

2026 SEPTEMBER

Quarterly Newsletter

Green Taylor Partners



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Contact us: Green Taylor Partners

43 Pynsent St. Horsham, Victoria 3400 • (03) 5382 4761 • advice@greentaylor.com.au • www.greentaylor.com.au

WELCOME TO OUR NEW TEAM MEMBERS

TAHLI HALLAM

Away from Green Taylor Partners Tahli enjoys bike riding, going to the gym, hanging with her family, and watching her 3 girls play netball at Horsham Demons FNC.



Q&A with Tahli

- **Favourite food:** *White choc raspberry bullets*
- **Favourite movie:** *The Greatest Showman.*
- **What are you looking forward to at Green Taylor?** *Learning a new field*

MADI HOFMAIER

Away from Green Taylor Partners Madi enjoys spending time family and friends, keeping fit and going on holidays in the caravan.



Q&A with Madi

- **Favourite food:** *Chicken schnitzel*
- **Favourite movie:** *The Notebook*
- **What are you looking forward to at Green Taylor?** *Getting to know the GTP team, building relationships with clients and extending my knowledge.*

RED NOSE DAY - August 27th

Our team got a little silly for a really serious cause, enjoying a Red Nose themed morning tea.

Red Nose Day funds research into SIDS and stillbirth, and provides free support to families that have experienced SIDS, stillbirth, SUDI, and miscarriage, among other things.

If you would like to get involved and donate, visit the Red Nose Day website www.rednoseday.org.au



ATO KEY DATES

September

21st - Lodge and pay August monthly BAS

October

- 21st - Pay annual PAYG instalment notice (Form N). Lodge only if you vary the instalment amount or use the rate method to calculate the instalment.
- Lodge and pay quarter 1, 2026–27 PAYG instalment activity statement for head companies of consolidated groups.
 - Lodge and pay September 2026 monthly business activity statement.
- 28th - Lodge and pay quarter 1, 2026–27 activity statement, if lodging by paper.
- Pay quarter 1, 2026–27 instalment notice (Form R, S, or T). Lodge the notice only if you vary the instalment amount.
 - Lodge and pay annual activity statement for TFN withholding for closely held trusts where a trustee withheld amounts from payments to beneficiaries during the 2025–26 income year.
- 31st - Final date to add new clients to your client list to ensure their 2026 tax return is covered by the lodgment program.
- (Note: The lodgment program is a concession to registered agents. We can ask for documents to be lodged earlier than the lodgment program due dates.)*
- Lodge tax returns for all entities if one or more prior year returns were outstanding as at 30 June 2026.

November

- 21st - Lodge and pay October 2026 monthly business activity statement.
- 25th - Lodge and pay quarter 1, 2026–27 activity statement if you lodge electronically.



Introducing FuseSign

A simpler way to sign your documents

We're pleased to offer FuseSign, a secure digital signing platform designed to make reviewing and signing documents more convenient.

If you choose to use FuseSign, you'll be able to review and sign documents online from your phone, tablet, or computer, without the need to print, scan or post documents. What does this mean for you?

Clients who opt in to use FuseSign will receive a secure signing request by email whenever we have documents ready for review and signature. Simply follow the link in the email to open your documents, review them and complete the signing process.

There's no account to create and no software to download. If you would prefer to continue using our existing document signing process, you are welcome to do so.

HOW FUSESIGN WORKS FOR CLIENTS WHO CHOOSE TO OPT IN

- 1. Look out for your FuseSign signing request.** You'll receive an email from FuseSign on behalf of Green Taylor Partners letting you know your documents are ready.
- 2. Open your secure document bundle.** Select the link in the email to securely access the documents we've sent you.
- 3. Review your documents.** You'll be able to view your documents online before signing.

- 4. Complete the signing steps.** Follow the prompts to sign your documents. Depending on the documents being sent, you may also be asked to complete an additional verification step.

- 5. Access your completed documents.** Once all required parties have finished signing, you'll be notified and can access the completed documents.

KEEPING YOUR DOCUMENTS SECURE

FuseSign is ISO 27001 certified and uses encryption to help protect documents throughout the signing process. Depending on the document, you may also be asked to complete an additional verification step such as two-factor authentication.

Once signing is complete, FuseSign provides a tamper-evident record and audit trail to help protect the integrity of the completed document. If you'd like to see the process before you get started, you can watch our short FuseSign signing walkthrough.

We hope FuseSign makes signing documents with us simpler and more convenient.

If you have any questions about a FuseSign request, or would prefer another way of signing, please contact our office and we'll be happy to help.

