



# Prosper

**Clarity Tax Newsletter : Spring 2020**



This is a year nobody will forget in a hurry!

Here at **Clarity Tax**, we have made significant changes too and in this edition of **Prosper** we give you some advice and thoughts on how to cope with the current circumstances and how you can transition to the new post COVID-19 world that lies ahead of us all.

## What's New at Clarity [p 2](#)

We've taken a whole fresh look at how we conduct our business. We think you'll like the changes.

## JobKeeper Extension [pp 3 - 5](#)

The ins and outs of the new JobKeeper legislation and how it affects you.

## Pandemic Marketing [pp 8 - 12](#)

This could be the most important decision you make right now.

## Post COVID-19 Financing [p 13](#)

Raising finance, claiming expenses and changes brought about by these new circumstances

### Plus

Exit strategies if you decide to call it a day on your business [\(p 15\)](#)

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# What's New at Clarity ...



The last couple of months have seen some changes here at Clarity Tax. Some, of course, due to the changed circumstances that the Pandemic has forced upon us, but other changes too.

As announced in our July edition of **Prosper**, we have completed our move from Croydon North to the new offices in Belgrave High Street.

The new premises affords us better working space and private interview rooms for our clients. Everything else stays the same:

- the same telephone numbers
- the same contact details
- the same expert advice ...

and our landmark Goddess of Wisdom and Commerce – Minerva – has come along with us too! You will see her proudly displayed on our entrance way at the new premises

Due to the restrictions in place in Victoria, we have not had the benefit of using our premises yet. That has meant we have had to make a second change – remote accounting services.

We are unable to meet face to face at the moment, but that does not stop us from providing you with the same level of service as we have always done – just now it's over the phone!

We hope the restrictions will ease soon and we can meet up with you again, in person.

Our last major change is our brand-new website!

It is packed with information to help you and has been totally redesigned by Common Sense Marketing to give a brilliant user experience. [www.claritytaxation.com.au](http://www.claritytaxation.com.au)



There are lots of guides and resources that will help you understand the products and services we offer.

So it's been all change for everyone.

Let's hope, together, we can ride the storm and come out the other side better, leaner and more agile as a business!

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# JobKeeper Extension

The Government has announced further changes to the JobKeeper scheme. The positive news is that employees that missed out on JobKeeper because they were not employed on 1 March 2020 might now be eligible. The proposed changes mean that employees who were employed on 1 July 2020 may be able to receive JobKeeper payments from 3 August 2020 if they meet the other eligibility criteria. JobKeeper scheme will continue until March 28 2021.

## From Monday 3 August 2020

The employee eligibility test date from 1 July 2020. The new reference date will apply for the last four fortnights of the legislated scheme as well as the duration of the proposed extended period.

Staff who were hired after 1 March 2020 may now be eligible for JobKeeper.

## From Monday 28 September 2020:

- a two-tier payment rate will apply based on the worker's average weekly work hours.
- the current \$1,500 per fortnight payment rate will be reduced on 28 September 2020 and reduced further on 4 January 2021
- the decline in turnover will be re-tested on a quarterly basis, and
- the decline in turnover test will be based on actual GST turnover.

## From Monday 28 September 2020 to 3 January 2021

JobKeeper Rates will be:

- \$1,200 per fortnight for all eligible employees and for eligible business participants who were working for 20 hours or more a week on average in the four weeks of pay periods before either 1 March 2020 or 1 July 2020 and
- \$750 per fortnight for other eligible employees and business participants.
- From 4 January 2021 to 28 March 2021, the JobKeeper Payment rates will be:
  - \$1,000 per fortnight for all eligible employees and for business participants who were working for 20 hours or more a week on average in the four weeks of pay periods before either 1 March 2020 or 1 July 2020; and
  - \$650 per fortnight for other eligible employees and business participants





If you have employees impacted by this change, you will need to work through the eligibility requirements including providing JobKeeper Payment Employee Nomination. Further refinements to the scheme were announced due to Victorian Stage 3 and Melbourne Stage 4 Restrictions. The extension of the scheme will see a more targeted and tapered approach with a two-tier wage subsidy and two additional JobKeeper periods of three months each.

