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...your local finance specialists

Welcome to our quarterly newsletter

It's fair to say that 2020 has already thrown up more than its fair share of challenges. Whilst many of our clients were dealing with continuing drought conditions, or recovering from the impact of the bushfires, we have all been affected by the COVID-19 global pandemic and resulting economic downturn.

The impacts of these unprecedented events have been varied, and we understand that this is a tough time for many. We continue to assist a number of clients by providing details on how they can access hardship assistance to defer payments where required. If you need further information or assistance, please do not hesitate to make contact.

On a positive note, it has been excellent to see some good rainfall across many drought affected areas and, in some cases, follow-up rains. Whilst this rainfall hasn't been enough to take all farmers out of drought, it has provided some much needed relief to a number of clients.

In this edition of our Quarterly Newsletter, we continue to support you by providing details of where to access the tools and information that can help protect both you and your business during these trying financial times - and for those industries and businesses that haven't been as affected by the COVID-19 pandemic, we explain why now might be the right time to purchase equipment for your business, or that new motor vehicle.

In this edition we take a look at:

- Why now is a pivotal moment to understand your credit score
- Scammers targeting your superannuation savings
- Increased tax deduction incentives for the purchase of new and second hand assets, which are available until the end of June
- Handy Information, including new special tax arrangements for those WFH (working from home)
- Opportunities arising from the downturn in new vehicle sales

Do not hesitate to make contact on (07) 4922 7221 if we can assist with any financial requirement.

Please stay safe and enjoy the read.



Understanding the credit health of you and your business. Do you know your credit score?

Depending on how COVID-19 has impacted you or your business, it might be more important than ever to know your credit score.

The reason why your credit score is important is because it could influence how financiers and other credit providers (such as suppliers of goods or services) assess you as part of their credit processes.

How is your credit score determined?

Credit scores are calculated by credit reporting bodies (“CRBs”) within Australia. The credit score itself is based on an algorithm that reviews

information received from various credit reporting entities (such as financiers and utility providers), regarding patterns in your credit history.

It is important to note that a credit score is only one indicator of your credit risk.

What is the credit score range?

Your credit score will fall within a range from 0 to either 1,000 or 1,200, depending on which CRB is undertaking the calculation. For example, with Equifax, a "good" credit score is usually above 622, a "very good" score is above 726 and an "excellent" score is above 833.

What impacts negatively upon your credit score?

- Numerous applications to different credit providers within a short time period reported in your credit file
- Defaults, serious credit infringements, bankruptcies or court judgements

Other characteristics that can also affect a credit score;

Personal details contained in your credit file; including your age, employment stability, and length of time at current address.

If you are a director or owner of a company or business, your credit score will also consider the location of your business, the length of time your business has operated at its current address, and credit history information contained in the commercial section of your credit report.

Sometimes, your credit score might be negatively impacted by factors beyond your control. For example:

Information recorded on your credit file that is not correct – This can include when a CRB reports a payment default in your credit file that should

have been recorded against another credit file. Once found, such errors are easily fixed through contacting the CRB concerned.

Identity crime – Your identity is stolen and credit enquiries are made against your credit file without you knowing. According to the Australian Institute of Criminology (AIC), the annual economic impact of identity crime exceeds \$2 billion. A survey by the AIC found that 1 in 4 Australians have been a victim of identity crime at some point in their lives. The reality is that often people don't realise their identity has been stolen until it's too late. By being on top of your credit score you can spot changes in your file, including anything out of the ordinary. This may enable you to detect fraud you wouldn't usually see and correct it before it has a major impact upon your financial standing.

How do you check your credit score and that information is correct?

The main CRBs in Australia are Equifax, Ilion and Experian. The Australian Government's [Moneysmart](#) website provides links to obtain a credit report - and the good news is that in most cases this is free.

What happens to your credit score if you enter into a payment deferral due to COVID-19?

Your credit rating should not be affected if your bank gives you a repayment deferral because of COVID-19. Refer to the [Australian Banking Association](#) website for more details:

If you need any further information on credit scores, please do not hesitate to make contact.



Beware of scammers targeting your superannuation

Scammers are now trying to exploit Australians financially impacted by the COVID-19 crisis, including superannuation scams as reported to Scamwatch over recent weeks.

These scammers are seeking to take advantage of the Government's announcement that people suffering financial hardship can have partial access to their superannuation savings.

"Scammers are cold-calling people claiming to be from organisations that can help you get early access to your super," ACCC Deputy Chair Delia Rickard said.

"For most people, outside of their home, superannuation is their greatest asset and you can't be too careful about protecting it."

“The Australian Taxation Office is coordinating the early release of super through myGov and there is no need to involve a third party or pay a fee to get access under this scheme.”

“Never follow a hyperlink to reach the myGov website. Instead, you should always type the full name of the website into your browser yourself,” Ms Rickard said.

Since the Government’s announcement in March, there have been 87 reports of these scams, but no reported losses.

In most cases, the scammers are seeking to obtain personal information, including information that will help them fraudulently access the victim’s superannuation fund(s).

“While older people are more commonly affected by superannuation scams, the new early-access scheme means a range of age groups are now experiencing these scams,” Ms Rickard said.

