

News

December 2024 - February 2025

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From Resilience to Renewal: Embrace What's Next.

As we approach the end of 2024, it's important to take a moment to reflect on the year that has been.

For many in our community, this year has posed significant challenges - rising living costs, ongoing economic uncertainty and dry weather conditions - which have tested the resilience of individuals and businesses alike. Yet, amid these difficulties, we have witnessed remarkable strength and perseverance.

The road ahead is not guaranteed to be any smoother, and the challenges we may face could feel just as daunting as those we have previously encountered. However, as we turn the calendar to the holiday season and approach 2025, we are reminded that we do not face these challenges alone. The Christmas break serves as a reminder that we are surrounded by friends, family, and loved ones who help us navigate the ups and downs.

During this time of year, it is important to pause and reconnect with those around us. The holiday season is about more than just festivities; it's about taking the time to check in with one another, offer a listening ear, a kind word, or simply your presence.

Whether it's a phone call to an old friend, a dinner with family, or sharing a moment of laughter with loved ones, these connections are what truly make this time of year special.

It would be remiss not to express our heartfelt gratitude to all of our clients with whom we have had the privilege of working with this year. Your trust and collaboration continue to be vital to our business, and we are truly fortunate to be part of such an incredible community.

Thank you for your continued support. Our team remains committed to supporting you in 2025—whether through expert advice, tailored resources, or just a steady hand during uncertain times. We are here to ensure you have the guidance and tools you need to navigate the year ahead with confidence.

We hope this Christmas brings you moments of peace, joy, and well-deserved rest. May the New Year usher in renewed hope, prosperity, and growth.

We look forward to the opportunities and challenges that 2025 will bring. Wishing you & your family all the very best for a Merry Christmas and a Happy New Year.

How Taxable is that Side Hustle?

With Australia going through a cost of living crisis and interest rates not coming down as quickly as hoped, more and more people are looking at ways of creating additional cash flow to help make ends meet. Tax consequences can be overlooked, but will not be by the Tax Office.

What is a side hustle?

Earning extra income on top of your primary job is sometimes known as a side hustle. While the extra money is no doubt welcome, it is important to stay on top of the tax issues this sort of activity can throw up.

Side hustles can take many forms and may include:

- posting content to platforms such as TikTok and attracting viewing hours;
- being an influencer on a social media platform and attracting followers;
- picking up casual work through platforms such as Airtasker;
- garden maintenance;
- providing tech support;
- cleaning business premises or private homes;
- coaching or tuition;
- dog walking or pet sitting;
- freelance writing;
- creating and selling art;
- gold fossicking.

Business or a hobby?

Whether or not the net income from these kinds of activities is subject to tax depends on whether they amount to a business, and this is where the sometimes fuzzy boundary between a business and a hobby comes into play.

In determining on what side of the line your activities fall, the following questions have to be answered:

- does the activity have a commercial purpose?
- do you have the intention of making a profit?
- is the activity conducted in a business-like manner?
- do you advertise or employ people?

In many cases the answer will be obvious – the whole point of a side hustle is to earn extra money so you can afford to keep paying the mortgage or cover the rent. Getting gigs through Airtasker to provide services, or picking up garden maintenance jobs would generally be something done with the intention of making a profit.

Gold fossicking, on the other hand, tends to be something people take up as a hobby. They enjoy seeing the countryside and any gold nuggets they may find are a bonus.

While occasional finds involving valuable nuggets might get a run on the evening TV news, they are rare.

Most fossickers would run at a net loss, although whether the activity is actually profitable is not necessarily determinative.

What if you own the most adorable cat who enjoys being dressed up and posed for photos? After putting a few shots up on social media you might be shocked to find you have many thousands of likes and your cat has more followers than Taylor Swift.

That sort of online attention can be monetised, sometimes for astonishing amounts. It does happen occasionally, even where there were no expectations of generating any revenue. If all you do is put up one photo and it happens to attract advertising revenue, you might fall outside the tax net. It all depends on facts.

We can help you sort out where on the taxable spectrum your side hustle sits.

