

NOVEMBER, 2018

# NEWSLETTER



## 5 Things First-Home Buyers Need to Know

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*Before you decide to purchase your first property there are a number of things to consider, including your current personal circumstances and financial status.*

### Think about why you want to buy a home

Do you want to live in it or will it be an investment property. This can help determine the kind of loan you apply for and home you buy, depending on your short and long-term plans.



### Research potential properties and loans

Knowing the market is crucial, so do some research on the areas you are targeting, check out auction clearance rates and recent sales, as well as price trends in the area. Once you are aware of what you are looking for and the approximate price, the next step is saving a deposit.

While some lenders will offer loans if you have saved less than the usual 20 per cent deposit, being able to show a record of good saving habits will aid in getting your loan approved.

Then, when you talk to your local MFAA Approved Finance Broker about applying for pre-approval on the right type of loan, ask for their help to work out what you can afford in terms of repayments.

### Factor in other costs involved

Depending on the property, there can be a number of additional costs, so ask your finance broker what other payments you will face. This can include, but isn't limited to, stamp duty, loan establishment fees, legal and conveyance services, utilities, property insurance, maintenance and lenders mortgage insurance.

### Think about your future

Just because your current situation allows you to get a home loan, that doesn't automatically guarantee that you will still be able to service it in five years' time. Is there a possibility your role at work will change? Are you considering going back to study and reducing your working hours?

### Get professional help

With so many things to consider, getting professional help is highly recommended. There are many experts in the industry and it is in your best interest to use them for tasks such as property checks, pest checks and any other legal queries. Going it alone can prove costly. Avoid nasty surprises down the track by getting the right people to do the appropriate checks for you from the beginning.

Still have questions? Don't hesitate to contact Mick Doyle on 07 3883 8999.

## Worker's Compensation vs Income Protection

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Those relying on the Workers' Compensation scheme as adequate cover against becoming disabled, may be inadvertently compromising the financial wellbeing of their family.

WorkCover Queensland publishes payment tables that effectively means 85% of normal weekly earnings (NWE) is replaced for up to 6 months, then 75% of NWE for up to 2 years, with no obligation thereafter - any further compensation will depend on degree of impairment^^.

Workers' compensation is designed to protect employers from employee workplace related claims for a limited period of time.

Critically, those who are in business as a sole trader or in a partnership – i.e., those who are not employees - are unlikely to even be covered by workers' compensation.

Importantly, whilst worker's compensation has improved the lives of countless injured employees, it's not an all-purpose income protection cover as most illnesses and injuries occur outside the workplace.

## Where do illnesses and injuries happen?

75% of injuries in Australia happen outside of work and from those that do suffer an injury at work, 36% do not receive any financial assistance.

Over 2.6 million Australians aged under 65 are living with a physical disability, with many including conditions like cancer, stroke, heart disease and depression that in most cases will not be covered by Workers Compensation.



## What is Income Protection cover?

Income Protection cover can pay benefits of up to 75% of your normal wage income plus certain providers can pay an additional 10% towards superannuation or mortgage repayments whilst unable to work, to help meet the cost of living when injured or ill.

Premiums are usually tax deductible and importantly, provides 24/7 cover - whether the illness or injury happens at work is irrelevant.

When combined with other types of cover such as Trauma and Total & Permanent Disability cover, a solution can be structured that tops up this missing 25% wage shortfall so that current lifestyle is maintained to allow focus on recovery, not on paying bills.

## Want to know more?

Get personalised advice that's right for you. Don't presume that what you have in place now is the right safety net – your default cover may have significant gaps you're not aware of. Make the time to review your family's risk protection strategy now.

To arrange a one-hour consultation to help you find the right insurance solution please call Dion Richardson or Ciara Hoines on 07 3883 8999.