## Is Your Business Eligible for Your JobKeeper Employees in the Extension Period(s)?

An employer is entitled to the JobKeeper payment in respect of an individual (an employee) in relation to an extension period if it meets the revised eligibility rules.

### Decline in Turnover Test

From 28 September 2020 businesses seeking to claim the JobKeeper payment will be required to demonstrate that they have suffered a decline in turnover using actual GST turnover (rather than projected GST turnover).

From 28 September 2020 businesses will be required to reassess their eligibility with reference to their actual GST turnover in the Q1 2021 to be eligible for the JobKeeper Payment from 28 September 2020 to 3 January 2021 (the first extension period).

Similarly, from 4 January 2021, businesses will need to further reassess their turnover to be eligible. They will need to demonstrate that actual GST turnover was down in Q2 2021 to be eligible for the JobKeeper Payment from 4 January 2021 to 28 March 2021 (the second extension period).

For the first extension period, businesses will need to demonstrate that their actual GST turnover has fallen in the Q1 2021 (July, August, September 2020) relative to Q1 2020.

For the second extension period businesses will need to demonstrate that their actual GST turnover has fallen in the Q2 2021 (October, November, December) relative to Q1 2020.

The Commissioner of Taxation will have discretion to set out alternative tests that would establish eligibility in specific circumstances where it is not appropriate to compare actual turnover in a quarter in 2020/2021 with actual turnover in a quarter in 2019/2020, in line with the Commissioner's existing discretion.

### How Much Does My Actual Decline in Turnover Need to Be?

Aggregated turnover was greater than \$1 billion	<b>50%</b>
Aggregated turnover was less than \$1 billion	<b>30%</b>



## Eligible Employees

Employees are eligible in the extension period if they:

- are currently employed by an eligible employer (including if you were stood down or re-hired).
- were, for the eligible employer (or another entity in their wholly owned group) either:
  - a full-time, part-time or fixed-term employee as at July 1 2020; or
  - a long-term casual employee (employed on a regular and systematic basis for at least 12 months) as at July 1, 2020 and not a permanent employee of any other employer.
- were aged 18 years or older as at 1 July 2020 (if you were 16 or 17 you can also qualify if you are independent or not undertaking full time study).
- an Australian resident.

Some employees are not eligible if they receive certain forms of the Government assistance.

## JobKeeper Payment Rate

You satisfy the wage condition in respect of an employee for a JobKeeper fortnight in the extension period where their gross pay will exceed the relevant JobKeeper Rate.

The Commissioner of Taxation will have discretion to set out alternative tests where an employee or business participant's hours were not usual during the February and/ or June 2020 reference period (the period with the higher number of hours worked is to be used for employees with 1 March 2020 eligibility).

Guidance will be provided by the ATO where the employee was paid in non-weekly or non-fortnightly pay periods and in other circumstances the general rules do not cover.

The JobKeeper Payment will continue to be made by the ATO to employers in arrears. Employers will continue to be required to make payments to employees equal to, or greater than, the amount of the relevant JobKeeper Payment (before tax), based on the payment rate that applies to each employee.

You are required to give information about the entitlement for the fortnight, including details of the individual and the relevant rate, to the Commissioner, in the approved form.

JobKeeper Payment Rate	March 30 to September 27	September 28 to January 3	June 4 to March 28
Over 20 hours a week	\$1500 a fortnight	\$1200 a fortnight	\$100 a fortnight
Under 20 hours a week	\$1500 a fortnight	\$750 a fortnight	\$650 a fortnight



## ...Don't Forget

We are always just a phone call or SMS away if you need help understanding or applying for these payments..



# Tax Deduction Changes for Q4 2020 and Beyond

Importantly, Karen Foat, the ATO Assistant Commissioner, has urged taxpayers to reduce claims for work-related expenses in the last quarter of the 2019/20 year that would have been impacted by Government-mandated restrictions imposed as a result of COVID-19.

She said, "With more people working from home, working reduced hours or unfortunately not working at all, we expect to see claims for laundry expenses or travel expenses decline this year."

Ms Foat said, "If you aren't traveling for work, you can't claim travel expenses. If you aren't wearing your work uniform, you can't claim laundry expenses. It's still important to meet the three golden rules:"

- 1 you must have spent the money and not have been reimbursed,
- 2 it must relate directly to earning your income,
- 3 you must have a record to prove it.

