

# OCTOBER, 2024 NEWSLETTER



## What Residential Aged Care Changes Could Mean for You

The Government has proposed a number of changes to the support available for ageing Australians at home, as well as in residential aged care services. The changes will apply from 1 July 2025.

### Why Are the Changes Happening?

With the number of Australians over the age of 80 expected to triple over the next 40 years, the sustainability of the aged care industry is under threat. In 2022/23, 46% of aged care providers made a loss from aged care accommodation.

In 2023, the Aged Care Taskforce was established to explore these issues and to make recommendations on how to improve the sustainability of the sector. Their final report was released in March 2024 where a number of recommendations were made for the Government's consideration. The proposed changes adopt several of the Aged Care Taskforce recommendations. At a high level, the proposed changes seek to ensure that those who can afford to contribute towards the cost of their care do so. Government support will be targeted those who are not as financially secure. The changes also seek to increase investment in the aged care sector to improve the facilities available to residents.

### Will the Changes Impact Me if I'm Already in Residential Aged Care?

The changes will only impact new aged care residents entering care from 1 July 2025. The 'no worse off' principle ensures that if you're receiving care before 1 July 2025, you will continue to have your fees determined under the existing rules, unless you leave aged care or move to a new aged care provider



### Will the Changes to Fees Impact Private Aged Care Facilities?

Private aged care facilities are not governed by the aged care rules that apply to Government subsidised aged care facilities. Instead, the fees payable are agreed between you and the private facility. Therefore, the proposed changes to fees do not impact private aged care providers.

### Will the Changes Increase the Cost of Residential Care?

If your income and/or assets are above certain levels, you may need to contribute more to the cost of your care if you enter care from 1 July 2025. The actual increase in your personal contribution to the cost of your care will depend on your personal circumstances.

The Government has confirmed that it's expected that half of all new residents entering residential care from 1 July 2025 will not pay more under the new system.

### Will the Government Still Contribute to the Cost of Aged Care?

The Government will continue to pay the majority of aged care costs for all aged care residents. However, the amount that they will contribute for each person will change to ensure that those who need financial support most are able to access aged care services in a sustainable way.

The amount you will need to contribute towards the cost of your care, and the amount that the Government will contribute on your behalf is determined based on your circumstances at the time you enter care, and for some fees, may vary after you enter care, including if your financial circumstances change.

Services Australia and/or the Department of Veterans' Affairs will calculate the Government support that you're eligible for (paid directly to the facility as a subsidy) when you complete the assessment process at or just before entry to care.



## A Guide for Those in Their First Year of Business

Your first year in business is an exciting time. You're building your dream, seeing your ideas come to life, and laying the groundwork for success.

But with the thrill of running your own business comes the inevitable challenge of staying on top of your finances — particularly when it comes to taxes. Many new business owners are caught off guard by unexpected tax bills and financial obligations they weren't aware of.

The good news? By consulting with your accountant or advisor early in your first year, you can avoid these nasty surprises and set your business up for long-term success.

### Understanding Your Tax Obligations as a New Business

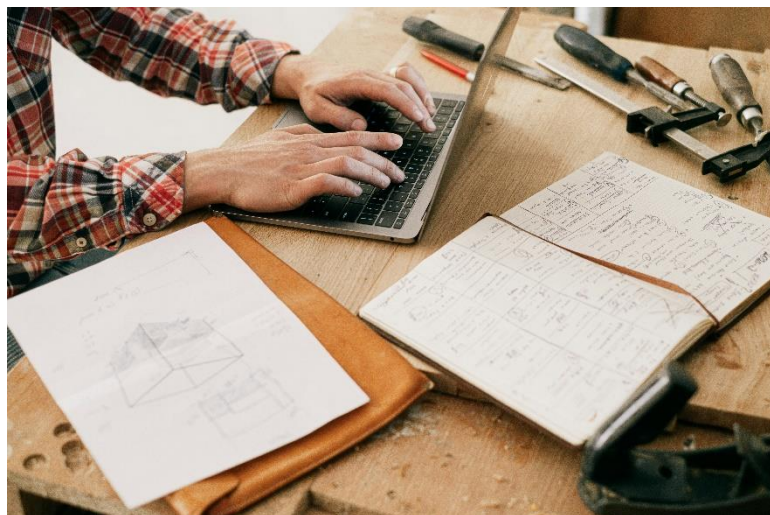
One of the first things new business owners need to get their heads around is their tax obligations. Depending on your business structure — whether you're a sole trader, company, partnership, or trust — your tax responsibilities will vary. Here's a quick breakdown:

**Sole Traders:** As a sole trader, all your business income is treated as your personal income. You're required to report this on your individual tax return, and you may need to make Pay As You Go (PAYG) instalments to prepay your tax throughout the year.

**Partnerships:** Partnerships don't pay income tax directly. Instead, each partner declares their share of the partnership's income on their personal tax return.

**Companies:** Companies are separate legal entities and must lodge their own tax returns and pay tax on their profits.

**Trusts:** Trusts distribute income to beneficiaries, who are then responsible for paying tax on that income.



### Should I Aim to Enter Care Before 1 July 2025?

There are a number of considerations when determining the right time to enter care. This includes:

- completing the assessment process to confirm that you're eligible for support in a residential aged care facility (based on factors such as your health, mobility and support needs), and
- availability of the room of your choice at a facility that meets your needs (including any lifestyle, care, religious, cultural or geographical needs).

Moving into residential aged care is a significant change for many people and it can be an emotional time for everyone involved without making rushed decisions.

Often, a lot of planning is required, and you may be able to optimise your overall outcomes by seeking advice from professionals such as financial advisers, accountants and solicitors to ensure that all your affairs are in order.

It's also important to consider that the Government is also focussing on expanding the in-home support available through a new 'Support at Home' program, to assist ageing Australians to stay in their homes for longer.

Support will be available for differing levels of care and support needs and could be an option to help you retain your independence at home. Before you make any decisions, it's important to talk to someone about your circumstances and how these changes could impact you financially and your lifestyle.

The team at Accountplan have been advising clients on retirement and aged care strategies for over 30 years.

Peace of mind is just a call away on 07 3883 8999.

Source: MLC



As a new business owner, it's essential to understand your tax obligations from the start. Failing to set aside enough money for tax payments can leave you scrambling when tax time comes around.

#### **PAYG Instalments**

One of the key tax obligations new business owners should be aware of is PAYG Instalments. According to the Australian Taxation Office (ATO), if you expect to owe \$500 or more in tax at the end of the financial year, you may need to start making PAYG instalments. These instalments allow you to prepay your tax throughout the year, spreading the financial burden and helping you avoid a large bill at tax time.

PAYG instalments are particularly important for sole traders and businesses earning income from sources outside of regular employment, such as side hustles or investment income. The ATO will notify you if you're required to make PAYG instalments, but you can also voluntarily register if you want to stay ahead of your tax obligations.

Setting up voluntary PAYG instalments ensures that you're making regular tax payments throughout the year, rather than facing a huge bill at tax time. It also helps smooth out your cashflow and gives you a better handle on your finances.

An alternative is to save these funds into a separate account, either way you need to make these decisions from day one to avoid unnecessary stress and cashflow issues.

#### **The Importance of Consulting an Advisor**

Navigating the complexities of tax laws and financial obligations can be overwhelming for first-time business owners. That's why consulting with an accountant or tax advisor early in your first year is crucial.

Getting professional advice early on can save you from a lot of headaches down the track. Your accountant or advisor can help you structure your business in a tax-efficient way, advise on whether you need to register for GST, and guide you through setting up PAYG instalments. The right advice can make all the difference in keeping your business finances on track.

Your advisor can also help you determine the right amount to pay in PAYG instalments, based on your expected income. This is important because overpaying can tie up cash that could be used elsewhere in your business, while underpaying can result in a large tax bill at the end of the year.

Having a professional bookkeeper on your team from the start is a wise investment in your continued success. They can help you streamline your accounting software, integrate all your platforms and help you lodge other compliance such as BAS/IAS and payroll obligations.

Accountplan has been guiding new business owners for 40 years.

Call our team for peace of mind on 07 3883 8999.

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