Tax compliance issues

If the activity falls on the business side of the dividing line, the income from your side hustle is just as taxable as the income from your primary job. You will need to keep track of all your income and deductions and pay tax on the net profit.

You will also need to register for GST (and charge GST) if your annual turnover exceeds \$75,000.



We can help you sort out where on the taxable spectrum your side hustle sits

Registering for GST comes with an Australian Business Number (ABN), although you can apply for an ABN before reaching the \$75,000 threshold.

Once you have an ABN you need to keep the details up to date and cancel the ABN on closing your business.

The net profit from any side hustle that is conducted as a business gets added to taxable income from your primary job, which can leave you with a tax bill come tax time. To avoid any nasty surprises you should put aside some of your net profit as you go along to cover the tax bill when it arrives. How much to put away depends on what tax bracket the combined income from your primary job and your side hustle puts you in. You can also ask your employer for your primary job to take out more by way of PAYG deductions by completing or updating a withholding declaration. We can help you work out the best course of action.

If you make a net loss from your side hustle, but the activity qualifies as a business, you may not be able to offset the loss against the income from your primary job if the non-commercial loss rules apply to quarantine the loss until the business grows.

Deductions

What sort of deductions you can claim very much depends on the nature of your side hustle. Bear in mind that any amounts you may want to claim have to be incurred in carrying on your business and you cannot claim private expenses against business income. Some things, like car expenses, may need to be apportioned (and it would be helpful to maintain a logbook or diary that keeps track of business and private use of your car).

Occupancy costs for your home (mortgage interest, rates and taxes, house insurance) are only deductible where part of your home is used exclusively as business premises. Using the dining table in the evenings to prepare invoices does not cut it.

We can help you sort out what is what on the deductions front and prevent your side hustle becoming a tax hassle.

Christmas Break Office Hours

The office will be closed for the Christmas period from 12pm on Friday, 20 December 2024, and reopen with full staff on Monday, 6 January 2025.

The office will also be closed on Monday the 27th of January 2025, being the day after Australia Day.



Important Update: MyGovID Has Rebranded to MyID

As of November 13th, MyGovID has officially been rebranded to MyID. This change was made to help avoid confusion with the MyGov online platform, while the functionality and purpose of the app remain unchanged.

For those who have not yet noticed the update, there's no need to take any additional steps to continue using the service. Simply ensure your mobile device prompts you to update the application. Once the update is complete, your identity will still be saved, and the app will function as it always has.

If you have any questions or need assistance with this change, please don't hesitate to reach out to our office.

General

What Tax Receipts do I Need to Keep?



Only the ones you want to claim as a tax deduction, might be a common response.

Work-related expenses



The tax rules enable you to make legitimate claims for work-related expenses for up to \$300 in a financial year without having receipts, provided:

- you have spent the money;
- the expense is directly related to earning your income;
- you have not been reimbursed by your employer;
- it is not of a private or capital nature; and
- you have a record of the expense (other than a receipt).

Work-related expenses can include, among other things, tools and small items of equipment, office supplies, union or professional association fees, uniforms and protective clothing and associated cleaning costs, newspapers and periodicals and many more.

The cost of laundering work uniforms and protective clothing can be included without having receipts for an amount of up to \$150. These costs form part of the \$300 deductible limit without needing receipts. However, where total work-related expenses exceed \$300, it is not necessary to have receipts in relation to costs for laundering work uniforms for these expenses if they do not exceed \$150. The ATO will accept a rate of \$1 per load where the laundry is done at home, or half that amount when accompanied by private items. Dry cleaning costs are not included in the receipt-free \$150. Minor items costing up to \$10 can be claimed without a receipt, up to \$200 per financial year, and are also included in the \$300 limit.

Again, where total work-related expenses exceed \$300, it is not necessary to have receipts for these costs.

The record of the expense can be in the form of a diary that records how much you have spent, what you spent it on, how you paid for it and how it relates to earning your income. You will need to retain those records for five years.

Of course, there is nothing wrong with keeping all your receipts as you go along, just in case you unexpectedly overshoot the \$300 limit later in the financial year. Where that happens, you will need receipts and invoices to substantiate your entire work-related expense claim – not just for the excess over \$300.

