

Morrows In Brief

A collection of compliance, firm and client articles to keep you in touch with news and developments at the Morrows Group.

Key Dates To Mark In Your Calendar

| July | |
|-----------|---|
| 21 | Taxable Payments Annual Report – building & construction industry. |
| 21 | June 2014 Monthly Activity Statement Lodgement |
| 28 | June 2014 Quarterly Activity Statement Lodgement (Paper Lodgement) |
| 28 | June 2014 Quarter Superannuation Guarantee Payment Due (9.25%) |
| 28 | TFN Reporting for Closely Held Trusts Due |
| August | |
| 21 | July 2014 Monthly Activity Statement Lodgement |
| September | |
| 21 | August 2014 Monthly Activity Statement Lodgement |

Welcome to the new financial year. We have some exciting news on the merger of Morrows with Silverwoods Accountants & Advisers. Read our feature article for more.

ASIC Updates

New App for Small Businesses: Business Checks

On 8 July, ASIC launched a smartphone app to help small business owners undertake checks on businesses before they enter into business transactions with other organisations. The app is designed to provide some general guidance on reducing the risk of being swindled by unreliable operators and fly-by-night businesses. Access the apps via this [link](#) or search for ASIC Business Checks on iTunes and Google Play.

Fee Increases

The Australian Securities and Investments Commission have recently announced their fee changes for the 2015 year. Of note is the increase in the Annual Review Fee for proprietary companies to \$243.

New Staff Members

Over the last financial year Morrows has continued to grow and we are excited to announce our most recent appointments across our divisions. We would like to introduce our Client Services Co-ordinators - **Ally Bodourian** in the Superannuation team, **Sara Luck** in Morrows Private Wealth, and **Melissa Forsyth** in Business Services. On reception, **Neisha Kurdas** and **Megan Christakakis** have recently joined us. **Adam Lourie** is our new Tax and Business Advisor and **Charlie White** has started in our Business Services and Tax teams as Graduate Accountant. Our most recent new employees are **Edward Atfield** and **Russell Krupp** who are our new Senior Tax and Business Advisors. **Jonathan Swanton** joined Morrows Private Wealth earlier in the year as an Adviser.

In addition to these new staff, we also warmly welcome **Bruce Silverwood**, **Bruno D'Angelo** and **Bianca Barnes**, formerly of Silverwoods Accountants & Advisors, to our Taxation and Business Advice team.

Superannuation Guarantee – 2015 and future years

If you are an employer, it is important to note that from 1st July 2014 the Superannuation Guarantee rate will increase to 9.5% (from the 9.25% that applies for the 2014 year).

An employer must make Superannuation Guarantee contributions on behalf of their employees at a minimum of 9.5% of an employee's earnings in 2015 if the following applies:

- Employee is 18 years or older *and*
- Employee earns \$450 or more (before tax) in a month

This increase is the first to follow from the 2014 Federal Budget, when it was announced that the Superannuation Guarantee contributions will rise from 9.25% to 12% by July 2022 as shown by the table below:

Superannuation Guarantee Entitlements

| Financial Year | Rate (%) |
|-----------------------|-----------------|
| 2012/2013 | 9 |
| 2013/2014 | 9.25 |
| 2014/2015 | 9.5 |
| 2015/2016 | 9.5 |
| 2016/2017 | 9.5 |
| 2017/2018 | 9.5 |
| 2018/2019 | 10 |
| 2019/2020 | 10.5 |
| 2020/2021 | 11 |
| 2021/2022 | 11.5 |
| 2022/2023 | 12 |

Company Loss Carry-back Provisions – to be repealed

From the 2013 year the government provided tax relief for companies by allowing them to carry-back tax losses to receive a refund against previously paid tax. It was then announced that the government intended to repeal the loss carry-back tax offset from 2014 onwards but this change has not yet been enacted.

Once the bill is enacted, an amended company tax return will need to be lodged, increasing the taxpayers tax liability. No tax shortfall penalties will apply and any interest attributable to the shortfall will be remitted to nil.

Utilizing the provision in the 2014 year will provide business owners with an opportunity to improve their short term cash flow given the extra inflow of cash from the loss carry back tax offset could be quite substantial. It must be noted however, in accessing the loss carry back tax offset considerations around dividend payments and franking need to be considered and taken into account. For example, if the franking account is exhausted in a prior year, due to dividend payments, this will limit the carry back amount to nil.

If you believe you could benefit from utilising the provision and would like us to apply the rules to your situation, please contact your Morrows representative as soon as possible.

Family Tax Benefit Reform

There have been several reforms to the family payments system as part of the 2014-15 Federal Budget and we have summarised them below for your consideration.

1. Family Tax Benefit Part B (FTB-B) eligibility for payments only for those:

- The youngest child is six years old or younger and
- The primary earner's income is \$100,000 or less per year

The measure will start from 1 July 2015 the primary earner income limit for FTB-B will be \$100,000 instead of \$150,000. This means that FTB-B will only be payable if the income of the primary earner in a family is \$100,000 or less. Families with primary earner income of more than \$100,000 will no longer be eligible to receive FTB-B.

This change applies automatically to new and existing FTB-B customers from 1 July 2015. There are no changes to when or how payments are made.