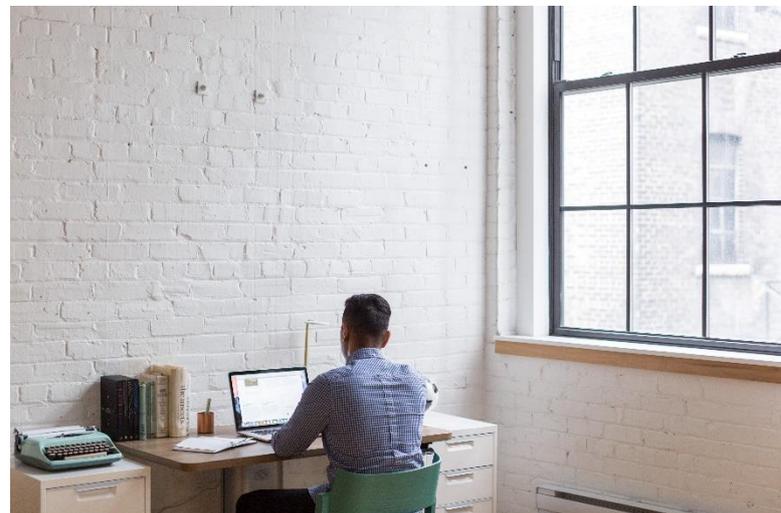
## Do Your Homework When Working From Home

Technology-driven changes to the employment market are seeing record numbers of Australians claiming deductions for expenses incurred while working from home. But a high level of mistakes, errors and questionable claims has prompted the Australian Taxation Office (ATO) to increase attention, scrutiny and education for home office expenses this tax time.

Assistant Commissioner Kath Anderson said that last year, 6.7 million taxpayers claimed a record \$7.9 billion in deductions for 'other work-related expenses' which includes expenses related to working from home.

"There is a rising trend of employees working from home, and while extra costs related to working from home are usually deductible, we are seeing some taxpayers either over-claiming or claiming private costs," she said.

"There is mounting evidence that many taxpayers don't know what they can and cannot claim. In particular, we are seeing some taxpayers claiming expenses they never paid for, expenses their employer reimbursed, private expenses and expenses with no supporting records," Ms Anderson said.



Taxpayers can legitimately claim additional costs incurred as a direct result of working from home, but need to be careful not to claim private expenses as well.

"Claims for the work-related portion of expenses like phone, internet, depreciation of your computer, printing and stationary are all allowed," she said.

“But one of the biggest issues we are seeing is people claiming the entire amount of expenses like their internet or mobile phone, not just the extra bit related to work. In reality, the rest of us are subsidising their private phone calls and internet usage, which is not okay,” she said.



According to Ms Anderson, the additional costs of running expenses like electricity for heating, cooling and lighting are deductible, but you need to be able to demonstrate that there were additional costs.

“If working from home means sitting in front of the TV or at the kitchen bench doing some emails, it’s unlikely that you are incurring any additional expenses. However, if you have a separate work area, then you can claim the work-related portion of running expenses for that space,” she said.

While employees can claim additional running costs associated with working from home, occupancy costs are limited.

“Employees cannot generally claim occupancy-related expenses like rent, mortgage repayments, property insurance, land taxes and rates,” Ms Anderson said.

Ms Anderson warned that employers are sometimes contacted to verify expenses.

“Taxpayers claiming working from home expenses should remember that we might contact their employer to confirm their claim. Sometimes we discover that the employer paid the costs, either upfront or through reimbursement, while other times we discover there was no need for the employee to work from home at all.”

According to Ms Anderson, record-keeping is a key focus area for the ATO this year.

“This tax time we expect to disallow a lot of claims where the taxpayer hasn’t kept records to prove that they legitimately incurred the expense and that the expense was related to their work,” she said.

“To claim working from home expenses, taxpayers must keep supporting records such as receipts, diary entries and itemised phone bills or other records. Even though detailed receipts are not required for phone and internet claims up to \$50 per year, it’s not an automatic entitlement – you still need to be able to show how you calculated your claim,” she said.

“The ATO has a handy Home Office expenses calculator on our website to help taxpayers calculate their claim, and a very good guide to working from home,” Ms Anderson said.

While technology is allowing more and more employees to work from home, it is also allowing the ATO to deploy sophisticated systems and analytics to spot claims that don’t add up and claims that are out of the ordinary compared to others in similar occupations earning similar income.

Ms Anderson said there are three golden rules for taxpayers to follow to get working from home claims right. “One – you must have spent the money yourself and not been reimbursed, two – the claim must be directly related to earning your income, and three – you need a record to prove it.”

Accountplan has an experienced accounting and book keeping team who can advise you on the above and many other similar topics. We’d love to help, so give us a call today.

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