Car expenses



Instead of keeping receipts and invoices for the actual running costs of the employment-related use of your own car, you can elect to claim on a cents per kilometre basis for up to 5,000 business kilometres. The rate you can claim is 88 cents per kilometre for the 2024-25 financial year (the maximum claim is \$4,400).

The claimable use of a private car covers situations where, for example:

- you visit a client's premises after arriving at your usual place of work;
- you are working at another location that is not your usual place of work; or
- you drive to a work-related conference.

The cost of driving between home and work is generally regarded as a private expense.

You will not need any receipts to claim on a cents per kilometre basis, but you do have to be using your own car and you will need to maintain a logbook or a diary that records your employment-related car use.

Where two taxpayers use the same car for their respective work-related purposes they can each claim for up to 5,000 kilometres.

It also needs to be a requirement of the employer that you provide your own transport for work-related purposes. There was a recent AAT case where the applicant's cents per kilometre claim failed spectacularly when it emerged in evidence that the employer provided a company car for traveling between different work sites.

Note this is not a standard deduction anyone can just claim. The ATO has previously made comment about how it has noticed there are many claims right on the cusp of the 5,000 kilometre limit and has been actively challenging some claims.

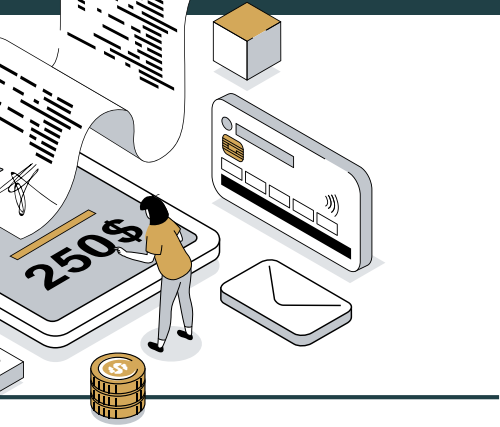
Working from home



With many employees still working from home in the wake of the COVID-19 pandemic, at least on a part-time basis, the ATO has developed an administrative method for claiming associated expenses. Working from home for the purpose of making a claim has to involve something substantive – minimal tasks such as occasionally checking emails or answering phone calls while at home are not considered as enough.

While the option is always there to make a claim using the actual cost method (which would require receipts), taxpayers can also opt for the fixed rate method, which has been set at 67 cents per hour since 2023. The 67 cents per hour rate covers:

- energy costs;
- internet expenses;
- mobile and landline expenses; and
- stationery and computer consumables.

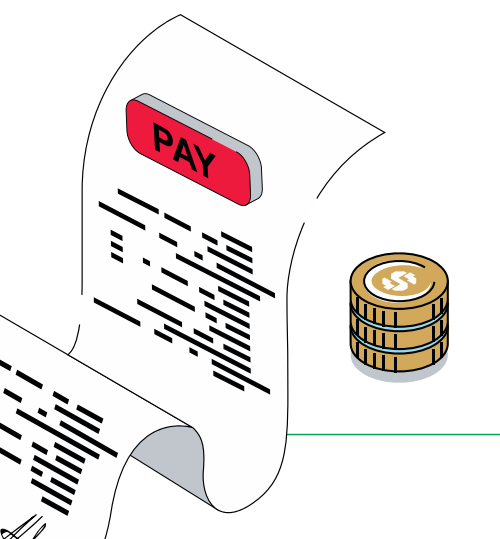


Depreciation on office furniture, computers and printers is available on top of the fixed rate deduction, as are repairs to those items. Since those claims fall outside the fixed rate method they will need to be supported by receipts or invoices.

A crucial requirement to qualify for the fixed rate method is to keep a diary or a timesheet of the hours worked from home during the financial year. This record needs to be maintained throughout the year – making an estimate at tax time will not be sufficient.

While you will not need comprehensive receipts for the various items covered by the fixed rate method, the ATO will expect you to retain a sample copy of an invoice, bill or bank statement verifying you have incurred each of the expenses covered by the fixed rate method. All the information has to be retained for five years.

