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FINANCIAL MATTERS AFFECTING YOUR LIFESTYLE



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Tips for surviving this Christmas without financial stress

With Christmas just around the corner, you're probably preparing to switch your spending into high gear. It's a time of joy and celebration but the Silly Season doesn't have to mean we stop saving for a first home deposit or fall behind with mortgage repayments.

Here are some tips to spread Christmas cheer without Blowing your budget and derailing your financial goals:

Create a budget

'Tis the Season for budgeting. Ease your stress by deciding how much money you can afford to spend over Christmas and allocate a portion to all your expenses for the holiday period. Christmas presents are an obvious expense but it's the extra costs of Christmas that can blindside you. When you're working out your budget, remember to factor in the cost of attending Christmas events, catering expenses if you're hosting, and incidentals if you're travelling.

Have a contingency plan

Unexpected expense, like a car breakdown, can send our finances into a tailspin. Always keep a bit of spare cash on hand so that you're prepared for the unexpected.



Meet your big – ticket expenses first

Skipping mortgage payments is not a good idea - it can result in extra fees and more interest accruing on your loan. Likewise, if your car registration or Insurance renewal is due, get on top of them before you budget for anything else so they don't come back to haunt you during your break.

Use cash...or know your credit card terms

if you are planning to use your credit card to get you through the festive season, make sure you are familiar with the terms. How long is the interest-free or honeymoon period? What are the interest rates? Using credit cards may be convenient, but the interest can make for an expensive Christmas and **set you up for financial stress** into the new year.

Use buy now, pay later schemes wisely

Many physical and online stores allow you to purchase with Afterpay and zipPay so you can spread out your payments. Paying in instalments certainly has some benefits but it can be tempting to shop up a storm and spend more than you intended. A report by ASIC has found Australian shoppers have raked up more than

900 million in debt through buy now, pay later schemes.

Consider a Staycation

With travel, accommodation and eating out, celebrating Christmas away from home can very quickly tip you into financial stress. Why not holiday in your own home and make the most of what your local area has to offer?

Plan for next Christmas

Next Christmas is the last thing you'll be thinking about, but once this Christmas is done and dusted you should plan ahead for next year. Start saving now, shop the sales throughout the year, and consider talking to a mortgage broker about whether refinancing your home.

Remember, Christmas is a time to come together and celebrate with family and friends. Don't get so caught up with the pressure to buy gifts that you forget to enjoy the people you're doing this for. Budgeting and planning ahead will do wonders for your stress levels this festive season.

Source Vision Property & Finance



“Ten Commandments of Christmas Shopping”

1. **Continue to be price conscious.** Don't stop looking for bargains just because of the holiday season. Sometimes retailers will be offering great savings prior to the peak buying time between Thanksgiving and Christmas. Look for bargains and compare prices.
2. **Don't side shop.** Frequently a person out to get Christmas presents will decide to buy a few "expensive" items for themselves.
3. **Try not to shop at the last minute.** The retailer has you over a barrel. Whatever is left at whatever price is marked is what you will end up with. You could blow the budget with a few purchases the day before Christmas.
4. **Prepare a Christmas shopping list and stick to it.** You are better off if you know what you're shopping for and can pin-point the best deals. Comparison shopping is a good way to save money.
5. **Use your credit cards judiciously.** Never go over your credit limit. Try to set aside money for Christmas shopping during the year so that you don't have to pay the high interest on charge cards.
6. **Don't buy large family items** such as refrigerators, stoves, televisions, automobiles, home furnaces, during the Christmas shopping season. Wait until you see what your statements look like in January or February.
7. **Don't take time off work to shop unless you are being paid for the time.** Shop during lunch hours if you must, but don't subtract from your pay cheque, or you may end up short.
8. **Do not shop while hungry or when drinking alcohol.** People who are hungry or under the influence sometimes make hasty, rash decisions.
9. **Plan your holiday parties carefully.** Don't buy liquor or food you cannot afford during the rest of the year. Remember, you are still earning the same money during the holidays.
10. **Above all, have fun while your shopping.** You'll stop having fun when your subconscious tells you that you have begun to exceed your financial limits.