## Mileage Rate Rise ... up to 72c/km

The ATO has announced a rise in the cents per kilometre deduction rate for motor vehicle expenses for the 2020/21 financial year.

The last rate change was to 68 cents in 2018 but effective from July 1, 2020 it will be 72 cents per kilometre.

## Drop to Motor Vehicle and Mileage Claims

Due to COVID-19 and travel restrictions in the last quarter of the 2019/20 financial year, the ATO expect to see a drop in the level of work-related car expenses claims. Under the cents per kilometre method, taxpayers can claim up to a maximum of 5,000 business kilometres per car, per year, without documentary evidence.

Having said that, work-related car expenses have been on the ATO's radar in recent years, with 3.6 million taxpayers claiming more than \$7.2 billion in 2017/18.



According to the ATO, one in five claims are exactly at the 5,000-kilometre limit, with their analytics picking up irregular claims by comparing taxpayer claims with others earning similar amounts in similar occupations



## Rise in Home Office Claims

The big new Tax Deduction in the last quarter of 2020 and on-going is the Home Office component. Home office expense claims should rise with so many taxpayers forced to work from home.

In response to COVID-19, the ATO has also introduced a shortcut method for taxpayers to calculate home office expenses.

For the period between March 1, 2020 and June 30, 2020 you can claim home office expenses at a rate of 80 cents per hour. Importantly, you don't have to have a separate or dedicated area of your home set aside to work from.

Karen Foat, the ATO Assistant Commissioner said, "If you use the shortcut method, all you need to do is keep a record of the hours you worked from home as evidence of your claim.

This is an inclusive method, meaning you can't claim for any other working from home expenses". The new 'shortcut' method is in addition to the existing fixed-rate method and actual cost method, with taxpayers able to choose the appropriate method for their circumstances.

Home office claims before March 1, 2020 must be under the two standard approaches.



## Drop in Uniform Laundering

Due to COVID-19 – uniform laundering in the last quarter of the 2019/20 financial year and beyond (especially in Victoria with the further Stage 4 Restrictions) are likely to be lower.

Therefore the ATO will expect to see a drop in the level of work-related uniform claims, as staff working from home did not need to wear garments. The same should apply to protective clothing like overalls and boots (except in the case of PPE) and items like laundry of uniforms, except for Essential Workers.

The ATO has urged taxpayers to reduce claims for work-related expenses in Q4 2019/20 year that would have been impacted by Government-mandated restrictions imposed as a result of COVID-19. In Victoria it will be the same in Q1 2020/2021.



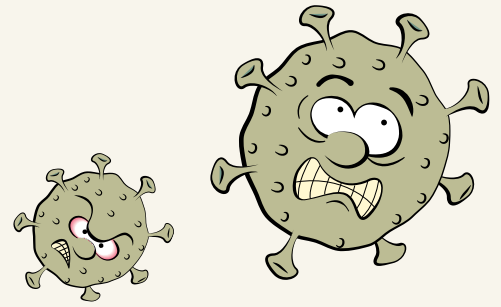
**Taxation & Business Services**

**Don't forget, we are just a phone call away if you need clarification about receipts to keep for claims in your tax return or BAS**





# Marketing during the Pandemic



As some States and Territories begin to emerge from isolation, others are experiencing even tougher restrictions in COVID-19 Lockdown.

Either way, one thing is very clear, it's no longer 'business as usual'.

The world as we know it has changed and we have been forced to rethink our daily routines, spending habits, exercise routines and social interactions.

It's uncharted waters for many business owners but you can take solace from the fact that most of your competitors are in the same boat. That being the case, there will be opportunities for agile business owners who can outsmart their competitors.

The burning question is, in an economic downturn do you cut your marketing or ramp things up? Clearly, every industry is different. Some are questioning their viability post-Pandemic. Others have enjoyed a spike in sales.

The last few months have been all about survival and preserving cash reserves so eliminating non-essential expenditure and trimming the 'fat' makes good business sense.

Historically, when the economy turns south, business owners tend to put every expense category under the microscope. Should you be trimming your marketing at the moment?

