

AUGUST, 2020

NEWSLETTER

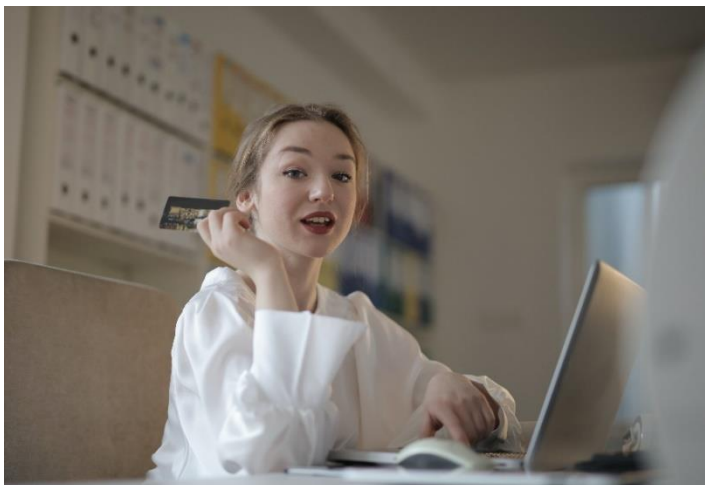
Government Extends COVID-19 Early Access to Super

The government’s economic and fiscal update on 16th July has revealed that applications for the COVID-19 early release of super scheme will now be extended from 24 September to 31 December.

The scheme allowed eligible applicants to withdraw up to \$10,000 in the first tranche of payments up to 30 June, followed by a further \$10,000 from 1 July.

While early access to super has always been a feature for those experiencing severe financial hardship or accessing on compassionate grounds, the COVID-19 measure allowed individuals to apply as long as they experienced a reduction of working hours by **20 per cent or more**.

Interest in the scheme has been strong but the ATO has since warned that it will take a closer look at applications to ensure the integrity of the scheme is upheld.



Behaviours that will attract the Tax Office’s attention include applying where there is no change to the applicant’s regular salary and wage or employment information, artificially arranging their affairs to meet the eligibility criteria, and withdrawing and recontributing super for a tax advantage.

The ATO will also take a dim view of those who apply for the early release of super in order to obtain a tax benefit — such as withdrawing and recontributing super to claim a tax deduction — and may result in people being pursued for tax avoidance (Part IVA) where necessary.

If you are unsure about the above, the experienced team here at Accountplan are happy to help.

Source: ATO

Changes to Super Law

In the 2019 Federal Budget the Government announced several changes to the rules around super and contributions. These rules, effective from 1 July 2020, are detailed below.

What's changing	What this could mean for you
<p><i>No work test required for voluntary contributions by people age 65 and 66</i></p> <p>The Government has updated the superannuation contribution rules allowing people age 65 and 66 to make voluntary contributions to their super without meeting the work test.</p> <p>Voluntary contributions include after-tax (non-concessional) contributions, tax-deductible (concessional) contributions, voluntary and employer (salary sacrifice) contributions.</p>	<p>If you were age 65–74, previous rules only allowed you to make voluntary superannuation contributions if you had been gainfully employed for 40 hours over 30 consecutive days during the financial year or qualified for a work test exemption.</p> <p>With the Age Pension age scheduled to increase to 67 from 1 July 2023, this change will allow individuals to continue to make voluntary super contributions until Age Pension age, whether you are still working or not.</p>
<p><i>Spouse contributions extended</i></p> <p>Under the new laws, individuals will be able to contribute to their spouse’s superannuation, up to 28 days after the end of the month in which their spouse turns 75.</p> <p>In addition, if the receiving spouse is age 65 or 66, they’ll no longer need to meet a work test or the work test exemption. If the receiving spouse is age 67 years or older the requirement to meet the work test or work test exemption will still apply.</p>	<p>Previously, to make a spouse contribution, your spouse needed to be under age 70 at the time of the contribution, and must have met the work test or work test exemption if they were age between 65 and 69.</p> <p>This change enables you to make spouse contributions for a further five years, giving more opportunities to equalise your superannuation balances while potentially claiming a tax offset.</p>

Like to know more?

Accountplan's Senior Financial Planner, Dion Richardson should be your first call on 07 3883 8999

Source: Beacon

HomeBuilder Grant (QLD)

After being announced some months ago by the Prime Minister, applications for the HomeBuilder Grant are now able to be submitted via the Queensland Government website at:

<https://www.qld.gov.au/housing/buying-owning-home/financial-help-concessions/homebuilder>



The HomeBuilder grant provides individuals and couples with \$25,000 towards building or buying a new home or substantially renovating an existing home that they will own and occupy.

Eligibility

These criteria apply to all persons, whether applying as an individual or as part of a couple.

- You must not have previously received a HomeBuilder grant in any state or territory of Australia.
- You must be at least 18 years of age (Companies and trusts cannot apply)
- You must be an Australian citizen at the time you apply.
- Your 2018–19 or 2019-20 annual taxable income must be below:
 - \$125,000 for an individual, or
 - \$200,000 for a couple.
- You will be the registered owner on the title after completion or settlement.

