



INTRODUCTION

Christmas time is here!!

As usual, we'll be closing our office over Christmas for a couple of weeks to let our staff recharge for the new year.

Our last day in the office will be Thursday 22nd, and we will be back on Monday 9th. If you need something done over the break we'll do our best, simply email us anything urgent to admin@mcaaccountants.com.au.

SERVICE CHANGES

We will have a new website up and running after Christmas. Some minor changes to content, but mainly a new look.

We are also making changes to our payment options (BPay will be added and our merchant provider is changing) which will be reflected on our invoices and website. If you are on a direct debit with us, we will be in contact to arrange a transfer into our new provider.

There are also minor changes to our services to look out for. An example is our corporate secretarial service where we are providing you with greater options on the level of service we provide. As you'd expect, we will notify any affected clients in due course.

RECENT ATO ACTIVITY

Data Matching

We've raised data matching a few times recently, and the ATO are increasing their use of "big data" to check what you put on your tax return.

The ATO have recently announced that they will be collecting details of businesses with merchant accounts and comparing the sales on these accounts to tax returns.

In addition, every eBay account with more than \$12,000 of sales will come under scrutiny to see if those sales constitute a business or at the very least a "profit making activity".

In this digital age it's getting harder and harder to hide. If you do it online, chances are the ATO can find it.



Tax Gaps

The ATO have published figures that highlight the amount of illegal tax avoidance being conducted by the community. The ATO estimates that annual gap is:

- GST: \$3.8 billion
- Luxury Car Tax: \$30 million
- Wine Equalisation Tax: \$70 million
- Petrol & Diesel Excise: \$135 million
- PAYG Withholding: \$2.1 billion

Interestingly, the figures above largely exclude avoidance via the cash economy and as such conducting compliance activities (read: audits) on the above would be fairly cost effective.

We know that the ATO are targeting those that don't comply, and when coupled with all of the data matching they conduct, they have selecting audit targets down to a science.

We note that income tax is specifically excluded by the ATO in this study.

FRAUD AVOIDANCE

We've touched on this a couple of times, but its getting increasingly more and more troublesome.

We recently emailed out a scenario where suspected fraudsters were setting up companies with similar names to genuine business with the suspected aim of sending fraudulent invoices. The lesson - check invoices, particularly for changed bank details.

We all know the mountain of email scams that are in the wild, some pretending to be the ATO. The lesson - don't click on links within emails unless you can verify the source.

And we've mentioned phone scammers threatening people with immediate jail should they not pay "the ATO" over the phone. The lesson - no legitimate business will make such heavy-handed threats.

Scarily, in the past week one of the largest internet domains and email suppliers YAHOO has been hacked and details, passwords, secret questions, and other sensitive information has been obtained by those with less than genuine motives.

The lesson here is to try and keep your passwords different across different sites. Yes it's a pain to remember different passwords, but it may save your hard-earned one day.



ARE YOU ENTITLED TO SUPER?

The ATO have created a new tool on their website to help people identify if employees and contractors are entitled to receive superannuation.

You can view the ATO's webpage [here](#).

The page also has tools to help you calculate how much super you are entitled to, and how to report employers that are not paying superannuation.

CLIENT PORTAL & DIGITAL SIGNING

Recent additions to our services include client portals and digital signatures which enables the process of signing your tax return to be fully electronic.

No paper, no waiting for AusPost.

We currently have over 200 client portals setup and being used, with all reports so far highlighting the convenience and time savings it offers.



Instructions, details, and terms can all be found on the Client Portal page of our website.

www.mcaaccountants.com.au/portal

In the coming months we will be increasing the portal service to include other correspondence from MCA, including forwarding ATO letters and notices.

It is our preference to use the portal and digital signing where possible; however we fully understand that it's not for everyone and we are happy to continue posting tax returns, letters, notices, etc to anyone that wishes.

Due to the Privacy Act, we are unable to email tax returns and other sensitive information - if you want to receive documents electronically; it needs to be via our client portal.



If you have been invited to use our digital signing facility, we would appreciate your time in filling out our 2 minute survey on your experience (regardless of whether you signed digitally, had a look and declined, or simply dismissed it). To fill out the survey, click [here](#).

Recent Updates

You can now update your details via the client portal. If you've moved, changed your phone or email, etc, you can now update it from within your login.

In addition, we've recently added "sign here" tags to documents that makes the process of signing even easier – to find where you need to sign, you just click on the Start button.

With this change we will be updating the look of our digital documents to a more traditional format (cover letter, declaration, etc) and away from the existing digital signing cover page that was a little restrictive – but the functionality remains the same.

FACEBOOK



Facebook doesn't replace our website or emails, but is another method for us to get information across to our clients.

www.facebook.com/mcaaccountants

SUPERANNUATION CHANGES

The Government's changes to superannuation have finally passed through Parliament and will come into effect from 1 July.

We're in the process of creating a brochure that will outline which people are affected and what you need to do.

For example, if you have more than \$1.6mil in superannuation, you should look at superannuation splitting to move some superannuation into your partner's name to maximise your combined tax concessions.

In the meantime, if you know you are affected and want to sit down with us to come up with a strategy to beat the tax-man, just give us a call.

For those clients that have SMSF's with us, we aim to contact you in February with some options.

ADDRESS DETAILS WITH ASIC

It's common for the registered address of a company to be the address of the accountant – as this is the address most correspondence is sent to and after all, you pay us to deal with these things where possible.

However it's less often understood the importance of the Director's home address being correct.

Some of the more important correspondence is sent directly to the Director's home address (as required by Law), so ensuring these are up to date is a must.



