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NEWSLETTER

accountplan

First Home Loan Deposit Scheme Introduced

Legislation has passed that allows eligible first home buyers to purchase a house with as little as a 5% deposit.

The National Housing Finance and Investment Corporation Amendment Bill 2019 has established the First Home Loan Deposit Scheme to help first home buyers access the housing market sooner.

While the Government has stated that some details about the Scheme will need to be confirmed before it commences, some known key features are:

- It will commence on 1 January 2020
- The number of approvals will be capped at 10,000 pa
- The National Housing Finance and Investment Commission will guarantee the difference between the deposit accumulated (a minimum of 5%) and 20% of the purchase price
- Applicants must be first home buyers (currently not defined) who are purchasing or building an owner-occupied dwelling and earn less than $125,000 pa (for individuals) or $200,000 pa (for couples combined)
- Where there are multiple applicants for a loan, all applicants are required to meet all eligibility criteria
- Regular principal repayments are required (ie the loan cannot be interest only)
- Regional caps (to be determined after industry consultation) will apply to the purchase price to ensure participation is spread fairly across the country, and

the scheme will complement (but not directly interact with) other measures such as the Government's First Home Super Saver Scheme and First Home Buyer grants, as well as State and Territory based stamp duty concessions.

The application process has not yet been confirmed.

Source: MLC News

Corporate Regulator Warning on SMSFs

Inexperienced investors considering a self-managed superannuation fund (SMSF) could risk losing all, or some of their retirement nest egg in the event of a global economic shock, the corporate regulator has warned.

The Australian Securities and Investments Commission (ASIC) says the potential toxic mix of near-zero interest rates and low inflation means even professional advisers are struggling to make a return and that future and current retirees need to be "particularly aware of potential downsides" that might make self-managed funds inappropriate.

ASIC commissioner Danielle Press told The World Today investors with low financial literacy who wanted a simple retirement strategy could not compete with professionals who spent more than 100 hours a year managing a self-managed fund.

"SMSFs may be an attractive option for investors wanting more control over their superannuation investment strategy, but it requires real skill, care and diligence to manage your own superannuation," Ms Press said.

"But SMSFs are not for everyone, simply because not everyone can meet the significant time, costs, risks and obligations associated with establishing and running one."

Size does matter

ASIC found there is a clear correlation between the size of an SMSF and the returns enjoyed by members.

It supported the view of the Productivity Commission, that around $500,000 was the minimum balance needed in a SMSF.

"Balances below $500,000 produce lower returns on average, after expenses and tax, when compared to industry and retail super funds," it found.

With the growing weight of SMSFs in the Australian superannuation sector, ASIC will increase monitoring to

ensure financial advisers are complying with the law when counselling on a client's need to set up a fund.

"Our research found that SMSFs are not suitable for members with a low fund balance, particularly where they have limited ability to make future contributions," Ms Press said.

"This is important because consumers starting off with a low balance need to be aware that they may not be in a better financial position in the future by holding an SMSF compared with investing in a fund regulated by the Australian Prudential Regulation Authority."

Source: Peter Ryan (ABC)

ATO Tips on GST & BAS

With Quarter 1 BAS lodgements due by 25th November (if you use a registered BAS or Tax Agent) it is timely to pass on some tips from the ATO on being well prepared which can help you manage your cash flow and get you your refund faster.

1. Keep all records used to prepare your BAS for at least five years.
2. Only claim GST credits for business purchases that include GST in the sale price.
3. Check that suppliers are registered for GST.
4. Check invoices are only reported once on your BAS.
5. You need to hold tax invoices to claim GST credits for purchases over $82.50 (including GST).
6. Fill in amounts on your BAS as whole dollars – leave out cents and don’t round up to the nearest dollar.
7. Lodge your BAS using the ATO's online services and you may receive an additional two weeks to lodge and pay.
8. Putting money aside in a separate bank account for the GST you receive may make it easier to pay your BAS.
9. If you think you'll have trouble paying, contact the ATO or your professional advisor early. Even if you can't pay, you still need to lodge your BAS on time.

Remember, registered tax agents and BAS agents are the best placed to help you with your tax.

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