Source:ZAD Zalutsky & Peski LTD

Tax deductibility removed on “build to rent’ constructions



Recently passed legislation will make expenses paid for Vacant land non- deductible. The new law comes into effect from July 1st 2019.

Specifically, if you are building a property that you will rent out when completed, expenses during the construction period are no longer deductible. You will only get tax deductions relating to property once it is completed and ready to be rented out. This includes “off-the-plan” purchases

However, the new legislation will not remove all deductions relating to holding vacant land. Tax deductions will still be available if you are carrying on a business of property development.

Also, if the expenses during construction phase lose there deductibility, the costs incurred can still be added to the cost incurred can still be added to the cost base of your asset.

This will reduce your capital gain on the eventual sale.

Source: Butler Settineri



Deductions for donations

As most of us know, donations of \$2 or more are deductible, and there is flexibility in the rules around donating to emergency relief bodies in that no receipt is required if giving less than \$10 (so called) “bucket” donations).

To be able to claim a tax deduction for a donation or gift to an organisation, the receiver of that donation must be endorsed as a “deductible gift recipient”(DGR), if you want to make sure, this can be checked on the ABN Look-up web page (www.abn.business.gov.au/DgrListing.aspx).

But while this is the main condition imposed on claiming a deduction for donations, it is not the only factor the ATO considers. Also relevant is the nature of the donation (whether money or property, which includes financial assets such as shares, and that it is a voluntary transfer off assets from donor to recipient, performed as an act of “disinterested generosity”.

This last point is important, as the ATO stipulates that there should be no “material benefit” or advantage arising for the giver through the action of the gift or donation. The outcome is that if a donating taxpayer receives something in exchange for their donation (such as a bandana or a pen) the rules state that they cannot claim for the donation in their tax return – even if the receiving organisation is a DGR.

Relevant material benefits and advantages listed by the ATO include:

- Raffle or art union tickets
- Items such as chocolates and pens
- The cost of attending fundraising dinners, even if the cost exceeds the value of the dinner.
- Membership fees
- Payments to school building funds made, for example, as an alternative to an increase in school fees.

- Payments where you have an understanding when the recipient that the payments will be used to provide benefit to you.

Note however that the ATO recognises that a donor being given a lapel sticker to acknowledge their gift, or being mentioned by name in an organisations newsletter for the same reason, is not deemed to be an advantage”, and will not deny a deduction. Where the donor is a corporate entity however, acknowledgement, especially for example by way of signage, may constitute a benefit, and render the donation ineligible for deduction. There may be a case however to the contribution as a business expense, or even as a “sponsorship supply” depending on circumstances.

It should be emphasised that the voluntary nature of giving is central to the tax deductibility of donations. By way of example, there was a mining company in Western Australia that was given the alternative of either of paying a royalty to the government or an equivalent amount to a DGR resident in WA. The mining company made a donation to the WA State Library Board. The ATO denied the company’s claim for a deduction, mainly because the miner had no choice about making a payment, only about which entity this payment went to, and it was deemed in the subsequent court case that it was not sufficient that one of these choices was a DGR.

A deduction for a gift or donation cannot add to or create a tax loss. However, a donating taxpayer can choose to spread the tax deduction for a donation over a period of up to five financial years, by using the “Election to spread gift deduction” form (ask us if you require the form). Source: Butler Settineri



Ways to donate

There are a number of ways you can donate to a charity.

- **One-off or ongoing** – You may decide to make a regular, set donation or you may prefer making a one-off donation following particular fundraising campaign or natural disaster.
- **Workplace giving** - You can support a charity through automatic deductions from your salary. If your employer has a workplace giving scheme your donation can be deducted directly from your pay, directed to your preferred charity.
- **Leave a bequest in your will** - Another way of donating is to leave a bequest in your will. Contact the charity directly to discuss your plans.
- **Get involved** - Instead of a cash donation, you could contribute to your favourite charity by donating goods, your time or even your skills or expertise.

We are always available to discuss any questions or concerns you may have.

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