Harvard Business Review (HBR) conducted a year-long study in 2010 on the performance of 4,700 public companies before, during, and after three global recessions. They found that the companies fell into three main categories.

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# Harvard Business Review's Post-Recession Findings

Companies were found to fall into three main categories

## PREVENTION FOCUSED



These organisations primarily made defensive moves and were focused on cutting costs, avoiding losses, and minimising risks.

These companies didn't invest in innovation. Staff burnt out as they tried to do more of the same with less resources.

## PROMOTION FOCUSED



These businesses invested heavily in offensive moves that provided more opportunity for upside than most of their competitors. There were, however, some serious downsides for these companies as many ignored the early warning signs like client budget cuts and they continued to enhance their products and services.

## PRAGMATIC BUSINESS



These groups balanced defensive and offensive moves. Most focused on improving operational efficiency while developing new markets and investing in new assets.

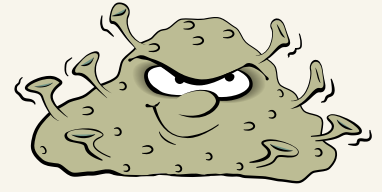
These companies reported that improving operational efficiency rather than reducing the number of employees created a more productive and creative work environment.

What approach will you take over the coming months – prevention, promotion or pragmatic?

If you are looking to rebound when you re-open you can't afford to slash your marketing activities. History tells us, the longer you scale back your marketing, the longer it will take to recover. You need to be building a pipeline of orders from existing customers and attracting new customers now so when you re-open the 'wheels' are turning.



# Taking Your Business Online



## Online Spending

With buildings and shopping centres closed through the lockdown, consumers quickly adapted and shifted their spending online. With consumers confined to home base, e-commerce sales exploded and this massive shift to online sales will be one of the many COVID-19 legacies.

The driving force behind the growth of online sales was necessity. Buying online is the new 'normal' and businesses who aren't geared up for this shift in consumer behaviour will pay the price.

Of course, when the economy opens up things will look very different. People working remotely from home, virtual online meetings and because of a fear of contact, the cashless economy could be on the radar.

By the end of the year you will discover that some of your competitors haven't made it to the other side of this crisis. This opens a big opportunity to increase your share of the market. To capitalise, you need to be marketing right now and the focus needs to be on your digital presence.

## Pandemic Digital Presence

Your website is your best marketing tool to attract new customers. The internet is a level playing field so small business can compete with big business.

The internet and social media have rewritten almost everything we knew about sales and marketing so it is the perfect timing to ramp up your social media, as many people have more time to concentrate on marketing, which often gets neglected during busier times.

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We investigate four key areas of digital marketing to help business emerge from the Pandemic in a healthy state

## Marketing Strategies for the Pandemic

- ✓ Online Shopping Trends
- ✓ Digital Presence
- ✓ Video Content
- ✓ Email Marketing



# — Website Marketing during the Pandemic —

See what works best for your Industry and what your competitors are doing.

During COVID-19 self-isolation, earlier in the year, people were dependent on digital devices, so obviously – if you are in business – you need a current website that sells itself.

It needs to be easy to navigate, differentiate you from your competitors, memorable, suitable for your ideal customer, look fresh, modern and appealing

Does your website compare well with your competitors? If your competitor's websites have features that give them the edge, it's probably time to make yours up-to-date.

Make sure your brand and the images on your website appeal to your target demographic.

Online sales are the future and make sure your online presence delivers an innovative customer experience, so don't be complacent about spending time and money on your digital presence.

Make sure your content is original because Google has a way of punishing duplicate

content. It should be relevant, interesting and timely for your target audience, which clearly shows your company's features, products, services, with a focus on educating your audience and providing value.

Let your website's content do the talking and demonstrate your expertise so visitors want to subscribe to your mailing list.

If you aren't showing up on page 1 of a Google search, your website pages, blog, articles and videos are almost invisible.

The top 3 positions on Google account for over 60% of all clicks on page 1. Spend some time to monitor your keyword rankings and try different tactics to move up the rankings.

Regular changes to content helps enormously to page rankings. Focus on key words and phrases in your industry and tailor your content to the needs of your ideal customer and niche markets, within your industry.

Consider using professionals who are experiencing in writing SEO relevant content, if you are uncertain what needs to be done.