- The home will be your principal place of residence after completion or settlement.
- The contract is signed between 4 June 2020 and 31 December 2020 to:
 - buy an off-the plan or new home valued at \$750,000 or less and construction had not started before 4 June 2020, or
 - build a new home valued at \$750,000 or less (house and land), or
 - substantially renovate an existing home, where
 - renovations cost between \$150,000 and \$750,000 and
 - value of property (house and land before renovation) is less than 1.5 million

Building a home and HomeBuilder

If you are contracting a licensed builder to build a new home to live in, you may be eligible for the HomeBuilder grant.

The \$25,000 grant is paid per home, and only once to an individual or couple. It is **not available** to investors who do not intend to live in the property or to owner-builders.

- You must meet the eligibility criteria.
- Your comprehensive building contract is with a licensed builder.
- The contract is signed between 4 June 2020 and 31 December 2020.
- The value of your property (including the land) after construction is \$750,000 (including GST) or less.
- Construction work (i.e. excavation and site preparation) for your new home must have commenced within 3 months of signing the contract.
- The foundations must have been laid and the first progress payment made to your builder.

You must move into your new home as your principal place of residence after the final certificate has been issued and live there continuously for 6 months.

You can rent out one or more rooms in the home during this 6-month period, as long as this arrangement doesn't affect your use of the home. Please see the website in this regard for further clarification around renting out part of the property.

Before you apply, you need a signed contract with a licensed builder dated between 4 June 2020 and 31 December 2020 to build your new home.

Your application must be received by 31 December 2020. All supporting evidence must be received by 31 October 2022. A detailed list of the supporting evidence required is on the website

The grant is paid into your nominated bank account after all the supporting evidence is submitted, including evidence that the foundations have been laid and paid for under a progress payment.

If you have borrowed from a financial institution, you can nominate the payment to go directly to your mortgage account.



Buying a home and HomeBuilder

If you are buying a new home or an off-the-plan home to live in, you may be eligible for the HomeBuilder grant.

The \$25,000 grant is paid per home, and only once to an individual or couple. It is **not available** to investors buying an investment property.

- You must meet the eligibility criteria.
- The contract is signed between 4 June 2020 and 31 December 2020.
- The contract price must be \$750,000 (including GST) or less.
- Construction of your new home must have commenced on or after 4 June 2020.
- If construction had not commenced when the contract was entered into, it must commence within 3 months of signing the contract.

You must move into your new home as your principal place of residence after the title is transferred to your name and live there continuously for 6 months.

You can rent out one or more rooms in the home during this 6-month period, as long as this arrangement doesn't affect your use of the home. Please see the website in this regard for further clarification around renting out part of the property.

Before you apply, you need a signed contract dated between 4 June 2020 and 31 December 2020 to buy your new home.

Your application must be received by 31 December 2020. All supporting evidence must be received by 31 October 2022. A detailed list of the supporting evidence required is on the website

The grant is paid into your nominated bank account once all the supporting evidence is submitted, including the registration confirmation statement listing you as the owner on title.

Renovating a home and HomeBuilder

If you are renovating a home to live in, you may be eligible for the HomeBuilder grant.

The \$25,000 grant is paid per home, and only once to an individual or couple. It is **not available** to investors who do not intend living in the home after the renovations and owner-builders.

- You must meet the eligibility criteria.
- Your contract is with a licensed builder to substantially renovate an existing home.
- The contract is signed between 4 June 2020 and 31 December 2020.
- The value of property *before* renovation (house and land) is less than \$1.5 million.
- The contracted renovations cost between \$150,000 and \$750,000.
- Construction work must have commenced within 3 months of signing the contract.
- You must have been invoiced for and paid at least \$150,000 in construction costs under your contract by 31 October 2022.

Renovations must substantially alter the existing dwelling, to make the property more livable and improve its accessibility or safety.

They do not need to involve removal or replacement of foundations, external walls, interior supporting walls, floors, roof or staircases.

Examples of works that **do not qualify** include:

- Landscaping
- standalone granny flats
- swimming pools and tennis courts
- structures that are not connected to the property (i.e. outdoor spas and saunas, sheds or standalone garages).

You must move into your renovated home as your principal place of residence after the renovations have been completed and live there continuously for 6 months.

You can rent out one or more rooms in the home during this 6-month period, as long as this arrangement doesn't affect your use of the home. Please see the website in this regard for further clarification around renting out part of the property.

Before you apply, you need a signed contract with a licensed builder dated between 4 June 2020 and 31 December 2020 to undertake the renovations.

Your application must be received by 31 December 2020. All supporting evidence must be received by 31 October 2022. A detailed list of the supporting evidence required is on the website

The grant is paid into your nominated bank account once construction has commenced and at least \$150,000 of the contract price for renovations has been paid to the builder.

Source: qld.gov.au



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