“We also have reports of scammers offering to check if a person’s super account is eligible for various benefits or claiming the new scheme will lock people out of their accounts.”

In 2019, Australians lost over \$6 million to superannuation scams, with people aged 45-54 losing the most amount of money. You can find out more from the [Australian Consumer and Competition](#) Website



Changes to the instant asset write-off scheme for business

The Federal Government's March 2020 Economic Stimulus Package, in response to challenges created by the spread of COVID-19, provides increased instant asset write-off tax concessions for businesses, effective from 12 March 2020.

What is an instant asset write-off?

The instant asset write-off scheme allows eligible businesses to immediately write off, as an expense for tax purposes, new or second-hand asset purchases.

For the period 12 March 2020 until 30 June 2020, the instant asset write-off has increased as follows:

- Threshold amount for each asset increased to \$150,000 excluding GST (up from \$30,000)

- Eligibility expanded to cover businesses with an aggregated turnover of less than \$500 million (up from \$50 million).

The asset must have been purchased and be installed ready for use by 30 June 2020.

This deduction applies on a per asset basis, meaning it can be applied to multiple asset purchases.

Exclusions and Limits: There is a small number of assets that are excluded. If you purchase a car (a passenger vehicle, except a motor cycle or similar vehicle, designed to carry a load less than one tonne or fewer than nine passengers) for your business, the instant asset write-off is limited to the business portion of the luxury car depreciation limit of \$57,581 for the 2019–20 income tax year. You cannot claim the excess cost of the car under any other depreciation rules.

As the instant asset write-off eligibility criteria and threshold have changed over time, it is recommended that you check with your accountant as to your business's eligibility and to ensure you apply the correct threshold amount.

What happens after 30th June?

As it currently stands, unless there is either the new \$150,000 threshold or the previous \$30,000 threshold is extended beyond 30 June, the instant asset write-off threshold will revert to \$1,000 from 1 July 2020, and the business turnover limit will reduce to \$50 million.

If you are purchasing an asset and require finance, or you need further information, please make contact.



Working from Home – Special ATO arrangements

With the number of employees now WFH for the first time, the Australian Taxation Office (ATO) has announced special arrangements for this year due to COVID-19 to make it easier to claim a tax deduction.

The new arrangement, known as the “New Working from Home Shortcut”, will allow those taxpayers WFH to claim a tax deduction at a flat rate of 80 cents per hour to cover all additional running expenses, without the need to calculate actual costs for specific running expenses.

Multiple people living in the same house can claim this new WFH tax deduction. For example, a couple living together could each individually claim the 80 cents per hour rate. The requirement to have a dedicated work from home area has also been removed.

This new arrangement does not prohibit taxpayers from claiming a WFH tax

deduction under existing arrangements, which requires the identification, calculation and substantiation of actual expenses incurred in running a home office.

There are now three options for calculating a WFH tax deduction for the period 1 March to 30 June:

- Claim a rate of 80 cents per work hour for all additional running expenses
- Claim a rate of 52 cents per work hour for heating, cooling, lighting, cleaning and the decline in value of office furniture, plus, calculate the work-related portion of your home phone and internet expenses, computer consumables, stationery and the decline in value of your computer, laptop or similar device
- Claim the actual work-related portion of all of your home office running expenses, which you need to calculate on a reasonable basis.

The ATO is also reminding taxpayers that the three golden rules for deductions still apply. Taxpayers must have spent the money themselves and not have been reimbursed, the claim must be directly related to earning income, and there must be a record to substantiate the claim. Further information is available [here](#)



Opportunities arising from the downturn in new vehicle sales

The Federal Chamber of Automotive Industries (FCAI) recently issued its new vehicle sales data for the Australian market for the month of April 2020.

Year to date figures for April totalled 272,287 sales, down from 344,088 in 2019, which equates to a 20.9 per cent decline. A total of 38,926 sales were recorded for April. This figure represents a fall of 48.5 per cent over the same period last year (75,550 sales),

“Clearly, the COVID-19 pandemic has had a major influence on the April sales result, and reflects a downturn in the broader economy right across the country,” Tony Weber, chief executive FCAI, said.

What does this mean if you are in a position to buy a new vehicle in the short term?

During this significant fall in sales numbers, those that have been buying cars are taking advantage of discounts on offer from dealers to move stock. In addition, in the lead up to the end of each financial year there is usually discounting to move stock. However, this year it can be expected that some dealers will heavily discount stock

How do you know if you are getting a reasonable price?

If you have selected your choice of vehicle, we can put you in touch with our car buying service, who discuss the vehicle independently with you and then offer a “no obligation” competitive price. They will place the vehicle to tender, and this process takes an average of only four to five (4-5) hours. Their specialists tender your exact vehicle to dealers Australia-wide. They will then have an indication of the best value possible in the country. If you are happy with the price quoted, they place a hold on the car on your behalf and notify the winning dealership.

If you are looking at purchasing a new vehicle, please make contact.



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Our mailing address is:

Esdale Sinclair and Associates
184 Musgrave Street
North Rockhampton, QLD 4701
Australia