## Website Video Content

Video is an extremely powerful form of content and can make a significant contribution to your overall SEO.

YouTube is now the second largest search engine behind Google and online video accounts for half of all traffic on mobile devices.

Google prioritises websites with video content, so now is the time to dive into this addition to your website. Research suggests a well optimised video can increase your chances of getting featured on the front page of Google by as much as a factor of 53.

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# Marketing during the Pandemic

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Videos are easy to consume and they engage the audience's attention for longer periods of time. Google recognises the time visitors spend on your individual webpages.

These videos can be in the form of an introductory corporate video, client testimonials, provide expert opinion on your niche service or simply demonstrate how your products work.

You can use them on your website, in blogs and on social media channels like LinkedIn, Twitter and Facebook.

## Email Marketing

The Pandemic has accelerated the move into a virtual or digital world and business owners need to adjust their marketing focus.

You need to look at promoting and delivering your goods and services through a new 'normal' lens because the futurists are predicting delivery by drones, a decline in the physical use of cash and the explosion of remote education.

Digital marketing is the future and it could be the difference between doom, gloom and boom in 2020/21 and beyond.

Some of your competitors may be knocked out by COVID-19, so there might be opportunities created by their losses with a good marketing strategy.

We need to be prepared for the next life changing event, by having the best possible virtual and digital presence.

Build on your relationship with your existing customers by providing relevant, valuable information that will draw them back to your website. Let your customers know that you have re-opened, when you do.

Your customer database is a very valuable

asset. Make sure it is up-to-date, remove duplicate addresses or ones that have bounced and maybe consider segmenting your database into categories based on your customer's interests or sales history.

Avoid sending the same message to all your database unless the content is totally relevant. Personalising your messages and customising the content shows consideration to your customers, building trust.

The aim is to stop your customers pushing the unsubscribe button. Your email marketing strategy could include newsletters and one-off email campaigns.

Affordable marketing using local designers can be very beneficial to give you an edge over your competition.



Automatic emails, those triggered based on certain events such as a welcome email, Birthday messages, appointment reminders, etc, can build confidence in your brand.

You don't have to lift a finger because it's all automated. The underlining message needed is that you are digitally capable, provide caring service even if it is virtual and you have embraced the digital world.

**If you need help with any of the subjects in this edition of Prosper, give us a call.**



# Post COVID-19 Financing

COVID-19 arrived with little or no warning and very few people or businesses have emerged unscathed. While the Pandemic is firstly a health crisis that has already claimed over 860,000 lives worldwide (September 2020), it has also sparked a global financial crisis.

Think about how you responded to this crisis.

While the public was panic buying toilet paper, canned soup, flour and pasta, small business owners were worried about paying next month's rent. Also worrying about having enough cash reserves to pay staff until the JobKeeper payments started to flow.

Without the Government subsidies it would have been carnage.

What did you learn from the Pandemic?

What did your competitors do to survive or even thrive and did you find alternative revenue streams?

For the owners of businesses who were put into hibernation for 10 to 12 weeks there was lots of time to think and plan the rest of 2020.

The smart operators used the time wisely by unwinding, recharging the batteries, even renovation or refurbishment and then planned their re-opening properly.

Opportunities that are good have come out of this crisis, by giving us time to look at our businesses properly. Clearly there's no room for complacency in business and when the economy

is firing on all cylinders it's easy to develop bad habits . . . bookkeeping becomes less of a priority and we tend to spend money on unnecessary items or luxury goods.

Bookkeeping and Tax Returns were everything in this crisis, weren't they?

Business owners that were behind in their record keeping couldn't access the Government entitlements immediately and some were years behind in lodging

Business Activity Statements and tax returns. As a result, when some of the Government stimulus payments were linked to these lodgements, businesses were scrambling to catch up.

When you run a business, big or small, it comes with compliance obligations. If you keep on top of record keeping – business life is a breeze.

**(continued)**



# Post COVID-19 Financing

A really important takeaway for business owners during this phase has to be the importance of bookkeeping and that your accountant can be your best friend

This allows you to stay calm because you know you are always ready for anything!

It is so important that entrepreneurs spend time working ON the business not IN the business.

## Business Loans 2020-2021

Cash flow is the lifeblood of a business and the Government threw businesses several lifelines in the form of cash boosts, JobKeeper payments and other grants during the crisis.