How to Sign Documents with FuseSign | Videos & Movies on Vimeo: <https://vimeo.com/1199944064?fl=pl&fe=sh>



GTP Birthdays

September

13th - Emma Glover

October

18th - Kayla Hawker

24th - Vicky McClure

29th - Breanna Bell

November

16th - Natasha Gardner



GTP Anniversary's

September

18th - Kerry Schultz (20 years)

October

31st - Vicky McClure (3 years)

November

6th - Emma Glover (3 years)



**Schedule your
next appointment
online**

Making a time to see your trusted advisor here at Green Taylor Partners has never been easier.

[www.greentaylor.com.au/
schedule-appointment](http://www.greentaylor.com.au/schedule-appointment)



New ATO App Feature Helps Protect You From Scam Calls

Jessie Lakin

With tax time upon us, scam activity always ramps up and unfortunately, many of these scams involve fraudsters pretending to be from the Australian Taxation Office (ATO). To help combat this, the ATO has recently introduced a new feature within its app that allows you to verify whether a call is genuinely from the ATO in real time.

You can read the official announcement here:

<https://www.ato.gov.au/media-centre/ato-launches-new-app-feature-to-stop-scam-calls>

What Is the New “Verify Call” Feature?

The ATO has introduced a new “verify call” function in its mobile app that allows you to confirm if a call is genuinely from the ATO - while you are still on the phone. It works in real time and gives you an immediate answer, helping remove the guesswork when you receive an unexpected call.

The goal is simple: put control back in your hands so you can quickly identify and shut down scam attempts.

How It Works

If you receive a call from someone claiming to be from the ATO, you can:

1. Open the ATO app on your phone
2. Log in securely
3. Select the “verify call” option

If the call is legitimate, you will receive a confirmation notification within approximately 30 seconds.

If you do not receive a notification, you should treat the call as a scam and hang up immediately.

What To Do If You Receive a Scam Call

If you receive a suspicious call, SMS, email or social media message:

- Do not reply, click on any links or download any attachments.
- Visit the ATO website and enter in the search icon, ‘verify or report a scam’, to check or report it
- Call the ATO immediately on 1800 008 540, if personal information or payment has been shared with a scammer.
- Visit ato.gov.au/scamsafe for more information on how to protect personal information and stay safe from scammers.



ATO Tax Time Focus Areas for 2025-26 Individual Tax Returns

Penny Fisher

With tax time underway, the Australian Taxation Office (ATO) has once again highlighted the areas it will be closely monitoring in individual tax returns. Thanks to increasingly sophisticated data-matching technology, the ATO has greater visibility than ever before, making it important to ensure your return is accurate and supported by appropriate records.

HERE ARE THE TOP 3 AREAS OF FOCUS:

1. Work-Related Expense Claims

Work-related expense deductions remain a key area of concern for the ATO. Taxpayers can only claim a deduction if:

- The expense was directly related to earning your income.
- You paid for it yourself and were not reimbursed.
- You have records to support your claim.

Working-from-home expenses remain under the microscope, particularly where taxpayers cannot substantiate the hours worked or the expenses claimed.

2. Rental Property Deductions

If you own an investment property, take extra care when preparing your return. The ATO continues to identify errors relating to:

- Interest and borrowing cost deductions
- Repairs versus capital improvements
- Holiday homes and mixed private/rental use properties
- Apportionment of expenses where a property is not genuinely available for rent

The ATO reports that mistakes in rental property claims remain one of the most common issues encountered during reviews and audits.

3. Omitted Income

Whether you're driving for a rideshare service, selling goods online, earning income from Airbnb, investing in shares, or trading cryptocurrency, the ATO is receiving information directly from many third parties and online platforms. This means undeclared income is more likely to be detected.

The ATO expects taxpayers to report all sources of income, including:

- Interest and dividends
- Rental income
- Gig economy earnings and side hustle earnings
- Cryptocurrency transactions
- Income earned through digital platforms such as ride-sharing and short-term accommodation services

WHAT TAXPAYERS SHOULD DO

To minimise the risk of the ATO reviewing your return, taxpayers should:

- Ensure all income sources are declared
- Retain receipts and supporting documentation for deductions
- Maintain records of working-from-home hours where applicable
- Review rental property claims carefully

OUR TOP TIP

Good record-keeping not only helps maximise legitimate deductions but also reduces the risk of delays, amendments or ATO enquiries down the track.

The general rule of thumb is if you haven't paid for an expense yourself, if it doesn't relate to earning your income or you don't have receipts, it probably isn't a deduction – but just ask us – we are here to help! We also have checklists available on our website that you can access to help get you organised and try to maximise your claims.





