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NEWSLETTER

accountplan

Crypto Tax: 5 Crucial Areas to Get Right

With ownership of cryptocurrencies in Australia on the rise, the ATO understandably casts a keen eye on crypto transactions. That's why it is imperative for you to be equipped with not only the latest information but also actionable strategies.

Here are 5 key areas to get right so you don't find yourself with a tax nightmare.

1. Leverage Dedicated Crypto Tax Platforms for Accurate Compliance:

Transaction data from crypto exchanges and wallets is often irregular and complex, making manual tax calculations not only cumbersome but often error-prone. To ensure accuracy and ATO compliance, using specialised platforms is paramount.

Guidance: We strongly recommend the use of a Crypto Tax Calculator which integrates exchanges and wallets for easy transaction data import, tailoring calculations to ATO guidelines. By using a Crypto Tax Calculator, you can save time, ensure accuracy, and generate tax reports seamlessly.

2. Beware of 'Crypto-to-Crypto' Transactions:

Many believe that unless they convert cryptocurrency back into flat currency, it's not a taxable event. This misconception can lead to unexpected tax obligations.

Guidance: Let's be clear, trading one cryptocurrency for another (e.g., Bitcoin for Ethereum) is considered a disposal and a taxable event in the eyes of the ATO.

3. Set Aside Tax for Every Crypto Transaction:

One of the major pitfalls many crypto traders fall into is not anticipating the tax implications of their transactions until it's too late.

Guidance: Allocate a percentage of each transaction (e.g., sales or trades) into a separate 'tax' account or fund. This way, you have a dedicated reservoir to draw from when tax obligations arise.

4. Understand the Distinction Between Personal Use & Investment:

The ATO views cryptocurrency used for personal consumption (like buying a product) differently than cryptocurrency kept as an investment. These distinctions can greatly affect tax obligations.

Guidance: Ensure you can differentiate between tokens held for personal use and those held as investments. Personal use assets might be exempt from capital gains tax under certain conditions.

5. Proactive Tax Planning and Regular Check-Ins:

Cryptocurrency markets are notoriously volatile, which can significantly affect capital gains and losses. Proactively managing this can result in optimised tax outcomes.

Guidance: Stay in regular touch with your accountant. By keeping a close eye on your crypto portfolio and the broader market, you can make informed decisions, such as triggering capital losses at beneficial times.

Still unsure? Speak to the experienced team at Accountplan by calling 07 3883 8999 for peace of mind on your cryptocurrency portfolio.

Source: ATO

How Your Retirement Payments are Taxed and what is Exempt

When planning to retire, it is important to understand how any lump sum payments you receive from your employer might be taxed.

If you are part of an employee share scheme there are 'good leaver' conditions that could apply in your situation.

Alternatively, if you are selling a business, you will want to know whether the retirement capital gains tax concession applies to you.

Employment Termination Payments, Redundancy and Early Retirement

If you received any lump sum payments from your employer for unused annual leave or unused long service leave, it may be taxed at a lower rate than your other income.

If you have received one, it will appear as either 'Lump sum A' or 'Lump sum B' on the payment summary or statement you received. These details will be required for your tax return.

A redundancy payment is a payment made when you have been dismissed because the job you have been doing no longer exists. Payments under redundancy are tax-free to a limit based on the number of years you worked for that employer.

Your employer may offer staff an approved early retirement scheme to encourage certain groups of employees to retire early or resign. You may pay less tax on payments you receive under an approved early retirement scheme.

Employee Share Schemes

If you are a member of an employee share scheme (ESS), you need to consider the 'good leaver' conditions.

Good leaver conditions in an ESS may allow employees to retain ESS interests if they cease employment to retire from the workforce permanently during the forfeiture period.

Whether ESS interests acquired under an ESS with good leaver conditions are at a real risk of forfeiture will depend on the facts and circumstances, including how the ESS is operated and the employee's personal circumstances.

Capital Gains Tax Exemption

If you are selling your business assets, the capital gains tax retirement concession may apply.