There's no doubt, the Government subsidies have kept businesses afloat during what could be described as a perfect storm.

What it did prove was, a large percentage of businesses had insufficient cash reserves to pay staff and rent for more than a month or two.

When the Government handouts dry up, a lot of business owners will struggle because they won't have the reserves to get them through a slow trading period. Trading will be significantly different when you re-open as consumer

confidence has been dented.

Some of your major customers might be struggling. Your suppliers might also be in trouble so check your supply chain is still functioning.

You might not see any cash flow for some time.

So what is the answer?

Get on the front foot now and talk to your bank early, so that you are prepared and have a cash flow forecast that identifies how much you'll need and when you'll need it.

It all sounds simple. Build cash reserves in your next few months of operating to protect your business and staff.

Build strong relationships with your bank so you can secure finance if required.

The Government and Banks have been amazing for Small Business during this Pandemic. Into the future, with good planning, the Banks will still support strong businesses.

**With good accounting records and forecasts, Clarity Tax can assist with any Business Reports for your Bank to help secure future Business Loans.**



# When the Time comes to Call it a Day

Business Exit Strategy  
Let us help you

The Government Stimulus Packages including the cash boost and JobKeeper payments have given hundreds of thousands of business owners across Australia a temporary lifeline.

Unfortunately, plenty of businesses in their infancy will be casualties because they were not ineligible for the support packages.

Landlords may not negotiate fair arrangements when the rental eviction moratorium finishes ... so these businesses may fold.

The end of the 'holiday' on mortgages and business loans will be difficult for most people. Also plenty of business owners who were approaching retirement might need to retire early, due to their business struggling.

There could be a significant decline in consumer confidence which will change how people trade. Some may struggle to adapt their business to the massive shift to online sales.



## Clarity's Mission

As accountants – Clarity's mission is to help you financially survive, rebuild, and thrive on the other side of this Pandemic. We urge you to consult with us to make sure you have exhausted all available financial avenues to get to the other side of this crisis.

These might include federal and state Government grants, subsidies, loans and even early access to your superannuation. Alternatively, if you're having a life change – such as retirement or closing your business – there's a number of administrative issues you need to address. Again – Clarity Tax are here to help.

# Business Exit Compliance



Compliance issues might include:

## Cancel Business Registrations

you may need to cancel various tax registrations within 21 days of closing including:

- **GST and PAYG withholding**
- **Business Name** (through the Australian Securities and Investments Commission)
- **Australian Business Number** (ABN) via the Australian Business Register
- Website Domain Name and Hosting Fees so you stop incurring ongoing costs that might be on direct debit from your bank account or a credit card
- **BAS and Income Tax** Complete your final BAS and Income Tax Return
- If you are selling the business, consider **Capital Gains Tax** implications
- **Software licences and subscriptions** (with the exception of accounting software)
- **Cancel insurances** (but you may need to retain some insurances like Professional Indemnity)

- **Cancel periodical payments** so they stop coming out of your account or credit card
- **Others** may include Luxury Car Tax, Wine Equalisation Tax and Fuel Tax Credits.

You must keep your financial records for a minimum of five years. All your accounting records plus your employee and wage records must also be archived. Some privacy guidelines around the retention of your customer records may apply. If you need help, just ask us.

## Staffing Issues

- **Finalise Employee Tax Payments**  
calculate final pay with outstanding leave entitlements, PAYG withholding, superannuation.
- **Notice of Termination**  
you will need to notify your employees in writing that you are terminating their employment. You may be able to provide payment in lieu of notice but make sure you comply with any notification period under their award or enterprise agreement.

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# Business Exit Compliance

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- **Employee Entitlements**

you will need to pay your employees any outstanding wages or accrued leave including annual leave, long-service leave and any redundancy amount.

Make sure you review their award, employment contract and any State-based regulations for a business of your size before taking any further action.

## Terminate Your Commercial Lease

Commercial lease obligations will remain unchanged even if you have closed the doors and vacated the building.

Get your solicitor and/or real estate agent to review the terms of your lease agreement to ascertain if you can get a release (with a fee) or have the right to sub-lease the building to another party.

