

5 on the Fly Friday

12th June 2020



\$150K INSTANT ASSET WRITE-OFF EXTENDED FOR 6 MONTHS

The [instant asset write-off threshold of \\$150,000](#) for businesses with an aggregated turnover of less than \$500 million will now be extended to 31 December 2020.

This was set to revert back to \$1,000 that was the rate back in parts of 2011, 2012, 2014 and 2015.

Eligible businesses	Date range for when asset first used or installed ready for use	Threshold
Less than \$500 million aggregated turnover	12 March 2020 to 30 June 2020 (see note)	\$150,000
Less than \$50 million aggregated turnover	7.30pm (AEDT) on 2 April 2019 to 11 March 2020	\$30,000
Less than \$10 million aggregated turnover	29 January 2019 to 7.30pm (AEDT) on 2 April 2019	\$25,000
Less than \$10 million aggregated turnover	1 July 2016 to 28 January 2019	\$20,000
Less than \$2 million aggregated turnover	7.30pm (AEST) on 12 May 2015 to 30 June 2016	\$20,000
Less than \$2 million aggregated turnover	1 January 2014 to prior to 7.30pm (AEST) 12 May 2015	\$1,000
Less than \$2 million aggregated turnover	1 July 2012 to 31 December 2013	\$6,500
Less than \$2 million aggregated turnover	1 July 2011 to 30 June 2012	\$1,000

One of the big things I believe that needs to be considered in relation to the \$150,000 instant asset write-off is in relation to the effect on your [clients' small business pools](#) and what your practice policy will be in relation to this

Pools that fall below the \$150,000 threshold will either need to be:

- written off completely and claimed as a tax deduction which may result in a loss to carry forward to later years (sole traders could then lose the benefit of their tax free threshold)
- choose to stop using the simplified depreciation rules and revert to the [general depreciation rules](#). Any assets in your small business pool will continue to be depreciated in the pool, even if you stop using the simplified depreciation rules. This action may be optimal with the suspension of the 'lock out' rules to 30 June 2020. I wonder if this also will be extended to 31 December 2020?

Lock out rules

From 7.30pm (AEST) 12 May 2015 to 30 June 2020 [the 'lock out' rules have been suspended](#) to allow small businesses that have chosen to stop using the simplified depreciation rules to take advantage of the increase in the instant asset write-off threshold.

Before this period, the 'lock out' rules prevented small businesses from re-entering the simplified depreciation system for five years if they had opted out.

Starting to use the simplified depreciation rules again

If you have stopped using the simplified depreciation rules, and then start using them again, you must adjust the opening pool balance for any depreciating assets that you have started using or installed ready to use since last using these rules.

Your new opening pool balance will be your previous closing balance plus the taxable purpose proportion of the value of any depreciating assets you've not previously added to the pool.



CREATING CHANGE IN YOUR PRACTICE FROM 1 JULY 2020

Last June, I was a panelist with accounting practice brokers Michelle Knights (Rob Knights & Co) and Magnus Yoshikawa (Jadeja Partners) and Catherine Kennedy (Manager Segment Support CA ANZ) and the CA ANZ NSW Practice Forum.

Our session was all about "Planning for the Future of Your Practice" and in addition to sharing our experiences and insights, we fielded some great questions from the floor.

I thought it was an apt time to reshare my insights as shared on that day, in the hope that it may help as you as you start planning for the new financial year ahead.

I am really keen to shift practitioner's mindsets to the here and now. To encourage them to have their practices working for them now, to be successful and profitable and to always be "sale ready".

In my opinion that means:

- taking a great salary and having surplus profits
- having a quality client base with quality fees
- having a quality team that isn't completely reliant on you
- having a contemporary practice with great systems and processes and one that embraces technology.

Failure to have these things will certainly reduce the saleability of a practice, the time it takes to sell and the price that can be commanded.

There are many instances when the recommended lead time of 2-3 years to get a practice "sale ready" is not feasible and therefore a reduced and less than expected sale price is achieved. Sadly, it happens more times than you would think and these are a few examples that we shared:

- sudden illness or death of practitioner or a loved one
- financial crisis
- relationship crisis
- sudden desire to change vocations and exit the industry

- an unsolicited approach from someone to purchase your practice (everything is for sale at a price!)

What changes do you need to make from 1 July 2020 to make your practice more attractive, more sale ready and one that is more aligned with your practice and life vision with all of that POST COVID-19 perspective!



2020 TRUST DISTRIBUTION MINUTE TIME

The ATO require trustees to make a resolution regarding the intended trust distributions ***prior to 30th June each financial year***. This resolution should be evidenced in writing and signed by the Trustee.

For clients that had a tax planning review with me, I would prepare these minutes at that time.

For others, I would send out 3 sample trustee resolutions asking clients to complete the resolution most appropriate to their trust's circumstances for the year.