While there are a number of specific exceptions to the need to have receipts to substantiate particular claims, all these “concessions” come with conditions attached, mainly to ensure that the expenses were actually incurred in earning assessable income. It’s important to be aware of all the legal and administrative requirements so that your work-related expense claim can survive an ATO audit.



Don't let share market volatility get you off course with your superannuation investment strategy.

Market volatility

Market downturns can make anyone nervous, but sticking to your investment strategy is key.

If you move your investments to cash or a more conservative option after the market has fallen, you are effectively locking in your losses. Decisions driven by fear are rarely the right ones, and acting impulsively can be costly. It is also very difficult (if not impossible) to correctly time the market, so if you are planning to switch back to growth assets before the market recovers, this might see you miss out on the rebound.

A more optimistic view of a falling market is that your regular superannuation contributions are buying assets at a lower price. When the market eventually recovers, those assets purchased during the downturn can significantly increase in value.

Don't panic and stay the course

Riding the ups and downs of financial markets is an inherent aspect of investing.

Although market volatility can be stressful, particularly for those nearing or in retirement, it is crucial to keep a long-term perspective and stick to your investment strategy (assuming it still meets your needs). Even those approaching retirement, or already retired, still have many years of investing ahead.

Like most people your superannuation benefits are invested in a balanced or growth option, diversification plays a key role in shielding your balance from extreme market swings. That in turn allows you to have a diversified position and be confident that your superannuation can stand the course over time.

For those in a large APRA-regulated fund, most funds have pre-mixed diversified options for you to choose from. Otherwise if you have your own SMSE, you will need to ensure your investment strategy factors in a range of requirements such as diversification, the risk and return in making investments, and so on. As trustee or director of your fund, you will need to manage this yourself or seek advice from a licensed financial adviser who can assist you in developing a compliant strategy that is tailored to your fund and members' circumstances.

If market volatility continues to keep you up at night, it might be wise to check your investments and superannuation balance less often. By focusing on the long-term rather than daily fluctuations, you will have a clearer perspective on your financial progress without unnecessary worry.

The last word

As the investment saying goes, “it’s not about timing the market, it’s about time in the market”. The key takeaway is to stay patient, adhere to the fundamental principles of diversification and asset allocation, and as always, don’t hesitate to seek advice if you need it.

Feel free to contact Gerrit Lombard, our in-house Financial Planner, to discuss.

Business

What is the Right Business Structure?

If you carry on a business – small or large – the question of which business structure to use always arises – and not just from when you start that business, but also during its operation when it may be beneficial to change from one structure to another.



Essentially, there are four major ways in which you can carry on a business: as a sole trader, in partnership, or through a company or trust.

Essentially, there are four major ways in which you can carry on a business: as a sole trader, in partnership, or through a company or trust – or even a combination of these (eg, in a partnership of companies and/or trusts).

Moreover, each has their own particular advantages and disadvantages – particularly when it comes to taxation consequences (and the benefits thereof).

By way of a simple example, if you operate a business in partnership you have the legal problem of being “jointly and severally” liable for any debts of the partnership (ie, you can be personally liable for all the debts of partnership even if they were “incurred” by the other partner).

On the other hand, there are not a lot of legal formalities to comply with (unlike a company) and, moreover, from a tax point of view you generally split the income for the business with the other partner/s.

Furthermore, and something that is often forgotten, any tax losses made by the partnership can be attributed to the partners – and can be used to reduce tax on their other income. This may be particularly useful in the early stage of a business when losses are more likely to be made.

This is unlike companies and trusts where the losses remain “locked” in the company or trust until such time that there is income against which they can be offset. Even then there are complex rules that prevent such losses being used in this way if, for example, there has not been underlying “continuity in ownership” of the company or trust.

On the other hand, family trusts allow the allocation of income profits made by the trust to its beneficiaries. Companies and unit trusts also allow the same – but in a somewhat more rigid manner.

However, the key point we seek to make is that you can change the structure of your business at any time in its operation- in regards to tax, you can often do so without any adverse tax consequences because of the various concessions and roll-overs that allow you to do so.

