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## CLIENT INFORMATION BULLETIN



Welcome to this summer edition of the Kelly & Associates Newsletter.

In this edition we examine the importance of superannuation guarantee compliance for employers due to 'unprecedented' ATO scrutiny following the implementation of Single Touch Payroll (STP). We also highlight relatively new legislation that impacts the deductibility of payments to workers if PAYG withholding rules are not met. We have included a reminder from the ATO regarding eligibility for the instant asset write-off and a warning regarding capital gains record keeping. We then examine various superannuation related articles including the implications of late lodgement of SMSF annual returns, the ATO's new messaging service for SMSF members and a new super guarantee opt-out for high income earners. Finally, we conclude this newsletter with our regular QBO and lodgement obligation segments, our staff news and a favourite Christmas recipe.

We remind you that our office will close from 12.00 noon on Friday 20th December and re-open on Monday 6th January. Thank you for your support during 2019 and we wish all of our clients and their families a very Merry Christmas and a happy and safe New Year.

### STP and Superannuation Guarantee - Employers Beware

In a presentation at the Australian Institute of Superannuation Trustees Chairs Forum, the ATO's Deputy Commissioner confirmed that as a result of STP, the ATO now has an *"unprecedented level of visibility"* of super information.

In particular, the ATO's examination of Super Guarantee ('SG') contributions of some 75 million payment transactions for the first three quarters of 2019 (for approximately 400,000 employers) has shown that 90 - 92% of contribution transactions by volume and 85 - 90% of transactions by dollar value were paid on time.

The ATO is now starting to actively use this data to warn employers who appear not to be paying the required SG on time (or at all).

As a result, it has notified 2,500 employers that they have paid their SG contributions late during 2019. Due-date reminders were also sent to a further 4,000 employers.

Employers should be aware that failure to pay your super contribution by the 28<sup>th</sup> day after the end of the quarter will result in a Superannuation Guarantee Charge (SGC). The SGC is made up of the original super contribution (9.5%) plus interest & penalties. **In the event of late payment, you should complete and lodge a SGC statement and pay the amount to the Tax Office rather than the super fund .**

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### STP and Superannuation Guarantee (cont'd)

Please be aware of the disadvantages if super contributions are not paid on time and the SGC applies. In relation to the SGC, please note the following:

- the super (9.5%) & penalties are **not tax deductible**;
- the employer must pay notional interest (in place of earnings that would have accrued had the SG contribution been made on time) and an administration fee (\$20 per employee, per quarter);
- there are further penalties for late payment and failure to lodge a SGC statement;
- the shortfall in super contributions is based on 'salary & wages' which is potentially a higher than Ordinary Times Earnings (OTE); and
- the employer will have to put time into preparing the SGC statement.

In relation to making super contributions on time, we remind you that it is the date the funds reach the super fund that is relevant for determining an 'on time' payment. This also applies if you use a clearing house to distribute contributions to your employee's funds on your behalf. The contributions are counted as being paid on the date the super funds receive payment, not the date the clearing house receives funds from the employer. We recommend that you process your super contributions 10 days prior to the quarterly due date (or otherwise check with your clearing house) to allow enough time for your payments to be processed before the quarterly due date.

Quarterly payment due dates for SG Contributions are outlined below:

Period	Due Date
1 Jul – 30 Sept	28 Oct
1 Oct – 31 Dec	28 Jan
1 Jan – 31 Mar	28 Apr
1 Apr – 30 Jun	28 Jul

If you have any queries or concerns in relation to your superannuation guarantee obligations please contact our office.

### PAYG and Deductions for Payments to Workers

The ATO has reminded business taxpayers they can no longer claim deductions for certain payments to workers if they have not met their PAYG withholding obligations from 1 July 2019.

If the PAYG withholding rules require an amount to be withheld, to claim a deduction for most payments to a worker, a business taxpayer must:

- withhold the amount from the payment before they pay their worker; and
- report that amount to the ATO.

Importantly, where a taxpayer simply makes a mistake and withholds or reports an incorrect amount, they will **not** lose their deduction, although any such errors should be corrected as soon as possible so as to minimise penalties.

Please contact our office if you have any queries in relation to PAYG withholding.

