

INSIDE

DECEMBER, 2020

FINANCIAL MATTERS AFFECTING YOUR LIFESTYLE



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THE GROWTH OF CONTACTLESS PAYMENTS



COVID-19 has accelerated our move towards a cashless society. If you can't tell your Apple Pay from your Airplay, now's a good time to consider the benefits of contactless payments.

It's a very 2020 story. Your new homemade breadmaking skills are as uneven as the lump you lifted from your oven, so you pop down to the bakers for their tasty sourdough rolls. But as you make it to the front of the socially distanced queue and pull out your \$10 note, the assistant points to the handwritten sign, "card only".

In the age of social distancing, the use of tap-and-go and other digital transactions is growing fast. More outlets are preferring contactless payment, and some no longer accept cash.

It's relatively simple to make the switch to payment by card or phone, and the bread could be yours faster than you can say 'sourdough'.

Benefits of contactless payments, Keep it simple, shopping

When you are out and about, you no longer need to carry so much cash, a purse, a wallet or even visit an ATM. The history of money and exchange shows that humans tend towards quicker and easier payments.

It's the future

Although it seems like COVID-19 has sped up the demise of cash, it is in fact just quickening an existing trend. The Reserve Bank of Australia found that only one in four payments in 2019 was in cash. Whereas 13 years ago, only one in four payments was made with a card.

More than just money

Reduced cash usage has become an issue of health, with concerns that close contact with customers and their physical money carries a risk of exposure to COVID-19. With a duty of care to their staff, as well as shoppers, many sellers are switching to card only, to reduce the risk of viral transmission.

The downsides

As with most changes, there are concerns as well as benefits. There are ways, though, to manage these concerns when moving to a more digital way of living.

Hacker alert

Your personal data can become vulnerable to hackers. To help prevent this, digital wallets (mobile applications that mimic an actual physical wallet) may offer features such as tokenisation, meaning your card number is never open for hackers to find. The benefit of tokenisation is that your sensitive data is replaced with unique identification symbols that retain all the essential information about the data without compromising its security.

Digital budgeting

Some cash users limit spending by taking out a certain amount of cash each week to help them budget. You can recreate this in the digital world by ringfencing some of your income from temptation, perhaps by setting up an automatic transfer to a separate savings account.

Source: AMP

HANDY TIPS TO ENJOY THIS FESTIVE SEASON WITHOUT BREAKING THE BANK



This Christmas will perhaps be our most important one ever, it's a chance to regroup and express gratitude for everything we still have in our lives after a year marred by bushfires and COVID-19. While it won't be business as usual, these tips will help you save this festive season.

REDEEM POINTS

Don't spend money, spend points instead! Chances are you have unused points on frequent flyer schemes, credit cards and supermarket loyalty cards. Especially if you're cash-strapped, redeeming points is a great (and FREE) alternative.

DON'T BLOW THE BUDGET

Aussies have collectively repaid over \$5 billion in credit card debt since COVID hit. Don't squander those efforts: bank that win and stick to your budget this Christmas. Beware of overusing buy now, pay later services too – they help cash flow, but can affect your borrowing capacity (banks see this as you lacking in financial discipline).

SHOP WISELY

Fraudulent Facebook ads, bogus emails, fake door-to-door salespeople.....such scams have stolen over \$22 million from Aussies so far in 2020. So, be smart about where you shop online. That doesn't mean you can't support small businesses you've never heard of before. Just do some research to ensure they're legitimate.

GET IN EARLY

Delivery volumes have soared as COVID pushes more people online – Australia Post parcel deliveries surged 54 percent this July compared to July last year. Couple this with less air freight and social distancing restrictions in packaging warehouses, and it's no wonder there are shipping delays. Be organised: do your shopping earlier this year, that will avoid disappointments and, more importantly, won't force you into buying secondary gifts because the first ones didn't arrive on time.

BACK TO BASICS

With international borders closed and some travel restrictions still in place, why not recreate memories from your backpacking days and take the family camping. Alternatively, rent a campervan and hit the road to take in Australia's beautiful attractions. You could even buy one with the money you would have spent on an overseas jaunt.

THE TRUE MEANING OF CHRISTMAS

This year especially remember the true meaning of Christmas. There is lots we can do to spread joy and hope at a time when so many are struggling. Send Christmas cards to let people know you're thinking of them. Bake goodies as gifts for neighbours who live alone. Support local jobs by buying Australian made gifts from Australian businesses. Donate to worthy charities – you'll even get a tax deduction on donations over \$2.00.

