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CLIENT INFORMATION BULLETIN

Welcome to our latest edition of the Kelly & Associates Newsletter. In this edition, we bring to your attention the changes to deductions for this tax period, the increasing super guarantee rate and a rise in invoice scams. Further items of interest include the new proof of identity requirement for the accounting industry, the minimum annual payments for super income streams along with the extension of the downsizer contribution measure eligibility. In our regular bookkeeping section, there is a reminder regarding paid family and domestic violence leave for small business. We conclude this newsletter with our staff and client news section and our footy tipping results.

✓ Changes To Deductions This Tax Time

Taxpayers who are small business owners operating from home, or who use a vehicle for business purposes, need to be aware of some changes when claiming deductions this tax time, including the following.

Cents-per-kilometre method

The cents-per-kilometre method for claiming car expenses increased from 72 cents to 78 cents per kilometre in the 2023 income year. For taxpayers using this method, the 78 cents per kilometre rate covers all their vehicle running expenses, including registration, fuel, servicing, insurance, and depreciation. Taxpayers using this method cannot claim these costs separately.

Car limit for business owners

The car limit has also increased to \$64,741 for the 2023 income year. The car limit is the maximum value taxpayers can use to work out the depreciation of passenger vehicles (excluding motorcycles or similar vehicles) designed to carry a load of less than one tonne and fewer than nine passengers.

Work from home business expenses

For the 2023 income year, the 'fixed rate method' (for taxpayers operating their business from home) increased from 52 cents to 67 cents per hour worked from home, and taxpayers are no longer required to have a dedicated home office space.

The fixed rate method covers electricity, gas, stationery, computer consumables, internet, and phone usage.

Taxpayers can also claim separate deductions for expenses not included in the hourly rate, such as the decline in value of depreciating assets, e.g., laptops or office furniture.

Please contact our office for any help with these claims, including record-keeping requirements.

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☑ The Super Guarantee Rate Is Increasing

Businesses that have employees, or hire eligible contractors, will need to ensure that their payroll and accounting systems are updated to reflect the new super guarantee rate of 11% for payments of salary and wages that are made from 1 July 2023.

Businesses need to calculate super contributions at 11% for their eligible workers for payments of salary and wages they make from this date.

Super contributions for the quarter ending 30 June (due by 28 July 2023) were calculated at the 10.5% rate for payments of salary and wages made prior to 1 July.

☑ Improving Business Resilience Against Invoice Scams

All clients should be aware of the increasing prevalence of invoice scams, with scammers targeting businesses by posing as suppliers or vendors. These scams commonly involve the sending of invoices that appear to be from legitimate sources, but the bank details have been altered.

Businesses are encouraged to review their procedures for validating invoices and consider including written procedures for validating any changes to vendor/client/customer contact details and also bank account details. Oral confirmation of the changes should also occur between the business representative and the vendor/client/customer.

Importantly, staff should treat any request to change payment details with extreme caution. Checking that an invoice is genuine before action is taken, particularly in the instance when there is a request for payment is highly recommended. By fostering awareness of invoice scams and adhering to written procedures as outlined above, businesses can improve their resilience against invoice scams and minimize the risk of financial loss.

☑ Minimum Annual Payments For Super Income Streams

The ATO reminds taxpayers that an SMSF must pay a minimum amount each year to a member who is receiving a pension that commenced on or after 20 September 2007 (e.g., account based pensions). If the minimum payment is not made by 30 June, this can result in adverse taxation consequences for the member

In response to COVID-19, the government temporarily reduced superannuation minimum drawdown requirements for account-based pensions and similar products by 50% for the 2020, 2021, 2022 and 2023 financial years.

However, for the 2024 financial year, the 50% reduction in the minimum pension drawdown rate **will no longer apply**.

This means that, from 1 July 2023, when taxpayers calculate the minimum annual payment for their pension, the 50% reduction will not apply to the calculated minimum annual payment.

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✔ Downsize Contribution Measure Eligibility Has Been Extended

The downsizer contribution concession was introduced to allow older Australians selling an eligible dwelling to make additional contributions into their superannuation fund.

Broadly, the downsizer contribution concession allows eligible individuals to make non-deductible contributions of **up to \$300,000** (or up to \$600,000 per couple) from the sale of an eligible dwelling that was used as their main residence.

The downsizer contribution concession is an attractive option for eligible individuals to boost their superannuation entitlements, as it is not counted towards an individual's standard contribution caps.

Also, the total superannuation balance restriction does not apply in respect of a downsizer contribution (so an eligible individual can make a downsizer contribution into their super fund, regardless of their total superannuation balance), and it is not included in the assessable income of the receiving fund.

