

JUNE 2022 EDITION

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MEL VISITING NYNGAN

Melisa's next visit to Nyngan will be on Wednesday 3 August 2022. If you would like to make an appointment for this day, please phone 02 6813 0799 to book it in.



WELCOME MADDY!



Maddy is our new receptionist.

Maddy was born in Dubbo and spent most of her childhood growing up in Nyngan, Narromine and Dubbo.

Maddy is the first face you will see when you enter our office, with a genuine smile and great attitude!

Maddy is looking forward to starting her traineeship with Martel Wheatley, studying business administration.

FUEL TAX CREDIT CHANGES

The Government temporarily halved the excise and excise equivalent customs duty rates for petrol, diesel and all other petroleum-based products (except aviation fuels) for 6 months from 30 March 2022 until 28 September 2022. This has caused a reduction in fuel tax credit rates.

During this 6 month period, businesses using fuel in heavy vehicles for travelling on public roads won't be able to claim fuel tax credits for fuel used for this purpose. This is because the road user charge exceeds the excise duty payable, and this reduces the fuel tax credit rate to nil.

WHAT IS CHANGING FROM 1 JULY 2022?

Superannuation guarantee increase to 10.5%

The Superannuation Guarantee (SG) rate will rise from 10% to **10.5%** on 1 July 2022 and will continue to increase by 0.5% each year until it reaches 12% on 1 July 2025.

If you have employees, what this will mean depends on your employment agreements. If the employment agreement states the employee is paid on a 'total remuneration' basis (base plus SG and any other allowances), then their take home pay might be reduced by 0.5%. That is, a greater percentage of their total remuneration will be directed to their superannuation fund. For employees paid a rate plus superannuation, then their take home pay will remain the same and the 0.5% increase will be added to their SG payments.

\$450 Threshold Test

From 1 July 2022, the \$450 threshold test will be removed and all employees aged 18 or over will need to be paid superannuation guarantee regardless of how much they earn. It is important to ensure that your payroll system accommodates this change so you do not inadvertently underpay superannuation. For employees under the age of 18, super guarantee is only paid if the employee works more than 30 hours per week.

Work-test repeal - enabling those under 75 to contribute to super

Currently, a work test applies to superannuation contributions made by

people aged 67 or over. In general, the work test requires that you are gainfully employed for at least 40 hours over a 30 day period in the financial year.

From 1 July 2022, the work-test has been scrapped and individuals aged younger than 75 years will be able to make or receive non-concessional (including under the bring-forward rule) or salary sacrifice superannuation contributions without meeting the work test, subject to existing contribution caps.

The work test will still apply to personal deductible contributions.

This change will also see those aged under 75 be able to access the 'bring forward rule' if your total superannuation balance allows. The bring forward rule enables you to contribute up to three years' worth of non-concessional contributions to your super in one year.

Downsizer contributions from age 60

From 1 July 2022, eligible individuals aged 60 years or older can choose to make a 'downsizer contribution' into their superannuation of up to \$300,000 per person (\$600,000 per couple) from the proceeds of selling their home. Currently, you need to be 65 years or older to utilise downsizer contributions.

Downsizer contributions can be made from the sale of your principal residence that you have owned for the past ten or more years. These contributions are excluded from the age test, work test and your total superannuation balance (but not exempt from your transfer balance cap).

CAPITAL GAINS FROM CRYPTO, PROPERTY OR OTHER ASSETS

If you dispose of an asset - property, shares, crypto or NFTs, collectables (costing \$500 or more) - you will need to calculate the capital gain or loss and record this in your tax return. Capital gains tax (CGT) does not apply to personal use assets such as a boat if you bought it for less than \$10,000.

Crypto and Capital Gains Tax

A question that often comes up is when do I pay tax on cryptocurrency?

If you acquire the cryptocurrency to make a private purchase and you don't hold onto it, the crypto might qualify as a personal use asset. But in most cases, that is not the case and people acquire crypto as an investment, even if they do sometimes use it to buy things.

Generally, a CGT event occurs when disposing of cryptocurrency. This can include selling cryptocurrency for a fiat currency (e.g., \$AUD), exchanging one cryptocurrency for another, gifting it, trading it, or using it to pay for goods or services.

Each cryptocurrency is a separate asset for CGT purposes. When you dispose of one cryptocurrency to acquire another, you are disposing of one CGT asset and acquiring another CGT asset. This triggers a taxing event.

Transferring cryptocurrency from one wallet to another is not a CGT disposal if you maintain ownership of the coin.

Record keeping is extremely important - you need receipts and details of the type of coin, purchase price, date and time of transactions in Australian dollars, records for any exchanges, digital wallet and keys, and what has been paid in commissions or brokerage fees, and records of tax agent, accountant and legal costs. The ATO regularly runs data matching projects, and has access to the data from many crypto platforms and banks. If you make a loss on cryptocurrency, you can generally only claim the loss as a deduction if you are in the business of trading.

Gifting an asset might still incur tax!

Donating or gifting an asset does not avoid capital gains tax. If you receive nothing or less than the market value of the asset, the market value substitution rules might come into play. The market value substitution rule can treat you as having received the market value of the asset you donated or gifted for the purpose of your CGT calculations.

For example, if Mum & Dad buy a block of land then eventually gift the block of land to their daughter, the ATO will look at the value of the land at the point they gifted it. If the market value of the land is higher than the amount that Mum & Dad paid for it then this would normally trigger a capital gains tax liability. It does not matter that Mum & Dad did not receive any money for the land.

Donations of cryptocurrency might also trigger capital gains tax. If you donate cryptocurrency to a charity, you are likely to be assessed on the market value of the crypto at the point you donated it. You can only claim a tax deduction for the donation if the charity is a deductible gift recipient and the charity is set up to accept cryptocurrency.