Source: Helen Baker New Idea

ATO's CYBER SAFETY CHECKLIST



Scammers never seem to rest, with even the latest Job Keeper iteration coming in for some scam treatment. In a new update the ATO reports that it is receiving reports of email scams about Job Keeper and backing business investment claims. “The fake emails say we’ They ask you to provide valuable personal information, including copies of your driver’s licence and Medicare card.”

During this time of heightened scam activity, the ATO is encouraging individuals and businesses to:

- Use multi-factor authentication where possible and don’t share your password with anyone.
- Run the latest software updates to ensure operating systems security is current.
- Secure your private wi-fi network with passwords (not the default password) and do not make financial transactions when using public wi-fi networks.
- Exercise caution when clicking on links and providing personal identifying information.
- Only access online government services via an independent search – not via emails or SMS.
- If in doubt, call the ATO on an independently sourced number to verify an interaction.
- Educate your staff on cyber safety and scams.

To report a data breach or scam visit

[Ato.gov.au/onlinesecurity](https://ato.gov.au/onlinesecurity)

Source: Butler Settineri

WHAT THE “FULL EXPENSING” WRITE-OFF DEDUCTION MEANS FOR BUSINESS



The Federal Budget measure of allowing businesses to fully write-off eligible assets is a boom to Australian businesses, even though the measure is temporary.

Just to recap, businesses with aggregated annual turnover of less than \$5 billion will be able to deduct the full cost of eligible capital assets acquired from 7.30pm AEDT on 6 October 2020 (Budget night) and first used or installed by 30 June 2022.

“Full expensing” in the year of first use will apply to new depreciable assets and the cost of improvements to existing eligible assets. For small- and medium- sized businesses (with aggregated annual turnover of less than \$50 million), full expensing also applies to second – hand assets.

Businesses with aggregated annual turnover between \$50 million and \$500 million can still deduct the full cost of eligible second-hand assets costing less than \$150,000 that are purchased by 31 December 2020 under the existing asset write-off. Also, businesses that hold assets eligible for the existing \$150,000 instant asset write-off will have an extra six months, until 30 June 2021, to first use or install those assets.

Small businesses (with aggregated annual turnover of less than \$10 million) can deduct the balance of their simplified depreciation pool at the end of the income year while expensing applies. The rules that prevent small businesses from re-entering the simplified depreciation regime for five years if they opt out will continue to be suspended.

Some existing conditions remain

The small business entities capital allowance provisions has always contained a section that permits assets that cost below a certain value to be written off 100% in the year the asset is first used or is installed ready for use for a taxable purpose. Initially, this amount was \$1,000 but it has been subject to significant change in recent years.

On 12 March 2020, the Federal Government made announcements about stimulus packages intended to ameliorate the impending economic impact of COVID-19. If, in the period beginning on 12 March 2020 and ending on 30 June 2021, a small business taxpayer started to hold an asset and started to use it or have it installed ready for use for a taxable purpose, and the asset cost \$150,000 or more and that were held and installed ready for use in the period 12 March 2020 to 6 October 2020.

The general small business pool is, broadly, a running total of the costs of fixed assets acquired by a small business entity that have not yet been depreciated and deducted for tax purposes. The pool, due to its method of operation, spreads the cost of assets over a number of years for tax purposes. The pool balance is added to when new assets are acquired and reduced when depreciation tax deductions are claimed, and balancing adjustment events occur. The "termination value" of an asset to which a balancing adjustment event has occurred is subtracted from the pool.

Meeting the required conditions

A number of conditions must be satisfied for assets to be full expensed. First of all, the asset must be used in a business. Accordingly, the full expensing of assets does not apply to an employee who has purchased a work related

asset. Also, no balancing adjustment event must occur to the asset in the current year.

Note also that some assets are excluded such as capital works and assets allocated to a software development pool.

In most circumstances, a depreciating asset is "held" when the taxpayer becomes the legal owner of the asset, which is frequently not at the time of purchase or order. The taxpayer must start to use the asset, or have installed ready for use, for a taxable purpose in the year ("the current year") in which the taxpayer wants to write-off 100% of the cost of the asset.

Anti – avoidance provision

It must be the case that the entity did not have a pre-commitment to acquire the asset prior to Budget night on 6 October 2020. Further, the asset must not have been held prior to that time. If the business had already entered into a commitment or had, in fact, purchased such an asset prior to that time, there is an obvious tax planning technique that could be engaged in to enable the new full expensing rules to apply to the asset.

The strategy targeted is where an order is cancelled and the business enters into a new purchase contract after 6 October. If an asset had already been held, the asset can be sold and a new one purchased after that time. Due to this, the new rules contain an anti – avoidance provision that seeks to prevent this type of tax planning where the asset acquired after Budget night on 6 October 2020 is "identical or substantially similar" to the asset that was purchased or held prior to that time.

Source: Butler Settineri

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