For example, if you have been running your business as a sole practitioner or in partnership you can generally roll-over your business (ie, the assets that comprise it) into a company or trust without there being any adverse tax consequences.

Of course, this is subject to meeting certain eligibility requirements – the main one

of which is that you remain the beneficial owner of the business in that you remain the controller of the business in the same way you were before the “roll-over”.

And this is just at the simple end of this type of roll-over. In fact, the roll-over provisions now allow you to even roll-over a small business from whatever structure into a discretionary trust structure (with all its tax benefits). Again this is in effect subject to the same “continuity of beneficial ownership” existing both before and after the roll-over.

Finally, and crucially, even in the event you trigger a capital gain on restructuring a small business, the CGT Small Business Concessions should apply to allow you to eliminate or greatly reduce the assessable gain – and to roll-over the gain into buying assets for a new business.

If you are running a small business, and think it is time to do things a bit differently (at least from a tax perspective!) come and see us to discuss all the options and all the advantages and disadvantages of a particular structure.

Likewise, if you are thinking of starting a business for the first time, come and speak to us to work out what type of structure would best suit you at the start of your entrepreneurial adventure.



Be aware of myGovID / myID scams

A reminder on how to protect yourself

The ATO has reported seeing an increase in impersonation scams relating to the name change of myGovID to myID, which occurred in mid-November.

myID is a new name and has a new look – but it will still be used the same way. There is nothing taxpayers need to do to prepare. If you are asked to do anything in regards to this name change, it is a scam.

Scammers are trying to trick taxpayers into thinking they need to reconfirm their details via a link. The link directs users to a fraudulent myGov sign in page designed to steal personal information, including myGov sign in credentials.

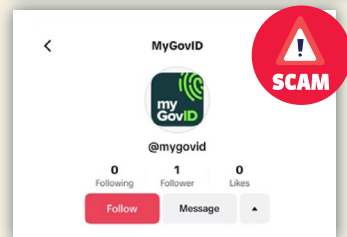
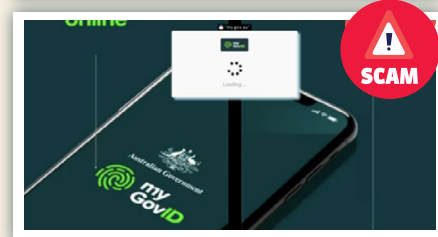
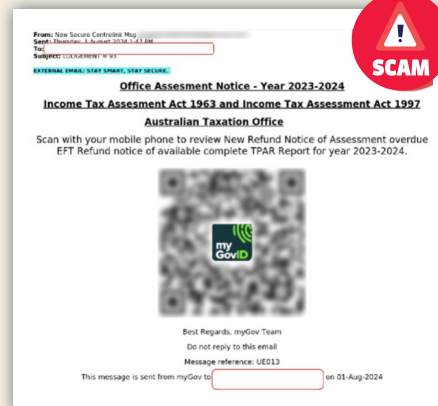
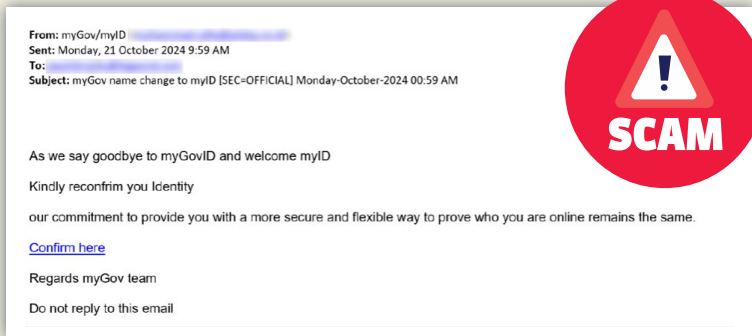
These details can be used later in identity theft or other fraudulent activity such as refund fraud.

The following image is one example of the format this scam can take.

- Only download the myID app from the official app stores (Google Play and the App Store).
- Never share your login code with anyone.

The ATO is active on Facebook, Instagram, X and LinkedIn, but will never use these social media platforms to send a private message, discuss your personal information, documentation, or ask you to make payments.