AML/CTF Changes: What Clients Need to Know

Vicky McClure

As you may already be aware, or perhaps have recently experienced, Green Taylor Partners has begun implementing new client identity verification procedures.

These changes are the result of Australia's updated Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) legislation, which now requires accounting firms and other professional service providers to verify the identity of their clients before providing certain services. Similar requirements have long been in place for banks and financial institutions.

The good news is that for most clients, the process is quick, simple and straightforward.

WHAT INFORMATION MAY BE REQUIRED?

Depending on the services we provide and your individual circumstances, we may need to collect information such as:

Proof of Identity

This is typically a photo of your driver's licence and/or passport to confirm who you are.

Business Ownership Information

Where a company, trust or other entity is involved, we may need to identify the individuals who ultimately own or control the entity.

Source of Funds Information

For some transactions, we may be required to understand where funds have originated from. This may be as simple as confirming the funds came from savings, the sale of a property, an inheritance or a gift.

If additional information is required, we will let you know exactly what we need and why.

HOW DOES THE VERIFICATION PROCESS WORK?

When identity verification is required, we'll send you a secure link via email or SMS. Using your phone, tablet or computer, you can securely upload the requested documents in just a few minutes.

We use **easyAML**, an Australian-built verification platform that is designed to keep your personal information secure and confidential throughout the process.

You may also receive similar requests from your solicitor, bank, financial adviser or other professionals involved in your affairs. This is normal and reflects the introduction of the same requirements across a range of industries.

SUPPORTING A SAFER FINANCIAL SYSTEM

While these requirements introduce an additional step for some engagements, they play an important role in protecting Australia's financial system and helping prevent financial crime.

We appreciate your cooperation as we implement these new professional obligations and remain committed to making the process as simple and efficient as possible.

If you have any questions about the new AML/CTF requirements or how they may apply to you, please contact our team. We're here to help.





Who Can Value Your Assets for the Proposed 30 June 2027 CGT Cost Base Reset?

Kerry Schultz

The Federal Government's proposed CGT reforms for 2026-27 may create one of the most significant capital gains tax transition events in recent decades.

Under the proposal, taxpayers holding CGT assets on 30 June 2027 may need to establish a market value for those assets to create a new starting point or "reset" cost base for future capital gains tax calculations.

While many taxpayers assume this means obtaining a formal valuation before 30 June 2027, the current proposals suggest the position may be more flexible than expected.

DOES THE VALUATION NEED TO BE OBTAINED BY 30 JUNE 2027?

Importantly, the valuation must reflect the market value as at 30 June 2027 (or 1 July 2027). However, there is currently no indication that the valuation itself must be physically completed before that date.

This means that, provided sufficient evidence exists to determine the market value at the transition date, taxpayers may be able to obtain supporting valuation material after 30 June 2027.

Further detail will be required once the legislation is enacted.

MUST YOU USE A REGISTERED VALUER?

Not necessarily.

ATO valuation principles generally focus on whether a valuation is based on reasonable, objective and supportable evidence, rather than requiring a registered valuer in every circumstance.

The appropriate valuation method will depend on the nature, complexity and value of the asset being assessed.

ACCEPTABLE SOURCES OF VALUATION EVIDENCE

1. Independent Professional Valuers

For high-value or complex assets, a professional

valuation will generally provide the strongest level of evidentiary support.

Recognised valuation professionals may include members of organisations such as:

- Australian Property Institute (API)
- Royal Institution of Chartered Surveyors (RICS)
- Australian Valuers Institute (AVI)
- American Society of Appraisers Australia
- Chartered Accountants Australia and New Zealand (CA ANZ)

Professional valuers are expected to be independent and free from conflicts of interest.

2. Real Estate Agents

For real property, a local real estate agent may provide a market appraisal or comparable sales evidence that assists in determining market value.

The key requirement is that the valuation be based on objective and supportable market data rather than a subjective estimate.

For many residential and farming properties, local sales evidence may provide a practical basis for establishing market value.

3. Taxpayer-Prepared Valuations

In some circumstances, taxpayers may determine their own valuation.

However, any self-assessed valuation should be supported by:

- Comparable market data
- Independent evidence
- A documented methodology
- Records that enable the valuation process to be replicated

The ATO places significant importance on maintaining sufficient documentation to substantiate how the valuation was determined.

4. Future ATO Valuation Tools

Government announcements have indicated that taxpayers may be able to utilise ATO-provided valuation tools for certain asset classes as part of the transition process.

These tools are expected to simplify compliance for more standard assets and may provide additional certainty for taxpayers.

