

## WELCOME

Welcome to our November 2017 edition of the StewartBrown newsletter. We hope to keep you informed of the important tax developments and issues affecting businesses in Australia today and throughout the year ahead.

## TOTAL SUPERANNUATION BALANCE-WHY DOES IT MATTER?

Recent superannuation reforms have introduced a concept of Total Superannuation Balance ("TSB"), which you might think would represent the summation of all a members super balances. That however is not necessarily the case and may have adverse tax consequences if not managed properly.

The TSB is relevant in determining a super fund members eligibility for:

- Making non-concessional contributions within the non concessional contributions cap limit
- Receiving the Government co-contribution
- The tax offset for spouse contributions
- Using the segregated asset method to determine exempt current pension income (ECPI), and
- The unused concessional contributions cap carry forward (this measure comes into force from July 1 2018).

Broadly speaking the first three of the above will not be available to an individual if his or her superannuation balance is greater than the new general transfer balance cap (set at \$1.6m for the 2017-18 financial year and indexed in \$100,000 increments in line with the CPI thereafter).

In addition, the unused concessional contributions cap carry forward amount is going to be tested against a \$500,000 total superannuation balance.

A members TSB at a particular time is the sum of the following:

1. The accumulation phase value of superannuation interests that are not in retirement phase
2. The balance of a transfer balance account (if applicable), and
3. The amount of any roll-over superannuation benefit not already reflected (1) or (2) above.

The new reforms to the superannuation regime are complex, so please refer to your StewartBrown Partner or Manager for help with these issues.

## LOST SUPER

The ATO recently announced its latest figures on lost and unclaimed superannuation accounts.

As at 30 June 2017, there were over 6.3 million lost super accounts with a total value of almost \$18 billion!



People can lose contact with their super funds when they change jobs, move house, or haven't updated their details with their super fund. They may also lose track of their super from accounts established earlier in their career.

When is super considered to be 'lost'?

The term 'lost superannuation accounts' is used to refer to accounts held by super funds where they have lost contact with the fund member. By law, after a period of time, 'lost super accounts' and balances are transferred to the ATO and are then considered to be 'unclaimed super' held by the ATO.

Our financial planning team here at StewartBrown Advisory can assist you with finding any lost super and if appropriate advise you about consolidating multiple funds you may have.

Do you know where **all** your superannuation money is?

## SALARY SACRIFICE-CAN IT WORK FOR YOU????

Salary sacrifice (or salary packaging) is where you agree to take part of your wage as a benefit of some kind, equal in value to the salary it is exchanged for. Your income tax is then based only on the reduced amount of salary that you receive.

If your employer agrees to enter into a salary packaging arrangement with you (they are not obliged to) the benefit you get should typically be equal to the GST exclusive value of the portion of salary that you give up, plus any Fringe Benefits Tax ("FBT") that is payable by the employer. Options that employers typically allow employees to salary package include cars, expense payments such as school fees, child care or home internet connection costs amongst others. In addition one of the most popular salary sacrificed expenses is superannuation.

### Some expenses (and employers) are more equal than others!

The type of benefit chosen (and employer you work for!) will result in different tax outcomes. Some benefits are exempt from FBT, some concessionally valued and some are fully taxable. Portable electronic devices (eg tablet computer), computer software, items of protective clothing, briefcase and tools of trade are examples of exempt fringe benefits. Also included are mobile phones and laptops, within limits

Note also that the tax status of your employer can have a large bearing on how much (if any!) FBT is payable. Employees of not for profit and charitable organisations, public and private hospitals, educational institutions amongst others can offer substantial FBT savings to employees (even for normally fully taxable benefits!)

Your employer will need to report certain benefits (reportable fringe benefits) on your annual PAYG payment summary where the total value of those benefits exceeds \$2,000.

### Superannuation

Topping up your superannuation in addition to the minimum 9.5% contributed by your employer is a popular option for salary sacrifice arrangements. The benefits are that these contributions are not considered fringe benefits and so there is no tax payable by your employer. The extra payments are normally tax deductible to your employer as well! The super fund receiving these contributions will have to pay 15% tax, but this in most cases is far less than the income tax you would pay if you received these monies in your own hands. Therefore you end up with more after-tax money being invested in a tax sheltered environment as well!

### STEWARTBROWN CLIENT PORTAL

The StewartBrown ("SB") Client Portal is a secure way for us to communicate with you. It enables you to sign documents (including tax returns, financial statements) electronically. It's simple, easy to use and is mobile/tablet friendly so you can review documents "on the go". You have 24/7 access to the portal and it's free of charge for you to use!

Establishing an account to use the SB Client Portal the first time only takes a few minutes and all you need is an email address and password. You can rest assured that your personal data remains safe and in accordance with our terms of engagement with you.

Once you have a portal account with us we can upload documents for you to review and sign in a much more efficient and secure way than emailing them to you. You receive an email notification once documents have been posted to you on the portal and we are also notified once you have posted your documents back in the portal afterwards.

The option of using our portal is completely up to you. If you prefer to receive correspondence in paper format that is still OK. We would prefer to communicate with you electronically via our portal as it delivers a faster, more efficient service to you - but you need to "opt in" to use this free service.

If you are interested in finding out more please contact your StewartBrown Partner or Manager to find out how this new service could work for you.



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