One item that is sent directly to Director's homes is an ATO Directors Penalty Notice, and with some of these comes a 21 day limit on being able to manoeuvre to avoid or reduce the personal debts.

If your home address isn't accurate, the excuse of not actually receiving the notice is not a defence.

It is therefore imperative that you advise your accountant whenever you change your contact details.

If you do receive a Directors Penalty Notice, the first thing you should do is contact us to discuss your options. If liquidating your company is the best option, you only have 21 days.

SMSF PROCESSING

For a similar price to what you are paying now, you can have your SMSF processed regularly by our office with quarterly reports on the performance of your fund.

At the same time we will monitor your fund's compliance with the relevant rules and help prevent you incurring penalties for breaching these rules.

Something as small as not signing a "Trustee Declaration" upon becoming a member can cost you \$1,700 - so adhering to the rules is vitally important.

If you are interested in getting the above benefits for essentially no extra cost, give our office a call, or click [here](#) for more information and [here](#) for our fixed fee SMSF brochure.

Note: A SMSF Electronic Service Address (ESA) is included with our package at no extra cost.

SUPERANNUATION INVESTMENTS

Being in control of your superannuation fund (i.e. running a self managed fund) puts the investment decisions that drive your returns squarely on your shoulders.



Invest wisely and reap the rewards. Make poor decisions, you get a poor return.

Often misunderstood is what your SMSF can invest in. There are more options than simply cash, shares, & property available to you, and many investment options are open to you at relatively low investment amounts.

We've created a brochure that outlines several of your options, and we've taken the opportunity to include some facts on what you can and can't legally invest in to help.

To grab the brochure, click [here](#).

MCA STUFF

Sending Large Files

If you have a file that's too big to email, simply go to www.mcaaccountants.com.au/send and your file will be uploaded to us directly.

Payment Options

For details of our payment options, head across to <http://www.mcaaccountants.com.au/payments>.

Included is a direct debit facility for those that need extra time to pay their fees, or for those that wish to spread the cost of their fees over the full year.

Bookkeeping Services

In addition to your tax needs, we also offer bookkeeping.

We can send a bookkeeper out to you at \$50 per hour, or if you are a small business and would like us to do all of your bookkeeping, we have fixed fee packages that would be more suitable.

We have a brochure outlining how cloud computing and accounting software go together [here](#), and a brochure that outlines our fixed fee packages [here](#).

Terms & Conditions

Our various terms and conditions documents are available on our website, with a few of them below:

- [Standard terms of engagement](#)
- [Invoicing and debtors policy](#)
- [Fixed fee bookkeeping](#)
- [Fixed fee SMSF processing](#)

MCA PARTNERS

Below are the details of our other business partners. Just click on the name to learn more.

Xero

Beautiful accounting software that is 100% cloud based. Log in and do your accounts from anywhere you have an internet connection, on any device.



Quickbooks Online

One of Xero's main competitors, priced cheaper, and more function rich. 100% cloud based, so you can do your books when it suits you.

Dye & Co

Dye and co. are liquidators and insolvency practitioners. Not only can they guide you through the process of liquidation, but help you avoid it.

de Jonge Read

Pre-insolvency practitioners. Protect your assets from current and future creditors by getting set up right from the start.

TAX RATES

Current Rates

Individual tax rates for the **2017** income year are:

Taxable Income	Tax	+	Rate on excess
0 - 18,200	0		
18,201 - 37,000	0	+	19%
37,001 - 87,000	3,572	+	32.5%
87,001 - 180,000	19,822	+	37%
180,001 +	54,232	+	45%

All of the above exclude the Medicare Levy (2%), Deficit Levy (2%), and any offsets such as the Low Income Rebate.

For example, a person earning \$50,000 will pay \$3,572 + 32.5% of the excess over \$37,000 (\$4,225), being a total of \$7,797.

Average Rate of Tax

We often get asked by sub-contractors how much of their income they should put aside for tax. Essentially they are asking what their average tax rate is, and it is handy to know for everyone.

Note: These figures include the Medicare Levy & Low Income Rebate.

Income	Avg Tax %	Income	Avg Tax %
\$10,000	0.0%	\$70,000	22.4%
\$20,000	0.0%	\$80,000	23.9%
\$30,000	8.0%	\$100,000	26.6%
\$40,000	12.4%	\$120,000	28.7%

Income	Avg Tax %	Income	Avg Tax %
\$50,000	17.1%	\$140,000	30.2%
\$60,000	20.2%	\$180,000	32.1%

For example, a person earning \$80,000 pays tax of \$19147 (\$17,547 + \$1,600 Medicare Levy), which is 23.9% of their income.

ATO Interest Rate

The ATO interest rate is based on the 90 day "bank accepted bill" interest rate.

When you owe the ATO money, the rate used is the BAB rate + 7% (which works out to be around 9%)

When the ATO owes you money, you receive just the BAB rate, but only in limited circumstances.

MCA CONTACT DETAILS

www.mcaaccountants.com.au

admin@mcaaccountants.com.au

PO Box 8095
Carrum Downs VIC 3201

Suite 2
3 Colemans Road
Carrum Downs VIC 3201
 03 8689 9770

Shop 3
152 Graham Street (West End Arcade)
Wonthaggi VIC 3995
 03 8689 9771

www.facebook.com/mcaaccountants

MCA Staff

All staff email addresses are in the format:

firstname.lastname@mcaaccountants.com.au

Partners

Ian Wallis
Brent Murphy CA
Michele Hird FIPA
Adam Sellars CA

Team Members

Jessica Green CA
Linda Sanderson
Margaret Atkinson
Natalie Moring CPA
Elizabeth Jackson