You may also be able to negotiate with your landlord to surrender the lease which means both parties mutually agree to end the lease.

Fees may apply to cover the Landlord's costs. Make sure you clean the property so that your bond is returned.

## Sell Business Assets

If you can sell the business complete with the stock that would be a good outcome.

Failing that, what do you plan to do with the stock, tools, furniture, fittings, equipment, property, vehicles, domain name(s), patents, trademarks, licenses, or permits?

## Notify Suppliers and Customers

Let your suppliers know the business is closing and from what date. End any supplier agreements and pay any outstanding bills.

For the customers you might consider a 'Closing Down Sale' to clear as much stock as possible.

## The Loose Ends

Make sure you disconnect utilities (power, phone, internet), redirect the mail, close bank accounts, terminate your website and social media channels.



# Tax Return Checklist 2020

## Individual Tax Returns

### Income

- ☐ Gross salary, wages, allowances, benefits, earnings, tips, Directors Fees and Insurance for lost wages.
- ☐ Income from business activities.
- ☐ PAYG Payment Summaries or Income Statements from MyGov
- ☐ Details of any non-cash benefits received including discount(s) on employee shares or rights.
- ☐ Lump sum and termination payments. All documentation should be provided including an ETP Payment Summary from the employer or fund.
- ☐ Government Social Security payments, including pensions, unemployment and sickness benefits.
- ☐ Details of any CGT asset sales (e.g. shares, business and real estate). Please include dates of, and costs associated with, acquisition and disposal (You can save tax if you qualify for the variety of CGT concessions).
- ☐ Annuities, including allocated pensions or superannuation income streams.
- ☐ Income from trusts and partnerships. Statements of

distribution should be provided where appropriate.

- ☐ Rental income.
- ☐ Foreign source (employment and pension) income and details of any foreign tax credits, assets or property.
- ☐ Interest and dividends received from any source including life insurance or friendly society bonuses and any tax deducted. Include details of franked dividends (i.e. imputation credits).

### Deductions

- ☐ Investment and property expenses (carefully detail interest and repair claims), supply statements.
- ☐ Work-related subscriptions or memberships (not including sporting or social clubs).
- ☐ Employment related expenditure such as self-education, protective clothing, tools, union fees, uniform and laundry expenses.
- ☐ Motor vehicle expenses, car finance lease statements (include petrol, repairs, parking and maintain a Motor Vehicle Log Book where necessary).
- ☐ Donations of \$2 and over.

- ☐ Income Protection Insurance Premiums.
- ☐ For Self-Employed persons, details of any Superannuation Contributions made.
- ☐ Home office expenses where employment requires use of your computer, phone or other device.
- ☐ Tax Agent Fees and other accounting/tax audit fees.
- ☐ Special deductions (Australian films, investment shelters and agribusiness-type schemes).
- ☐ Unrecouped prior year losses.

### New Clients

- ☐ Last year's Notice of Assessment and Tax Return (if available)

### Rebates

- ☐ Private health insurance annual statement (request from Health Fund)
- ☐ Details of superannuation contributions where no tax deduction can be claimed.
- ☐ Any changes in dependants, children's details, DOB and any Centrelink benefits applicable (income of spouse should also be provided).
- ☐ Details of any income received in a lump sum which was accrued in earlier income years (e.g. assessable pensions).
- ☐ Details of any remote work performed for 183 days or more.
- ☐ HECS-HELP Debt details.

### 8 Most Common Errors in Income Tax Returns

1. Omitting Interest Income
2. Incorrect or Omitted Dividends Imputation Credits
3. Capital Gains/Losses are Incorrect or Omitted
4. Understating Income
5. Home Office Expenses
6. Depreciation on Rental Property Fixtures and Fittings
7. Depreciation on Income Producing Buildings
8. Borrowing Costs associated with Negative Gearing



# Tax Return Checklist 2020

## Companies, Partnerships, Trusts and Other

### Income

- ☐ Trading Income.
- ☐ Other Income (e.g. Rent, Interest, Royalties).
- ☐ Stock on Hand at June 30, 2020 (and basis of valuation) – note any obsolete stock.
- ☐ Work-in-Progress at June 30, 2020
- ☐ Primary Producer subsidies (if assessable).
- ☐ Details of CGT assets (e.g. shares and real estate) sold, including dates of, and costs associated with acquisition and disposal.
- ☐ Dividends, including details of franking credits.
- ☐ Income from foreign sources including details of any foreign taxes paid.