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## \$30,000 Instant Asset Write-off

The ATO is reminding businesses that are looking to expand or improve their business and thinking of buying new or second hand assets, that medium sized businesses with a turnover up to \$50 million (but at least \$10 million) are eligible for the instant asset write-off.

This now applies to assets that cost up to \$30,000 and which were purchased and first used or installed ready for use from 7:30pm (AEDT) on 2 April 2019 to 30 June 2020.

Medium sized businesses may purchase and claim a deduction for each asset that costs less than the \$30,000 threshold.

For assets over \$30,000 the general depreciation rules apply (which may depend on the entity).

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## Reporting Asset Disposals for CGT

As the ATO's data-matching capabilities increase, they are paying close attention to capital gains made on **shares, property and cryptocurrency**.

Therefore, it is important to let us know about any asset disposals (which can include an asset's sale, loss or destruction) and to keep records relating to CGT events, including asset disposals, for at least five years after the year in which the event occurred (and maybe longer if you make a capital loss). Good records will also help to work out a capital gain or loss correctly.

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## Super Lookup 'Status' will Change if SMSF Annual Returns are Late

The ATO considers the lodgment of an SMSF's annual return on time to be a fundamental part of an SMSF trustee's obligations.

Consequently, from 1 October 2019, if an SMSF is more than two weeks overdue on **any** annual return lodgment due date and hasn't requested a lodgment deferral, the ATO will change their status on Super Fund Lookup ('SFLU') to *'Regulation details removed'* until any overdue lodgments have been brought up to date.

We can request a lodgment deferral on your behalf to ensure the SMSF's status remains 'complying' (unless the fund does not meet the agreed date of referral).

Having a status of *'Regulation details removed'* means APRA funds won't roll over any member benefits to the SMSF and employers won't make any super guarantee ('SG') contribution payments for members to the SMSF.

The ATO says it is taking this approach because *"non-lodgment combined with disengagement indicates that retirement savings may be at risk"*.

While the fund's status is *'Regulation details removed'*, members should alert their employer to make any SG payments into the employer's default super fund or a fund of the member's choice until the SFLU status of the SMSF has been updated to *'complying'*.

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## SMSs for SMSFs!

In the interests of protecting SMSF members and their retirement savings from fraud and misconduct, the ATO has announced it will send out an email and/or a text message via an SMS when changes (including updates to the SMSF financial details or member information) are made.

Accordingly, the ATO has urged all SMSF members to ensure they update their contact details either:

- ❑ online at [abr.gov.au](http://abr.gov.au) (with an AUSkey or an ABN linked to their myGov account);
- ❑ through their registered tax agent;
- ❑ by phoning 13 10 20 (for authorised contacts of the relevant SMSF); or
- ❑ by lodging the paper form (NAT 3036).

The ATO has urged SMSF members who are concerned about notified changes to first speak with the other trustees of the SMSF or the authorised agent of their SMSF, before contacting the ATO.

As the ATO moves over to the digital world at a rapidly increasing pace, it has also reminded SMSF members that any ATO sanctioned emails and text messages would never ask for the recipient to reply by text or email, or to provide otherwise personal information.

Importantly, where an SMSF member is concerned about the authenticity of an email or text purportedly from the ATO, the ATO's current SMS and email activities can be viewed on its website by searching for QC 40936.

## Super Guarantee Opt-out for High Income Earners now Law

From 1 January 2020, eligible individuals with **multiple employers** can apply to opt out of receiving super guarantee ('SG') from some of their employers, to help them avoid unintentionally going over the concessional contributions cap.

If appropriate for them, they should submit the relevant ATO form to apply for an *SG employer shortfall exemption certificate*, which releases one or more of their employers from their SG obligations for up to four quarters in one financial year.

We can assist with the lodgment of this form. Note that this measure may not benefit everyone who is eligible, so before lodging the form, it is important to consider the individual's employment arrangements, such as how their pay and other entitlements may change (if at all), and the effect of any relevant award or workplace agreement applicable to them.

The measure only became law on 2 October 2019, so to give eligible employees time to make an application, the ATO will accept applications for the 2019/20 financial year as follows:

- ❑ third quarter commencing 1 January 2020 — lodge on or before 18 November 2019; and
- ❑ fourth quarter commencing 1 April 2020 — lodge on or before 31 January 2020.