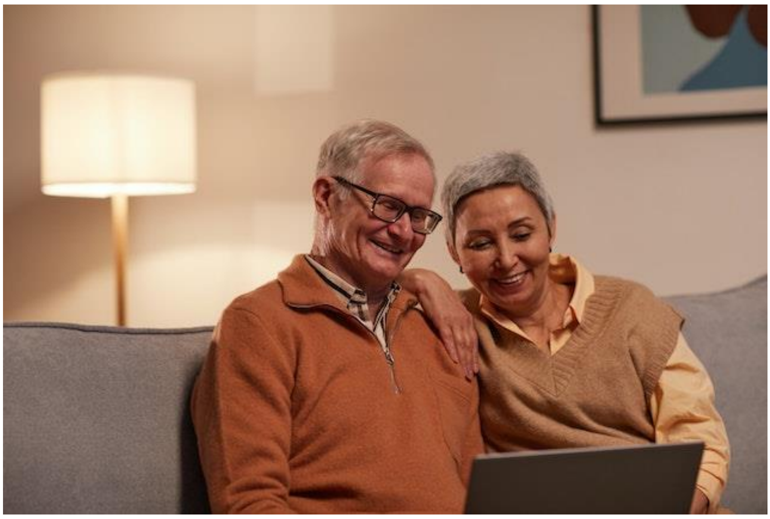
The retirement concession can exempt a capital gain on a business asset, up to a lifetime retirement exemption limit of $500,000. This concession allows you to provide for your retirement.

If you choose the retirement exemption, there is no requirement to terminate any activity or cease business.

If you are under 55 when you sell the asset, the proceeds must be invested into retirement assets.

The experienced team at Accountplan has decades of experience in helping our clients plan for and transition to retirement. Start your own journey by calling for an appointment on 07 3883 8999.

Source: Your Life Choices



Understanding the Home Loan Process

Getting a home loan can seem complex, even if you've bought property before. Here are the most common steps from application to settlement.

1. Apply for conditional pre-approval to search with confidence…

Conditional pre-approval provides an estimate of how much you could borrow based on the information you provide to a lender. Applying for conditional pre-approval is important as it will help you understand what you could afford and give you the confidence to make an offer when the right property comes along.

Once you've received conditional pre-approval, it's time to start searching for your property.

Conditional pre-approval is valid for: 90 days.

2. Found your property? Apply for a home loan…

Reach out to an MFAA accredited broker, such as Accountplan's own Mick Doyle, a broker can let you know exactly which documents you'll need for your application.

Besides a broker, you'll need to find a solicitor or conveyancer who can help you with the contract and any other legal documents.

3. Secure your property & pay the deposit…

You use the Contract of Sale to negotiate your offer on a property. Once accepted, both you and the vendor (seller) sign this contract, which confirms selling price, settlement terms and any other conditions for the sale.

From there you:

1. Arrange a property and pest inspection.
2. Check with local and state governments about zoning and future developments that may affect your home.
3. Check if there's a cooling-off period for the contract.
4. Sign the contract and pay the deposit – usually 5-10% of the property price.

4. Your home loan's been approved, so it's time to sign

Once your loan application and documents are submitted, the lender recommended by your broker will review them and complete any necessary checks needed at their end (e.g. property valuation, credit checks, building documents) before they provide formal approval and your loan offer documents.

1. Complete stamp duty forms (if applicable) – your solicitor or conveyancer will organise this.
2. Review your loan documents, either in person with your Home Lending Specialist or with our digital documents service. You will need to sign the loan documents.
3. Look into home insurance options prior to settlement.

5. Settle & move in

Settlement is when the purchase of the property is completed and it officially becomes yours. The lender will arrange a settlement date, time and location with your solicitor or conveyancer and notify you as soon as settlement is completed.

1. Arrange a pre-settlement inspection with the seller's real estate agent.
2. Make sure you have enough money in your nominated CommBank transaction account 48 hours before the settlement date – your solicitor will advise how much you'll need.
3. Pick up your keys from the seller's real estate agent.

Congratulations! You've bought your home!

Want to better understand your options? Accountplan's Mick Doyle has over 30 years' experience in the finance industry and home lending, call to arrange an obligation free meeting on 07 3883 8999.

Source: Mick Doyle, Accountplan Finance Solutions

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