ON THE BEAM

CONDON
FORENSIC INSOLVENCY TURNAROUND
ASSOCIATES

Volume 11, Issue 2, May 2017

Data, the Way of the Future?

By Schon G Condon RFD

When someone comes up to a business person and starts talking about data, the conversation usually slides one of two ways. Firstly, in terms of the IT support your organisation has and how effectively it operates and lets you get on with what you are doing or, in the alternate, it falls to the information that you use to generate business and sales, commonly referred to as your 'database'.

However, these days it is, in reality, every piece of information about your business and anyone or anything related to it; and more importantly it is something that must be given great consideration by business owners and society alike. This is because it will be how we, as a society, deal with this 'data' in the future that will have a lot to do with what that future will look like, and how we will cope with it.

In a recent article on 'Open Data' Denton's (solicitors) were commenting on the recent release of the Productivity Commissioner's "report on Data Availability and Use, which recommends reforms to improve access to, and use of, data in Australia…". The focus of their article was the banking sector, but the concept of greater access to data is becoming increasingly the flavour of the month. Those younger than I appear to have an almost insatiable desire to make everything about their own life as public as possible! Thus they show no concern for open data. What was also of interest was a recent comment by one of the senior members of one of the American security agencies about a leak that had clearly come from inside, where his biggest issue was that he questioned the individual's view of transparency. Clearly the Staffer's view was "transparency – fully visible to all" thus leaking the data was in their mind appropriate.

The implied view of the Leader was that transparency meant society could see what had been considered appropriate for them to see, certainly not less, but equally not more.

On a side note it will be interesting to see if it will be easy for Liquidators and Trustees to get information because I can assure you that at present it is very easy to block, deny and/or delay access as desired! Particularly if you are willing to invest money in lawyers.

It is not my intention to deal with what should or should not be seen, but rather how we must now start to understand what the future will look like so that we, as human beings, may develop behaviours and practices that will accommodate this new order.

In a recent conversation with a friend in the trucking industry, I was enlightened to the 'data' that is accessible by regulators from the individual trucks data management system. Engine data, fuel usage, gear usage, speed, lengths of stops, and much more, thus someone trying to bodge a manual log book will be quite easily caught out. One step further would be to add a GPS to the package then, after finishing your trip, you could pull into the local regulator and be issued with all the fines or notices resulting from every error you made on the trip! In fact if you take that one step further, put a data link into the package, connect it to the regulator and you can receive your speeding ticket by email whilst you're still in the act of speeding!

With properly designed algorithms someone with an appropriate programme will be able to connect to your 'data', trawl it to identify the areas of concern, query them on the spot and then react. Suddenly you can be put on the spot to explain away, potentially without time to prepare, those frailties of being human, that is making mistakes. What's worse though, is that depending on the system you could quickly face penalties for nothing more than being human, something that in our past had never been exposed to such unbelievable levels of scrutiny.

On 1 July 2017, the income threshold will reduce to $250,000 p.a. and you will pay 30% tax on your concessional superannuation contributions.

A comfortable retirement comes at a price and it is important to stay informed with the changes to superannuation. Seeking professional financial advice from a licensed financial advisor on how to best manage your superannuation could be invaluable as many of these changes are complex and personal or financial circumstances differ from individual to individual.

Claiming a Deduction for Self-Education Expenses

By Padmini Saheb

In order to claim a deduction for any form of work-related self-education expense, there must be a connection between the self-education activity and your income earning activities at the time you incur the expense. You can claim a deduction for self-education when the expense has the essential character of an income-producing expense. To be eligible for a deduction for expenses you incur for a self-improvement or personal development course, the course must have a sufficient connection to your current employment.

According to the Australian Tax Office (ATO), 'Self-education' is defined as courses undertaken at an educational institution, attendance at work-related seminars or conferences, or self-paced learning and study tours (overseas or within Australia).

This means that the expenses you incur as a result of undertaking such study can be claimed as a tax deduction, potentially saving you thousands of dollars! First of all you have to determine the eligibility of the expenses.

To be able to claim for the expenses, the self-education must relate directly to your current field of work, for example completing an MBA programme that you know will lead, or be likely to lead, to an increase in your employment income.

However, if you're completing an MBA and the programme does not relate to your current employment, or you're using it to start your own business, the self-education expense will not be tax-deductible.

The ATO is targeting large self-education expenses. It's important to ensure that there is a clear connection between your current employment or business activity and the expenses you are claiming before you claim them.

Personal Property Securities Register (PPSR)

By Adam Chen

What is the Register?

The PPSR is a single point of contact register for consumers, businesses and the finance industry. It is web based, available in real-time and accessible 24 hours a day, seven days a week.

The PPSR is regulated by the Personal Property Securities Act 2009 (Cth) which is a law relating to security interests in personal property.

The main purpose of the PPSR is to enable individuals and businesses to maximise their capital by listing personal property interests. Secured parties such as banks and lenders can also browse the register for a specific asset.

The PPSR allows businesses to register their security interests over personal property, giving them rights over the personal property in the event that another party does not fulfil certain obligations, such as repaying a loan advanced to purpose the personal property. This helps to protect suppliers and finance companies from incurring losses when a customer defaults on a loan or does not fulfil some other obligation.

The PPSR also allows businesses and individuals to check whether the personal property they are buying - such as boats, cars or machinery have a security interest over them before the purchase is made. This provides buyers with peace of mind as they can ensure they will receive full rights to own the personal property.

The PPSR however does not apply to real property such as houses and units.

Who administers the Register?