A separate application is required for each financial year.

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## QBO Update - Changing the KeyPay Admin

We would like to make you aware that an update to QBO may mean that you receive a message about 'changing the KeyPay admin' for your company. If you see the message, simply select 'Change Admin' to continue using your QBO file as normal. We confirm that making this selection will not result in any changes to your file or current settings. Please note that the message may appear during the next few months.

## Lodgement Obligations

Date	Description
21st each mth 2019/20	Monthly IAS lodgement due — All lodgements
28 January 2020	Superannuation guarantee contributions to be paid
28 February 2020	Quarterly IAS/BAS lodgement due — paper
28 February 2020	Quarterly IAS/BAS lodgement due — electronically
15 May 2020	Final lodgement date of 18/19 individual tax returns

## Staff News

### Best Wishes to Alison and Dan

We offer our best wishes to Alison as she embarks on a new chapter of her life with the impending birth of baby Lees. We are delighted for both Alison and Dan and look forward to sharing the exciting news with you sometime in January or February. Congratulations also to Dan on his successful completion of his PhD. With his graduation ceremony in February they are hopeful the baby arrives prior to the special day. If any clients would like to participate in our baby stakes they are welcome to email or phone reception with guesses for weight, length, date and sex. We were all very kind to Alison with guesses of the weight being very much around the average birth weight!

On a more serious note, Alison has been working with us for 12 years, commencing as a Graduate Accountant. We have watched her grow both personally and professionally, and experienced various milestones with her. We will miss her greatly and she is literally irreplaceable but we know the world is a richer place with Alison being a mum and experiencing the joy of a beautiful baby! We wish her all the best and look forward to her return in some capacity in 2020.

### Welcome to Kathryn

Please join us in welcoming our newest staff member, Kathryn Heathcote. Kathryn originally hails from a dairy farm near Stanley in Tasmania and has a Bachelor of Commerce from Deakin University. Kathryn is taking up a Graduate Accountant role with us and we warmly welcome her to Kelly and Associates.

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## Staff News (cont'd)

### **Congratulations and welcome to Hugh Menzies**

We recently appointed Hugh Menzies to a work experience/trainee role at Kelly and Associates. Hugh is commencing Year 12 at St. Joseph's College next year and will be doing some part-time work for us during school holidays. Hugh has already impressed us with his perfect score in Business Management in his VCE. Congratulations to Hugh and we now have him earmarked to manage the business in 2030! Welcome Hugh and you are doing a wonderful job with the scanning!

### **Christmas Mango Pudding Recipe**

This is a really easy recipe and is a bit different to the traditional plum pudding. It is a favourite in the Kelly household each Christmas.

#### **Ingredients**

340g chopped mango  
250g chopped dates  
150g currants  
1 cup brown sugar  
250g butter chopped  
Grated zest and juice of 1 orange  
180g macadamia nuts chopped  
4 eggs lightly beaten  
1 ½ cups of fresh breadcrumbs (sourdough fruit bread works well)  
1 ½ cups SR flour

#### **Method**

Place mango, dates, currants, sugar, butter, orange zest and juice in a saucepan. Bring to the boil, stirring occasionally until butter has melted and sugar dissolved. Transfer to a large bowl and add the macadamia nuts. Stir beaten eggs through the mixture. Fold through breadcrumbs and flour. Place mixture in a pudding steamer. The pudding steamer should be prepared by greasing the inside with butter and preparing a circle of greased baking paper for the top. Place the lid on the pudding steamer. Stand pudding on a trivet or something to keep it from touching the bottom, inside a saucepan or stockpot. Fill with enough water to come up 2/3 of the side of the pudding steamer. Cover and simmer for 2 hrs, adding additional water as needed. Cool and store in fridge until Christmas Day. Reheat if required by boiling for 30 minutes. It tastes delicious cold on Boxing Day too! Serve with brandy custard and double cream.

*Our office will close from 12.00 noon on Friday 20th December  
and will re-open on Monday 6<sup>th</sup> January.*

*Thank you for your support during 2019 and we wish all of our clients and  
their families a very Merry Christmas and a happy and safe New Year.*



*This publication provides a general overview on matters of interest only. The information contained within is not comprehensive and does not constitute advice. Please seek professional advice before acting on or relying on this publication.*

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