However, there are various eligibility requirements that need to be satisfied in order for a downsizer contribution to be made, and professional advice should be sought in this regard as required.

Importantly, as from **1 January 2023**, the Government has broadened access to the downsizer contribution concession by reducing the minimum age requirement for accessing this concession from age 60 **to age 55**.

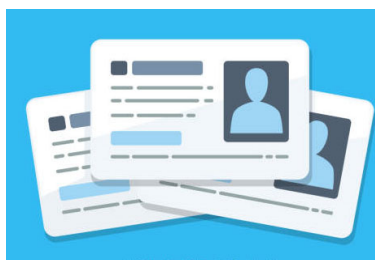
This means that individuals aged 55 to 59 years who were not previously eligible to make downsizer contributions due to their age are now eligible to make downsizer contributions if they satisfy all the eligibility requirements.

✔ New Proof Of Identity Requirement For The Accounting Industry

New proof of identity requirements have been introduced for accountants in order to minimise the risk of themselves or their clients being the target of fraudulent activities.

These requirements will apply to new clients of the firm and new representatives of existing clients who will be giving instruction or requesting information from us. New clients and new representatives will be provided with instructions regarding the verification process.

Clients will be able to undertake the proof of identity with Kelly & Associates via a manual process of visually sighting identification documentation. We will also have a digital identity verification process shortly for those who are unable to physically attend our office.



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☑ Claiming GST Credits For Employee Expense Reimbursements

Employers may be entitled to claim GST input tax credits for payments they have made to reimburse employees for expenses that are directly related to their business activities.

A 'reimbursement' is provided when a taxpayer pays their employee the amount, or part of the amount, of a particular work-related purchase they make.

Employers are **not** entitled to a GST input tax credit if they pay their employee an allowance, or make a payment based on a notional expense, such as a cents-per-kilometre payment, travel or meal allowance.

An 'allowance' is provided when a taxpayer pays their employee an amount for an estimated expense without requiring them to repay any excess.

Taxpayers are expected to hold sufficient evidence to substantiate their claim, such as a tax invoice for the purchase that is being reimbursed.

☑ Bookkeeping Update

Paid Family & Domestic Violence Leave For Small Business

Employees of small business employers can now access 10 days of paid family and domestic violence leave in a 12-month period. Acting as a separate paid leave entitlement, these 10 days are available upfront but do not accumulate each year.

Full-time, part-time and casual employees are all allocated the 10 days leave within a 12-month period. Notably, employers must not include detailed information on an employee's pay slip about taking paid family and domestic violence leave.

Should you require further assistance please contact our office.

☑ Lodgement Obligations

Date	Description
21st each mth 2023/24	Monthly IAS lodgement due — All lodgements
28 October 2023	Superannuation guarantee contributions to be paid
28 October 2023	Quarterly IAS/BAS lodgement due — paper
25 November 2023	Quarterly IAS/BAS lodgement due — electronically
15 May 2024	Final lodgement date 2021/22 individual tax returns

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✔ Staff & Client News

Welcome to Keenan

A warm welcome to Keenan Campbell who joins our bookkeeping team on a full-time basis. Keenan is an experienced bookkeeper who barracks for the Geelong Cats.

Keenan raised our average IQ at a recent trivia night social club event. His excellent general knowledge was greatly appreciated by his K&A team mates. We welcome Keenan to the Kelly & Associates team!



Footy Tipping Update

Congratulations to our very own Belinda Wallace for her footy tipping excellence this season! Belinda won our competition with 152 points, followed by Jordan and Kathryn on 147 points. Congratulations also to Derek Morrow, the first client home on 146 points. Belinda received a voucher and bottle of wine in recognition of her tipping acumen.

A big thank you to Sean O'Neill for co-ordinating the competition for the past 10 years and congratulations to Matt Heazelwood who is taking over the coordination role for the next 10 years.



Congratulations to Rebecca O'Neill

Well done to Rebecca O'Neill on her recent netball premiership success. Playing for Ocean Grove, Bec tallied 40 goals in the Grand Final, playing an instrumental role in helping Ocean Grove win their first A Grade flag for almost 20 years. Sean and Bec's daughter Winnie enjoyed celebrating with her Mum and posing for photos.



Football Success for Matt Heazlewood

Well done to Matt on his football success playing for Geelong West Giants this season. Matt was the leading goal scorer for the club and also the Reserves Best and Fairest winner. Congratulations Matt on a great year combining the competing demands of study, football and accounting work!



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