

The latest news, views, and announcements

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Practice update: We are moving

Turners Accountants is in the process of moving to a new address. Our new address will be **Suite 501, Level 5, 25 Bligh Street, Sydney**. We will be active from that address on the 15th of February.

Economic update

Australia is one of few nations who has entered 2021 very well placed, with low COVID numbers and an early vaccine roll out. The significant stimulus provided by the federal government is slowly being unwound, with falling unemployment, forecast to be back down to 5.5 per cent by mid-2023.

The RBA has decided to leave interest rates unchanged at its first meeting of the year, sitting at 0.1 per cent, unchanged since November 2020. The RBA has continued its quantitative easing program, purchasing \$52 billion worth of government bonds.

Wage gains have been on a downtrend for decades both locally and globally. Inflation may not hit rock bottom until mid-2022 and not start to climb much until unemployment drops well under 6%. Australia's population is estimated to be over half a million smaller in 2022 than pre-Covid estimates. GDP is expected to recover over the second half of 2020-21 and rebound strongly in the following financial year. GDP is forecast to grow by 4.7% in 2021-22, to total \$1.92 trillion. Pent up demand and the easing of restrictions on tourism, hospitality, and retail are likely to support growth.

Possible structures for investing

By Sean Tingcombe

When looking to buy investments. There are three main ways to house these investments. They are having them in your personal name/joint names with another person, in a company or in a Trust with or without a bucket company attached. Each of these options have different positives/negatives that may impact what structure is the best way for you to invest moving forward.

1. Personal name

Advantages - Simple, inexpensive, have access to the CGT Discount upon sale of investments, possibility of negative gearing against other income that you are earning

Disadvantages - Cannot split income, Will need to top up dividend income from the franking credit from corporate tax rate of 30% to Personal Income tax of 47%. Meaning you will need to cover the 17% on dividends received from the company when taking cash out.

2. Company

Advantages - Top up tax of only 4 percent required compared to the 21% if owned in your own name. (however, will need to pay the 21% to be able to spend the money in own name), Middle price point.

Disadvantages - No access to CGT discount, unable to split income unless company owned by a trust.

3. Trust

Attached or not attached to a bucket company - Ability to split income, Ability to access the 50% discount, Most efficient for tax planning

Disadvantages - Higher initial set up costs and annual compliance costs will be more expensive.

There are more pros and cons to each of these options depending upon what type of investment you are looking to make and your personal circumstance

If you need any more advice or are seeking additional information, please do not hesitate to contact us at Turners.

Australian economic snapshot

	2019 Actual	2020 Mixed	2021 Forecast
Inflation	1.6%	0.8%	1.2%
Wage Growth	2.3%	1.6%	1.0%
Interest Rate	1.5%	0.1%	0.1%

*Source Deloitte Access Economics.

Working from home during COVID-19

If you have been working from home during COVID-19 you maybe entitled to claim deductions for some expenses which are directly related to earning your income.

To claim a work-related deduction:

- you must have spent the money yourself and were not reimbursed
- it must directly relate to earning your income
- you must have a record to prove it.

The ATO has introduced a new shortcut method for claiming work-related tax deductions.

Under this method, you can claim **80 cents per hour**, from 18th March 2020 to 30 June 2020 and the whole FY21. This covers a whole range of expenses related to doing your job.

Employees now have more super choice

New workplace determinations and enterprise agreements made on or after 1 January 2021 must offer employees the right to choose the super fund to which you pay their compulsory super contributions.

Once a new determination or agreement is in place, your organisation must offer choice of super fund to:

- Existing employees who request to choose their super fund
- All new employees.

All employees can nominate their chosen fund by completing the standard choice form through ATO online services linked to their myGov account. Alternatively, you can give your employees a *Superannuation (super) standard choice form* to complete.

You must then pay employees' compulsory super to their nominated fund.

If an employee does not nominate a fund, you can continue to pay their super to the same fund you previously contributed to, or into your default fund.

<https://www.ato.gov.au/Non-profit/Newsroom/Looking-after-your-workers/Employees-now-have-more-super-choice/>

End of paper activity statements and instalment notices

The ATO will no longer issue activity statements, pay as you go (PAYG) or goods and services (GST) instalment notices on paper once you have lodged electronically.

You can lodge electronically through:

- Online services for agents
- Business Portal
- Mygov - when a client links their account to the ATO.

Electronic activity statements and instalment notices will be available instead of paper. They are available three to four days after the activity statement is generated.

<https://www.ato.gov.au/Tax-professionals/Prepare-and-lodge/In-detail/Managing-electronic-activity-statements-and-instalment-notices/>



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