2. New supplement for single parents

From 1 July 2015, single parents who receive the maximum rate of FTB Part A (FTB-A) will receive additional assistance of \$750 per year per child aged once their child turns six to 12.

3. FTB-A & FTB-B end of year supplements will be \$600 and \$300

4. Large family supplement

Families will receive the Large Family Supplement of \$313.90 for their fourth and subsequent child.

5. FTB-A high income free limit will be \$94,316

For more information on the Budget 2014-15 Social Services page 15 by accessing http://www.budget.gov.au/2014-15/content/glossy/welfare/download/Social_Services.pdf

SMSF Annual Returns – ATO powers increased

Since 1 July, we have moved to a new and more rigorous ATO monitoring regime with regards to lodgement of annual returns for SMSFs.

The ATO recently made it clear that it will crack down on SMSFs that fail to lodge their returns in a timely manner. Assistant commissioner Matthew Bambrick said extended delays in lodging returns put funds at a high risk of non-compliant behaviour, and this year the ATO would act against such funds.

Mr Bambrick outlined that the ATO will remove the regulation details of all SMSFs with two or more years of overdue lodgements from Super Fund Lookup until they are up to date with returns. This will have serious impact on the funds ability to accept contributions, rollovers and transfers.

Other penalties that may be imposed include:

- Directing a trustee to undertake SMSF education - the trustee will have to complete an on-line ATO approved course and provide evidence of course completion.
- A rectification direction under which the contravention will have to be fixed within a certain period of time
- Administrative penalties for example, contravention of lending, borrowing and in-house asset rules may attract a \$10,200 penalty. Individual trustees must each pay \$10,200 where Directors of a corporate trustee are jointly and severally liable to pay \$10,200. Importantly the penalty **cannot be paid** from resources of the fund.

When considering remission the ATO will take into account the compliance history of the fund but has indicated that where the fund has history of non-compliance it will show no mercy.

Powers of Attorney – Guardianship often missed

Morrows Legal often stresses the importance of having powers of attorney (financial and medical) as part of a complete estate and succession plan and most of our clients are aware of the need for these. One type that is often missed, however, is the enduring power of guardianship which can be just as important in case of loss of capacity.

Broadly, an enduring power of guardianship will give an attorney the power to make lifestyle decisions on behalf of a donor. For instance, we are aware of a situation where financial and medical enduring powers of attorney were made by a person who lost capacity. However, circumstances resulted in their being in a hospital on the Mornington Peninsula – meaning their family had to commute from Melbourne to see them, cutting down on the visits made.

With no other family member holding an enduring power of guardianship, they could not instruct the hospital that their relative was to be moved to a hospital closer to their home.

Next time you are speaking with your Morrows contacts, ask about discussing this aspect of your estate plan with one of the Morrows Legal team.

Morrows Moneyballers – Netball Update

The Morrows Netball team aka ‘The Moneyballers’ has just completed another successful finals campaign playing off in the Grand Final on Wednesday 9th July 2014 at Grand Prix Pit Lane in Albert Park.

The Moneyballers team has played in the finals every year since entering the social competition three years ago with many employees (current and alumni) and their partners having ‘donned’ the netball skirt. This was the third grand final appearance for the Moneyballers and they tasted glory again even with a horrid run of injuries the team has faced.

When quizzed on the secret of their success, they said that they believe defence wins matches and pride themselves on this every season. Well done Moneyballers on another successful campaign!



The finals team members from left: Paul Robortaccio, Rachael McNally, Jeremy Tobin, Kirstie Oliver, Jo Zhou, Cathryn Owen and Ryan Lord.

Staff Profile: Chris Molloy

Chris is our Chief Investment Officer for Morrows Private Wealth. Here he reflects on his experiences with Morrows and other interests:

What brought you to Morrows, and what were your first impressions?

I always had an interest in investments and financial markets and believed financial planning was a natural fit. I began applying for positions as a paraplanner where I had a few interviews with the big banks and realised that this was not for me. I was uncomfortable being tied to institutions which had an expectation to sell their own products, so I sought firms that were more flexible with a focus on providing advice rather than selling products, and fortunately I ended up at Morrows.



What do you enjoy about your work?

Each day is different, with the markets changing all the time and each client being unique, it keeps you on your toes and thinking, which I enjoy. Ultimately, helping clients achieve their goals is very satisfying, although challenging in terms of dealing with different emotions and personalities.

If you weren't a Chief Investment officer, what would you be?

If I didn't have to work, I would be a stay at home dad, but in the real world I don't think I could leave the financial markets, so it would have to be something which involved investments.

What is your greatest strength?

I don't require a lot of sleep which gives me more time to fit more into the day.

What do you enjoying doing in your spare time?

I enjoy catching up with friends, watching Geelong play football, and spending time with my kids. I would also like to do a lot more travel.

Favourite book, movie or play?

Some of my favourite movies include Roadhouse, Old School, Superbad, and Bad Santa (shows the sense of humour I have!)

Favourite travel destinations?

The US and Mexico but would really like to see Europe.

***Disclaimer:** The information provided in this communication is general in nature and not intended to be advice. You should contact our office for further information or for a tailored solution to your needs.*