The following images are examples of other myGovID/myID scams.



If you are unsure whether it is really the ATO, do not reply. Phone our office on (08) 8272 2500 or the ATO on 1800 008 540 to check. Report any suspicious contact claiming to be from the ATO to ReportScams@ato.gov.au.

To protect yourself we remind you:

- The ATO do not send you SMSs or emails with links or QR codes to log on to online services. These sites should be accessed directly by typing ato.gov.au or my.gov.au into your browser.
- The ATO will never send unsolicited messages asking you to return personal identifying information through SMS or email.
- Do not click on links, open attachments or download any files from suspicious emails or SMS; the ATO will never send an unsolicited SMS that contains a hyperlink.

Principal Promotion – Luke Malcolm



Our team are proud to announce the promotion of Luke Malcolm to Principal of RJC Evans & Co.

We are excited to have someone of Luke's calibre commit to our firm, ensuring that our valued clients continue to receive exceptional service well into the future.

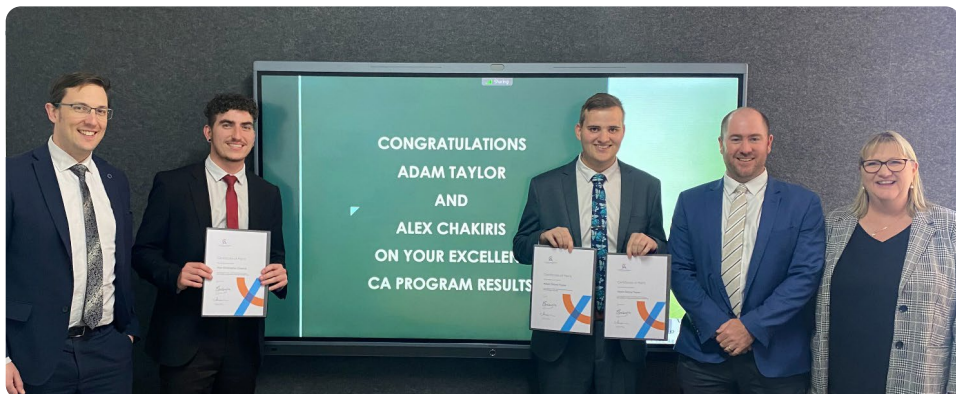
With over ten years of experience in public accounting, Luke joined our firm in early 2023. His upbringing on a farm near Port Neill on the Eyre Peninsula instilled in him a strong work ethic and a deep understanding of rural business challenges. Additionally, living and working in Adelaide since completing his education has expanded his knowledge of the complexities of urban businesses. This combination of experiences equips Luke with a skillset that will resonate across our entire client base.

Luke specialises in business and taxation advice, working with businesses of all sizes across various sectors. He is dedicated to building strong, lasting relationships with his clients, and providing tailored solutions to help clients achieve their business and personal goals.

Email: lmalcolm@rjcevans.com.au

LinkedIn: <https://au.linkedin.com/in/luke-malcolm-a3b363210>

Congratulations and Well Done Alex & Adam!



Last month we had a visit from Scott of Chartered Accountants Australia New Zealand (CAANZ) to present Alex & Adam with awards for their impressive results in their CA studies.

Adam received merits in Tax and Financial Accounting & Reporting, and Alex a merit in Financial Accounting & Reporting. These awards put them in the top 5% in Australia/NZ, with Alex receiving the top mark for SA. Pictured with Alex & Adam are their CAANZ mentors Daniel Palmer, Luke Harris & Sharon Lawrence (who is also Adam's mum).

Figured Farm Management Software



RJC Evans & Co has partnered with Figured to assist agricultural clients with their unique financial reporting, analysis and forecasting needs.

Whilst existing bookkeeping software packages (ie. MYOB, Xero etc.) assist with historical analysis, Figured software integrates with these cloud packages to enable forward looking analysis & reporting, including:

- Cashflow budgeting & forecasting
- Financial tracking & forecasting of different enterprises and properties
- Gross profit margin analysis & forecasting
- Scenario analysis & modelling

Please contact our office should you wish to investigate or implement Figured.