### Deductions

- ☐ Repairs and maintenance.
- ☐ Salaries, including fringe benefits.
- ☐ Fringe benefits tax paid.
- ☐ Rates, land taxes and insurance premiums.
- ☐ Advertising expenses.
- ☐ Interest on borrowed monies.
- ☐ Deductions relating to foreign-source income.
- ☐ Prepaid expenses (subject to transitional rules).
- ☐ Retirement payments and golden handshakes.
- ☐ Bad debts actually written off during the year.

- ☐ Donations of \$2 and over depending on the recipient.
- ☐ Commissions.
- ☐ Legal expenses.
- ☐ Lease or Chattel Mortgage payments on motor vehicles and equipment.
- ☐ Losses of previous years (or intra-group transfers).
- ☐ Superannuation contributions.
- ☐ Subscriptions.
- ☐ Car expenses (remember to include petrol, repairs and parking and maintain a log book where necessary).
- ☐ Tax agent's fees and other accounting and tax audit fees.
- ☐ Royalties paid.
- ☐ Details of the destination and purpose of any interstate or overseas trip. Expenses must be fully documented where travel involves at least one night away from home. Travel diaries should be included where travel exceeds five nights.
- ☐ Research and development expenditure.
- ☐ Bank fees (where the credit or deposit represents assessable income).

### Liabilities

- ☐ New loans taken out during the year and their purpose, including any new lease or chattel mortgage agreements on vehicles, equipment or machinery.
- ☐ Statements from the lending authority detailing the opening

and closing balances of existing loans during the financial year.

- ☐ Provisions for long service and annual leave.
- ☐ Creditors at June 30, 2020.
- ☐ Details of loan accounts to directors, shareholders, beneficiaries and partners.
- ☐ Accrued expenses (e.g. audit fees, interest payments).
- ☐ Commercial debts forgiven.

### Assets

Details of depreciable assets acquired and/or disposed of during this income year, including:

- type of asset;
- date of acquisition;
- consideration received/paid.

- ☐ Lease commitments.
- ☐ Debtors at June 30, 2020.
- ☐ Commercial debts forgiven.

### Additional Information

- ☐ Franking account details/movements.
- ☐ Overseas transactions, exchange gains/losses.
- ☐ Private companies – remuneration or loans to directors, shareholders and their relatives.
- ☐ Changes to the capital of the company.
- ☐ Whether family trust elections have been made in relation to trusts.



# The Minerva Story

The beautiful Minerva has come to represent Clarity Tax since we launched our business in 2012. But why this particular image?

When we first launched our business, as you will know, we operated from Melba Hall in Croydon North. This iconic local building was built in the 1920's under the direction of the great Dame Nellie Melba the famous soprano.

Our creative team at Bulldog Creatrix could not pass up the chance to reflect that Art Deco period of the roaring 20s in the design of our corporate identity.

Many of you will remember the Art Deco poster design at the entrance to our premises. That poster has come with us.

And why Minerva? Well Minerva was the Roman Goddess of Wisdom and Commerce amongst other things.

How more appropriate could that be?

## Need help with GST or BAS?

GST accounting and BAS reporting are the bane of most business owners lives!  
At Clarity Tax, we take the stress out of the whole process.

Clarity are able to help you with advice on GST registration – the advantages and disadvantages of being GST registered.

**What is the difference between Cash Accounting or Accrual Accounting?**

**What expenses can be claimed?**

**What if I am late with my BAS?**

We get asked these questions frequently – we can help!

We have a BAS Preparation Service and can lodge your BAS for you.

If you have any questions about GST or BAS, then Clarity can help!

👉❤️😌 **Telephone: 9726 4650** 👉❤️😌

*Letting you get on with what you do best ...*

This newsletter does not constitute advice. Clients should not act solely on the basis of the material contained in this newsletter. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly and we therefore recommend that our formal advice be sought before acting in any of these areas. This newsletter is issued as a helpful guide to clients and for their private information. It should be regarded as confidential and not be made available to any person without our prior approval

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