The Personal Property Securities Register (PPSR) is a register that is administered by the Australian Financial Security Authority (AFSA).

AFSA's purpose is to provide improved and equitable financial outcomes for consumers, business and the community through application of bankruptcy and personal property securities law, regulation of personal insolvency practitioners, and trustee services.

The Registrar in AFSA administers the PPSR in compliance with the Personal Property Securities Act 2009 and Regulations which includes ensuring that the register is accessible and accurate.

With the continuing focus on accountability and revenue collection at all levels the accounting 'data' in your business will become a prime target. With a programme's ability to trawl through a year's transactions in minutes and provide potentially pages of anomalies on the spot then business owners will find themselves in a very different environment to that in which they grew up.

The biggest issue with such systems of course is how it is controlled and most importantly is it applied fairly, equally and to all! There is always someone arguing that either it does not apply to them or in the alternate that they are outside the system.

The real issue at the end of the day though is how we as mere mortals will accept and come to grips with that level of control. The time to look to the future is now!

Changes to Superannuation from 1 July 2017 – the clock is ticking

By Jessica Lin

Legislation that was recently enacted (The Treasury Laws Amendment (Fair and Sustainable Superannuation) Act 2016) will be the first real shake-up to our superannuation system in a decade. The new superannuation regime which comes into effect on 1 July 2017 contains a hoard of changes that will affect the taxation of millions of Australians' retirement income but those contributing extra to superannuation and the wealthier will be impacted the most. Here are some of the key changes.

Changes affecting contributions

- **Annual concessional (before-tax) contributions cap will reduce to $25,000 p.a. for everyone**
  Workers making additional superannuation contributions should be mindful of this change as it will impact on how much extra they top up. The concessional contributions cap is currently $30,000 p.a. for those aged under 50 and $35,000 for those aged over 50.

  On 1 July 2017, the pre-tax concessional cap will reduce to $25,000 p.a. for every working Australian.

- **The annual non-concessional (after-tax) contributions will reduce to $100,000 p.a.**
  The cut in the annual non-concessional contributions cap from $180,000 to $100,000 will affect people who get a windfall such as a large amount of money from an inheritance.

- **You can claim an income tax deduction on any non-concessional (after-tax) contributions you make into super.**
  Individuals who are self-employed or mainly self-employed and are under 75 years of age should be mindful of this change as they can claim an income tax deduction on any non-concessional contributions they make into super.

  To access the tax deduction, individuals will need to lodge a 'Notice of Intent to Claim a Tax Deduction for Personal Super Contributions' with their superannuation provider. Individuals aged between 65 and 75 will also need to satisfy the 'Work Test'. The Work Test for superannuation determines your eligibility to make personal superannuation contributions if you are aged 65 and over and less than 75.

  It is important to note that the contributions that self-employed individuals make into their super from their after-tax salary and the tax deduction they claim will be included in their annual concessional contributions cap and be subject to the 15% contributions tax in the super fund.

Changes affecting people nearing retirement and retirees

- **Introduction of a $1.6 million transfer balance cap**
  This will impact higher wealth individuals, a small percentage of the Australian population.

  Under the current superannuation regime, the amount you can transfer from a super accumulation account into or hold in a tax-free retirement income product is unlimited.

  On 1 July 2017, the maximum amount of accumulated super you can transfer into or hold in a tax-free retirement income product will be $1.6 million.

Other Changes

- **Change to 30% tax rate for concessional super contributions (Division 293) and income threshold will reduce to $250,000 p.a.**
  An extra 15% contributions tax on concessional super contributions made by individuals earning more than $250,000 p.a. will result in more Australians being slugged with a tax hike.

  Under the current superannuation regime, the income threshold is $300,000 p.a. and attracts a Division 293 tax of 15%.

This newsletter can also be downloaded from our website
www.condon.com.au

What has the Register replaced?

The PPSR has replaced a number of Commonwealth, state and territory government registers for security interests in personal property, including those for bills of sales, liens, chattel mortgages and security interests in motor vehicles such as REVs and VSR.

The registers include the Australian Security and Investments Commission's Register of Company Charges, the Australian Register of Ships, the Fisheries Register, state and territory bills of sale registers, and the state and territory registers of encumbered vehicles. More than 4.7 million registrations were migrated to the PPSR before its commencement.

The records from these registers that were current were transferred to the PPSR immediately before the PPSR became operational on January 30, 2012.

Condon Update

Last month on the 4th of April 2017 we hosted the Parramatta Chamber of Commerce's Business After 5 in conjunction with Courtney's Brasserie. The weather kept us on our toes the entire day but eventually cleared to allow for a night of networking over food and drinks.

Courtney's Brasserie delighted our tastebuds with mouth-watering catering that flowed as generously as the handcrafted beer on-tap from Riverside Brewing Company. Our balcony provided a scenic lookout to the spectacular backdrop of our continually developing Parramatta. Thank you to the Parramatta Chamber for the wonderful opportunity and for an overall great night. We're looking forward to the next one!

Parramatta Accountants Discussion Group

Are you an accountant, lawyer or financier? Are you interested in discussing the industry's "hot" topics on a monthly basis? Want to hear what your fellow professionals have to say? Join our Parramatta Accountants Discussion Group. We meet on a monthly basis for an informative presentation and engaging discussion followed by a tasty lunch. For more information please contact Tanja on (02) 9893 9499 or email padg@condon.com.au.

Account me in!

Upcoming Events

31 May 2017	-	Condon Forum – Tax Update
5 June 2017	-	June Parramatta Accountants Discussion Group

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