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NEWSLETTER

accountplan

First Home Super Saver Scheme

If you're a first home buyer, you may be eligible to withdraw voluntary super contributions you've made to put toward a home deposit. Through the First Home Super Saver Scheme (FHSSS), first-home buyers may be able to use Australia's superannuation system as a tax-effective way to save for part of their home deposit.

How does it work?
If you're an eligible first home buyer, aged 18 or over, you can withdraw voluntary super contributions (which you've made since 1 July 2017) to put toward a home deposit.

Under the FHSSS, first home buyers, who make voluntary super contributions of up to $15,000 per financial year into their super, can withdraw these amounts (in addition to associated earnings / less tax) from their super fund to help with a deposit on their first home.

If you're eligible, the maximum amount of contributions that can be withdrawn under the scheme is broadly $30,000 for individuals, or $60,000 for couples.

What counts as a voluntary super contribution?

Salary sacrificing is where you choose to have some of your before-tax income paid into your super account by your employer. This is on top of what your employer might pay you under the Superannuation Guarantee, which will be no less than 9.5% of your earnings, if you're eligible.

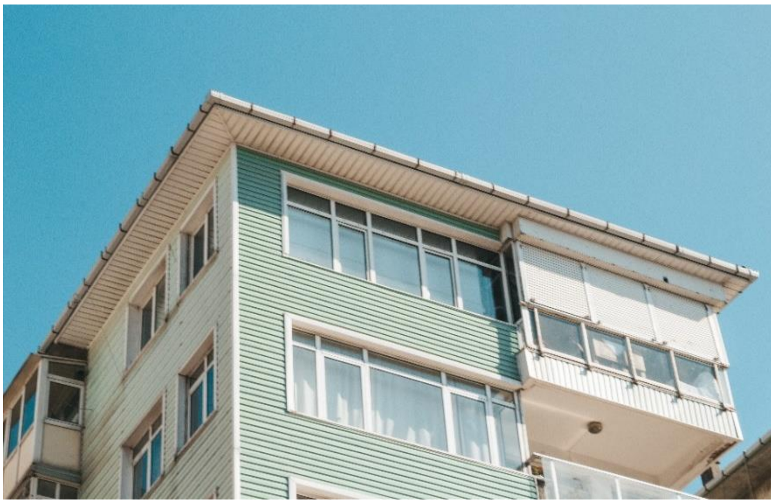
After-tax super contributions, this is where you make an after-tax contribution into your super using money from your regular bank account, savings, an inheritance, or from the proceeds of the sale of an asset.

Tax-deductible super contributions, being those contributed as after-tax super contributions, with the difference being you have or can claim a tax deduction on these contributions in your tax return.

How is the scheme beneficial for first home buyers?
Due to the favourable tax treatment, generally available through super, the FHSSS intends to help first home buyers to grow their deposit more quickly, while potentially reducing the tax they pay.

When money is withdrawn under the FHSSS, amounts that were contributed as before-tax or tax-deductible contributions are taxed at your marginal tax rate, less a 30% tax offset, while amounts that are contributed as after-tax contributions aren't subject to additional tax.

Note, tax will apply to associated earnings. Meanwhile, it's important to understand that the money you save through the scheme mightn't be enough for a full deposit to buy your first home, but you could combine it with other methods of saving to help you get there faster.



How do I withdraw contributions under the FHSSS?
To make a withdrawal under the scheme, an application to the Australian Taxation Office (ATO) will be required, and an eligible person is only allowed one FHSSS withdrawal in their lifetime.

There are super contributions which will not qualify and cannot be withdrawn under the scheme, such as Superannuation Guarantee contributions (which are those made by your employer), as well as spouse contributions (which are those that your partner may choose to put into your super fund).

What else should I be aware of?
You must buy residential premises. This includes vacant land (if you're planning to build), but not any premises that can't be occupied as a residence, and not a houseboat or motor home. You'll need to buy a home or land to build on within 12 months of withdrawal. You can ask the ATO to extend this to 24 months if required.

FHSSS amounts that are withdrawn and not subsequently used for a property purchase must be put back into super as after-tax contributions, or penalties will apply. The first-home buyer must reside at the property for at least six months in the first 12-month period from when it can be occupied.

The maximum amount you can contribute each year to your super account under the FHSSS is $15,000, with the maximum amount you can save under the scheme $30,000. On top of that, there are also annual contributions caps in place you should be aware of.

Additional rules may apply to your situation, so make sure you do your research before making any decisions.

Where can I go for more information?
Talk to your financial adviser. If you don’t have an adviser but would like some advice, call Accountplan on 07 3883 8999 for qualified guidance and advice.

ATP’s Black Economy Strike Force Heads to North Brisbane

Up to 400 businesses in north Brisbane are set for a visit from ATO officers after receiving a number of tip-offs on black economy activities.

The ATO’s own data and intelligence has suggested that this region includes many “at risk” suburbs for suspected black economy behaviour.

According to the ATO, businesses who are not declaring income, not complying with their tax and super obligations or underpaying workers are contributing to the black economy.

- The ATO claim to have received tip offs about businesses in Brisbane's northern suburbs: demanding cash from customers
- unpaid or underpaid employee entitlements
- under-reporting of sales
- businesses paying their workers cash in hand
- businesses with outstanding tax returns or BAS statements

Ahead of the visits, the tax office will notify businesses of a potential visit through phone, SMS, email or letter. The ATO will also be visiting tax practitioners of small businesses in these areas as part of its early intervention strategy.

Industries marked out as more likely to be visited include:

- Cafes, restaurants and takeaway food services
- Computer system design and related services

- Pharmaceutical and other store-based retailing
- Creative and performing arts activities
- Residential building constructionPostal and courier pick-up and delivery services/ other transport support services
- Building cleaning, pest control and gardening services
- Personal care services

The Costs of Refinancing

Refinancing can be a great way to save money if you believe you are paying too much for your loan, but there is more to it than just finding a loan with a lower interest rate and making the change. Before making the switch, ensure the savings you could make outweigh the fees involved. Here are the different exit costs to consider:

Exit fee
Although loans taken out after 1 July 2011 are not subject to deferred establishment, or exit, fees, those taken out prior may still be. Also known as 'early termination' or 'early discharge' fees, they can sometimes be paid by your new lender but are normally applied to an early contract exit.

Establishment fee
Also known as 'application', 'up-front' or 'set-up' fees, these cover the lender's cost of preparing the necessary documents for your new home loan. They are payable on most new loans, and the alternative to not paying this particular fee is being charged higher ongoing fees for the life of the loan.

Mortgage discharge fee
Covering your early legal release from all mortgage obligations, this fee is not to be confused with an exit fee. Also known as a 'settlement' or 'termination' fee, its purpose is to compensate your lender for the revenue it may lose due to the contract break.

Lender's mortgage insurance (LMI)
The non-transferrable premium means that if you hold less than 20 per cent equity at the time of your refinance, you may have to pay LMI even if you paid it on the original loan. Extra care is also needed here because, whether or not you hold 20 per cent of the original valuation of the property, you may not if the property's value has decreased and; while LMI may not have been a consideration at all in the original loan, it may be payable on the refinance.

Other government charges
Fees are applied for the registration and deregistration of a mortgage so that all claims on a property can be checked by any future buyers. Varying from state to state, these can potentially add up to $1000 or more.

Break fee
If you were on a fixed rate loan, your lender is likely to charge you a fee for 'breaking' out of the loan term. This fee varies depending on the amount owed, the interest rate you were locked into, the current interest rate and the duration of your loan.

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