## ❑ **Superannuation ... continue!**

- ✓ From July 2021, APRA to conduct benchmarking tests on the net investment performance of MySuper products
- ✓ Products that have underperformed over two consecutive annual tests will be prohibited from receiving new members until a further annual test shows that they are no longer underperforming



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# — Federal Budget # FY 2020/2021

## ❑ Superannuation ... continue!

- ✓ Underperforming funds will be listed as underperforming on the YourSuper comparison tool until their performance improves,
- ✓ SGC – no change!







## □ Social Security

- ✓ 2 payments of \$750 were made earlier this year to eligible recipients (April & July)
- ✓ Two further \$250 support payments to eligible recipients

Particulars	Amount
April 2020	\$750
July 2020	\$750
From November 2020	\$250
From February 2021	\$250



## ❑ **Social Security ... continue!**

### **Pandemic Leave Disaster Payment**

- ✓ A one-off payment of \$1,500 will be made to eligible workers in States that have agreed to partner with the Commonwealth under the Pandemic Leave Disaster Payment arrangements
- ✓ Which States?
- ✓ <https://www.servicesaustralia.gov.au/individuals/services/centrelink/pandemic-leave-disaster-payment>



## ❑ Other Tax Measures

### **FBT Exemption**

- ✓ Employer-provided retraining and reskilling for redundant, or soon to be redundant, employees will be exempt from fringe benefits tax

### **Reduced FBT Record Keeping Requirements**

- ✓ Employers will be allowed to use existing corporate records, rather than prescribed records, to comply with their fringe benefits tax obligations



## ❑ Other Tax Measures ... continue!

### Deductions for Retraining

- ✓ Changes to tax deduction rules for self-education expenses unrelated to current employment will also be considered by the government in upcoming consultations





## ❑ Other Tax Measures ... continue!

### **COVID – 19 # Waiver of Import Duties**

- ✓ The waiver of import duties for certain hygiene or medical products used to treat, diagnose or prevent the spread of COVID-19 has been extended from 1 August 2020 to 31 December 2020
- ✓ Products affected by the waiver extension include face masks, gloves, disinfectants, soaps, COVID-19 test kits, and viral transport media





## ❑ **Other Tax Measures ... continue!**

### **Insolvency Reforms**

- ✓ From 1<sup>st</sup> January 2021, to support small business, including the following:
  - Streamlined process to help restructure their debt
  - Simplifying the liquidation process
  - Support for the insolvency sector



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# — Federal Budget # FY 2020/2021

## ❑ Other Measures ... continue!

- ✓ Major road, rail & infrastructure spending across Australian States & Territories
- ✓ Additional 10,000 places for the First Home Loan Deposit Scheme
- ✓ Wage subsidy for new apprentices
- ✓ Mental health assistance for many
- ✓ Additional aged care funding





## □ **ATO Reviews/Audits!**

- ✓ Like anything, the Government is looking closely
- ✓ 15,000++ wrongful claims by businesses for JobKeeper
- ✓ Many other wrongful claims by individuals & businesses
- ✓ These questions/reviews/audits will continue and will increase

➤ **Be Careful, They are Watching!**







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# — Economic Outlook

□ Economic Outlook!

➤ Cash is King!



## ❑ Wealth & Financial Planning!

- ✓ What effect has Covid-19 had on your superannuation, insurances & investments
- ✓ Wealth & Financial Planning becomes imperative
- ✓ Contact Dasith Monnekulame @ [dasithm@chan-naylor.com.au](mailto:dasithm@chan-naylor.com.au) or 9888 3175

## ❑ Objective – get yourself Financially Sorted!!!



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## — What To Do Next

### Keep the Banks Honest!

- ✓ Hungry for the right client
- ✓ Loan should start with a 2.00%
- ✓ Loan broker – we regularly/annually review our client's loans
- ✓ Contact Lucy Ramunno @ [lucyr@chan-naylor.com.au](mailto:lucyr@chan-naylor.com.au) or 9370 4800

Objective – go shopping to save money, it's a free service to you!



## ☐ JobKeeper – Version 2.0

- ✓ Webinar – 1<sup>st</sup> October 2020
- ✓ Access via our website:
  - Watch
  - Download Presentation
  - PDF summary of JobKeeper Version 2.0

- <https://melbourne.chan-naylor.com.au/webinars/>

### Webinar Resources

You can find details as to how to download slides and links to slides or notes that you may find useful. Please note that the information is of a general nature only.



Jobkeeper 2.0 | 1 October 2020

View The Webinar

Download The Slide Presentation



Federal Budget 2020/21

View The Webinar

Download The Slide Presentation



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— Website

## □ Website

✓ Brand New!

✓ Webpage <https://chan-naylormelbourne.com.au>

The screenshot shows the homepage of the Chan & Naylor Melbourne website. The background is a photograph of a family sitting outdoors. The main heading is "Secure Your Financial Future" in white text. Below it is a sub-heading: "Everyone needs to plan for a secure financial future. Our team is here to assist you to achieve financial freedom." A dark button with white text says "FIND OUT HOW WE CAN HELP". Below the button are three small white dots. The page has a light grey background for the text content.

**Secure Your Financial Future**

Everyone needs to plan for a secure financial future. Our team is here to assist you to achieve financial freedom.

FIND OUT HOW WE CAN HELP

...

**Welcome to Chan & Naylor Melbourne**

Chan & Naylor Melbourne aims to at all times, maintain the utmost levels of service for our clients and strives to place itself at the forefront of Business Advisory Services within the Accountancy Industry.

**Our Mission**

*"Helping you get Financially Sorted – to live a fulfilling and engaging life – ready to take on the world"*

We believe this mission is a worthy one!

**Benefits of Being Financially Sorted...**



❑ **Our Focus - it's all about education of our clients!**

*(proactive, webinars, marketing, seminars, newsletters, consultations)*

❑ **Your Focus – it's all about investment in yourself!**

*(read books, speak to the right people, attend seminars & webinars, discover opportunities available)*

## □ One Question – is your business okay???

You should be attending to:

- ✓ Cashflows,
- ✓ Budgets,
- ✓ Forecasting,
- ✓ What stimulus packages are available to you, talk to banks & landlords, trimming the fat...



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## — What To Do Next

### ❑ One Question – is your business okay???

✓ Recommendation - Speak to us right NOW!

✓ Recommendation – Build a network of experts around you to help you achieve your objectives

*(would include property advocate, accountant – for both business & wealth purposes, loan broker, financial planner, conveyancer, solicitor, etc.)*





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## — What To Do Next

### ❑ One Question – is your business okay???

✓ Recommendation – know your numbers!

✓ How can a business operate & improve if you don't know daily what your numbers are?

✓ Use simple software like Xero which can help.



❑ “If you do what You've Always Done, you'll get what You've Always Gotten”!

## Take Homes...

- ✓ Talk to us for assistance
- ✓ Make sure all compliance is up to date with ATO – ITR's, BAS's, Super, etc.
- ✓ It's time to get Financially Sorted!

Contact      **(03) 9370 4800**

Webpage      **<https://chan-naylormelbourne.com.au>**

Email      **[peterl@chan-naylor.com.au](mailto:peterl@chan-naylor.com.au)**

