

SUPPLEMENTARY NEWSLETTER

WATTS PRICE ACCOUNTANTS

January 2017



From the team at Watts Price Accountants we hope you have had either a relaxing or productive festive season and are looking forward to a successful 2017!

A number of interesting news items have cropped up over the last few weeks so rather than waiting for the February Newsletter we have created this supplementary newsletter containing information on:

- Employers of overseas workers – Backpacker Tax
- A Simpler BAS for Small Business
- Centrelink rule changes – 1 January 2017
- FMD Offset accounts
- Aussies have grim retirement hopes
- Superannuation Presentation – 27 February 2017

Employers of working holiday makers

From the ATO

Registration has been extended to 31 January. If you are employing working holiday makers, you will not be penalised as long as you register by 31 January 2017. You can still use the new withholding tax rate of 15% from 1 January 2017.

Anybody can hire a working holiday maker, especially where there is a need for labour for a short period of time. Agriculture, hospitality, construction and domestic services often use working holiday makers, or backpackers, to meet this demand.

Working holiday makers hold a visa subclass 417 or 462 that allows them to work while in Australia. You should not employ or pay someone for work if they don't have permission to work in Australia.

From 1 January 2017, the working holiday maker tax rate of 15% applies from the first dollar earned. They cannot claim the tax-free-threshold regardless of their residency status and must provide a tax file number (TFN), otherwise you need to withhold at the top rate of tax. Working holiday makers remain entitled to superannuation if they are eligible.

What you need to do

To employ working holiday makers in Australia on a visa subclass 417 or 462, you:

- must register with us to withhold at the working holiday maker tax rate before your first payment to a working holiday maker
- should check your worker has a visa subclass 417 or 462 using the [Visa Entitlement Verification Online](#) External Link service.

Penalties may apply if you fail to register.

How to register

Registering as an employer of working holiday makers is quick and easy using the registration tool.

[Working holiday maker registration tool](#)

Once you have registered you can start withholding at the 15% rate, print the confirmation screen for your records.

How to tax a working holiday maker

The 15% tax rate only applies to salary and wages paid from 1 January 2017. You must register to withhold at this rate.

If you don't register, you must use the foreign resident withholding rates which start at 32.5% for the first \$37,000.

Penalties apply if you employ a working holiday maker with visa subclass 417 or 462 and you don't register as an employer of working holiday makers.

FMD Offset Accounts

Recently Rural Finance launched a new product called a Farm Management Deposit Offset Account. It is believed that following legislative amendments last year other financial institutions are also considering a similar offering.

Basically an FMD allows farmers to set aside pre-tax income (up to the value of \$800,000 per farmer) and draw down on it when needed most.

An FMD Offset Account will allow primary producers to offset funds held in an FMD account against the balance of an eligible Term Loan, which may assist in reducing primary production business funding costs.

Clients should seek independent financial advice before applying for an FMD Offset Account to consider personal circumstances, objectives, financial situation and needs.

A simpler BAS for small business

From the ATO

Small business owners have told us they are concerned about the cost of keeping records for GST. We're listening, and we're working on ways to deliver a simpler BAS to make GST record keeping and reporting easier and less costly.

From 1 July 2017 we're reducing the number of labels on your activity statement. You'll only need to include your total sales, GST on sales and GST on purchases.

A simpler BAS will be the standard reporting option for small businesses. The benefits of these changes include:

- reduced record keeping costs
- time saved classifying the GST on your sales and purchases
- simplified account set up, book keeping and BAS preparation.

To make sure we get it right and to make it an easy process for you, we're working with small businesses, professional associations, tax and BAS agents and software developers, to develop a simpler BAS.

It has been announced that, from January 19, 2017, newly registered small businesses will be provided with the option to report less GST information on a simpler BAS.

Centrelink rule changes – 1 January 2017

Prior to Christmas Centrelink was busy notifying pensioners of changes to their pension payments which were estimated to affect more than 325,000 pensioners.