Perhaps if you make a social media post or send out a bulk email to your trust clients, it may even result in a few last minute tax planning jobs coming in!



IT'S A BIG COACHING WEEK FOR ME

Next week I'll be working closely with my private coaching clients in their individual sessions and then we are all coming together for a group planning day on zoom next Friday.

Together we will be working through an EOFY practice planning agenda, deciding on processes and technology. I'll be sharing my "plug and play" resources, setting fee levels, targets and KPIs and all an assortment of other agenda items that will be setting these practice owners up for success in 2020/2021.



*Empowering and Enabling Accounting Practice
Owners To Have Better Practices and Better Lives*

How's your practice planning coming along?

If you are considering coaching, I have a couple of spots left for the New Year. Send me an email for more details or to secure your spot.

Today I'm also releasing my **2020 Tax Time Bundle**. These are the very documents that I developed, perfected and used in my practice for 18 years and one of them I developed whilst a manager of another practice. They work! My old practice is still using them, and so too are my former staff members who went out on their own. They love them! And those in my community who purchased them last year love them too!

This ultimate tax time template bundle will save HOURS of your valuable time and will help create more efficient and profitable processes this tax time. It will help your clients become more organised so that their tax returns can be completed so much quicker due to missing information. Here's what's included:

1. **ITR Practice Workpaper (Excel & PDF)** - every accountant in your practice completes this workpaper, ensuring everything is picked up and it looks very professional as you work through the return with your client. Capture everything on this workpaper during your client appointment or as you are sorting through dropped off records and then data entry directly from the worksheet. As it follows the ITR flow in your software, you can even hand to admin and they can do all the processing for you and if it matches your manual calculations, the return is ready to be sent out.
2. **ITR Client Questionnaire (Word)** - client completes prior to appointment or record drop in and it ensures that they bring all of the information in and makes ITR preparation easier. In most cases, the tax return can be completed in one sitting as no going back and forward chasing outstanding documents. This also captures the client's details which allows easy updating into your practice management software while they are waiting in reception. An added bonus is that it also includes the engagement terms that they can sign at the same time. Great for next time you have a CAANZ/CPA/IPA practice review! This is going to be a godsend with the ATO's requirement to provide granular details of deductible expenses.
3. **Rental Property Client Questionnaire (Word)** - client completes prior to appointment or drop in and benefits are as above. No worries about them leaving their agent rental summary or loan statements at home!
4. **ITR Master Fee Schedule (Excel)** - this schedule is for everyone's desk so they know what to charge, making the invoicing process streamlined, standardised and less taxing. Complete with an indicative current pricing for each itemised service taken from my Menu of Services Price List, have you wondered if you have been charging enough or should you start charging a fixed fee for more services?
5. **ITR Fee Request Schedule (Excel)** - this ready reckoner slip can be given to your admin team to bill while you are still in with the client. The invoice can be waiting for them at reception allowing them to pay on the day and you can attend to lodgement on the day. Also saves valuable admin time chasing your money!
6. **Tax Return Front Cover (PDF)** - a front cover that you can insert your logo on it to be attached to the front of your PDF ITR bundle or printed ITR bundle which finishes the package off and makes it look professional and in the clients' eyes more valuable than a few pieces of paper with numbers on it. Because it's branded, clients tend to think of you during the year if they have to get their ITR out to take to the bank or just as they are filing - your firm's branding is on show. It also makes it easy for them to contact you for an appointment the following year as they just have to pull last years out!
7. **Logbook (PDF front cover and inserts)** - again you can add your logo on this for a branded and professional product that doesn't cost a lot to produce, a nice little giveaway for clients with motor

vehicle claims. They think of you and your firm as they complete the logbook over 12 weeks or during the year and you have more to work with next tax time.

8. Rental Property CGT schedule (Excel) - captures all purchase costs and allows you to keep adding capital costs during the years. Builds loyalty and again looks very professional from a client's point of view. A chargeable value added service, with the benefit of quick and easy CGT calculation should the client decide to sell down the track.

9. New Client Information and ITR Terms of Engagement (Word) - captures ALL new client information and sets the scene for your firm's professionalism and attention to detail. This is a huge timesaver for your admin staff, ALL client data is ready to enter into your practice management or tax software and you have an engagement letter already signed prior to the appointment.

I want you all to stress less this financial year!

For all purchases made before midnight this Sunday 14 June, I'll do even more of the heavy lifting for you and will personalise the bundle with your logo and brand colours.

The cost of the entire bundle is \$497 (tax deductible of course) and you can make your purchase by clicking here https://www.paypal.com/cgi-bin/webscr?cmd=s-xclick&hosted_button_id=WU42HMUUFFHGE

These checklists will only be available for purchase between now and until Monday 13 July.

What are you waiting for?



Keep safe and well and best wishes for the week ahead.

Amanda