With higher thresholds coming in to affect from 1 January 2017 many pensioners had their entitlements reduced or have lost them entirely.

Australian Unity recently published the following strategies that could possibly help reduce your assessable assets which may affect your level of pension payments:

- Contribute to super in the name of a spouse under Age Pension age;
- Ensure non-financial assets are appropriately valued (i.e. value personal items at "fire sale" value, not their insured value);
- Increase withdrawals for lifestyle spending or to make capital improvements to your principal home;
- Gift money to your children (you can gift up to \$10,000 each financial year or up to a maximum of \$30,000 over a rolling five year period without impacting your pension);
- Invest in a funeral bond or for pre-paid funeral expenses; and
- Invest in a lifetime annuity that has a reducing asset value.

Speak with your financial adviser prior to implementing any strategies so the implications of the new rules can be fully assessed for your personal situation.

Major bank finds Aussies have grim retirement hopes

JACK DERWIN – NESTEGG.COM.AU

Tuesday, 23 August 2016

In the months following the federal budget, new research has found that two in three Australians still feel unprepared for retirement and are uneasy about their retirement planning.

The survey, conducted by NAB-owned wealth management provider MLC, revealed that just 15 per cent of Australians feel confident about their retirement savings.

Executive general manager, superannuation and investment platforms, Paul Carter, says government meddling has resulted in doubt in the superannuation scheme.

“Over the past decade, too often the debate has focused on the year-to-year tax concessions in a system that has not fully matured. Too many have ignored dramatic and ongoing changes to workforce participation, earnings, increasing health costs that will be borne by individuals and other significant changes affecting salary and wage patterns and indeed ‘wealth’,” Mr Carter said.

“The end result has been constant tinkering or significant unanticipated change which has left Australians feeling uncertain about their retirement.”

The survey found uncertainty is being disproportionately felt by women, with 74 per cent believing they will outlive their super compared to 57 per cent of men.

Mr Carter said Australians need to have better knowledge about superannuation and retirement.

“This research shows that regardless of how much you earn, you need to have a solid understanding of your finances in order to save for retirement. As a nation, more needs to be done to help Australians equip themselves with the knowledge and information they need to progress on their paths to a self-funded retirement,” Mr Carter said.

“By doing so, we not only improve our quality of life but also reduce the budgetary burden of an ageing population for future generations.”

Superannuation Presentation

A number of legislative changes that were originally announced during the recent Budget have now been modified and ratified, as a result many people will need to re-consider their existing investment or retirement strategy.

Watts Price Accountants will be running a presentation on Monday 27th February 2017 at 6pm to outline the major changes and other relevant superannuation news.

For more details please see the flyer below or contact our office!

OPPORTUNITY

INVESTMENT

PERSPECTIVE

ADVANCEMENT

PERSPECTIVE

Superannuation Presentation

Recent legislative changes to superannuation will change many current retirement strategies, you are invited to find out what the affects will be and what opportunities still exist to get money into the tax effective superannuation environment.

Watts Price Accountants will be providing a **free** information session on Monday 27 February from 6.00pm to 7.30pm. The main topic will be explaining the superannuation legislative changes.

This session is a must attend event for anyone either with a self managed super fund (SMSF) or thinking about retirement strategies.

Topics to be covered in this session:

- Recent Superannuation Changes (incl. case studies)
- Estate Planning Tips & Traps
- How much do I need to retire on?
- Market update from Paul Block (Financial Planner)
- Corporate or Individual Trustee - which is better?
- And other essential superannuation information

Seating will be limited so secure your seat today by contacting our office on 5382 3001 or email us at mail@wattsprice.com.au.

The details: Topic: Superannuation Changes
Date: Monday 27th February 2017 from 6.00pm
Location: Federation University Auditorium
Cost: **FREE**
RSVP: By Friday 24th February 2017



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