Further details have not yet been released.

PRACTICAL CONSIDERATIONS

Although formal valuations may not be mandatory in every case, obtaining a professional valuation should be considered where:

- The asset represents a significant proportion of the taxpayer's wealth.
- The asset is unique or difficult to value.
- There is potential for dispute regarding market value.
- The valuation will have a material impact on future CGT outcomes.

For lower-risk assets, well-documented market evidence may be sufficient.

WHAT WILL NEED TO BE REPORTED?

At this stage, software providers and practitioners are still awaiting the release of the 2027 tax return specifications and final legislation.

Our expectation is that taxpayers will likely need to retain evidence supporting the 30 June 2027 valuation rather than report the valuation directly in the tax return itself. The valuation would then be available to support the revised cost base when the asset is eventually disposed of.

However, this remains subject to the final legislation and any ATO reporting requirements.

KEY TAKEAWAY

The proposed CGT cost base reset creates an important planning opportunity for taxpayers holding investment properties, business assets, shares, farming land and other CGT assets.

The critical issue will be establishing and adequately documenting the market value of assets at 30 June 2027.

While a registered valuer may not always be required, taxpayers should ensure that any valuation is based on objective, supportable evidence and that sufficient records are retained to substantiate the position adopted.

As further legislation and ATO guidance are released, taxpayers should review their circumstances to determine the most appropriate valuation approach for their asset portfolio.



Expected a refund but received a tax bill? Here's why

Holly Nuske

Many people expect a tax refund when they lodge their tax return, so receiving a tax bill can come as an unwelcome surprise.

In most cases, a tax bill doesn't mean a mistake has been made. It usually means that not enough tax was paid throughout the year.

Below are some of the most common reasons.

1. You worked more than one job

If you worked for multiple employers during the year, there may not have been enough tax withheld from your pay. This can happen when you claim the tax-free threshold from more than one employer.

Generally, you should only claim the tax-free threshold from one employer. This will usually be the employer who pays you the most.

If you are currently claiming it from more than one employer, you can ask one employer to stop applying it. You can also ask your employer to withhold additional tax from your pay if needed.

2. You have a HELP or HECS debt

If you have a HELP or HECS debt, your compulsory repayment is based on your repayment income for the year.

From the 2025-26 financial year, compulsory repayments are calculated using marginal rates. This means that your repayment is calculated only on the income above the minimum repayment threshold.

For the 2025-26 year:

- No compulsory repayment applies if your income is \$67,000 or less.
- If your income is between \$67,001 and \$125,000, the repayment rate is 15 cents for each \$1 over \$67,000.

Make sure your employer knows that you have a HELP debt. If you have multiple jobs or your income increases, you may also ask your employer to withhold additional tax from your pay.

3. You earned investment income

Interest from bank accounts, dividends from shares, managed fund distributions, and other investment income are generally taxable. However, little or no tax may be withheld before you receive this income.

Keep records of your investment income and provide them to your accountant at tax time. If you regularly receive investment income, consider setting aside some money to cover the possible tax.

4. You sold shares

Selling shares can result in a capital gain, which may mean additional tax is payable.

Before selling shares, consider speaking with your accountant so you understand the potential tax consequences. Make sure you keep records showing when you purchased and sold the shares.

5. You don't have private health insurance

If your income exceeds certain thresholds and you don't have an appropriate level of private health insurance, you may have to pay the Medicare Levy Surcharge.

The surcharge is in addition to the Medicare Levy that most taxpayers already pay and is calculated when your tax return is prepared.

If you only had appropriate private health insurance for part of the year, you may have to pay the surcharge for the days you were not covered.

Review whether private health insurance is right for your circumstances and ensure you have the correct level of cover if you wish to reduce or avoid the surcharge.

Keep in mind that reportable fringe benefits, such as certain employer-provided benefits, can increase the income used to calculate your HELP repayment and Medicare Levy Surcharge.

HOW CAN YOU REDUCE THE RISK OF A TAX BILL?

Some simple steps can help:

- Only claim the tax-free threshold from one employer
- Tell your employer if you have a HELP or HECS debt
- Keep records of investment income and share transactions
- Review your private health insurance
- Ask your employer to withhold additional tax if needed
- Speak with your accountant if your income or circumstances change

THE BOTTOM LINE

A tax bill can be frustrating, but it's often the result of changes to your income or not enough tax being withheld during the year.

If you've received an unexpected tax bill and aren't sure why, contact your accountant. Understanding the cause now can help you avoid receiving another surprise tax bill next year.



How to Process Payday Super in MYOB & Xero

Holly Nuske

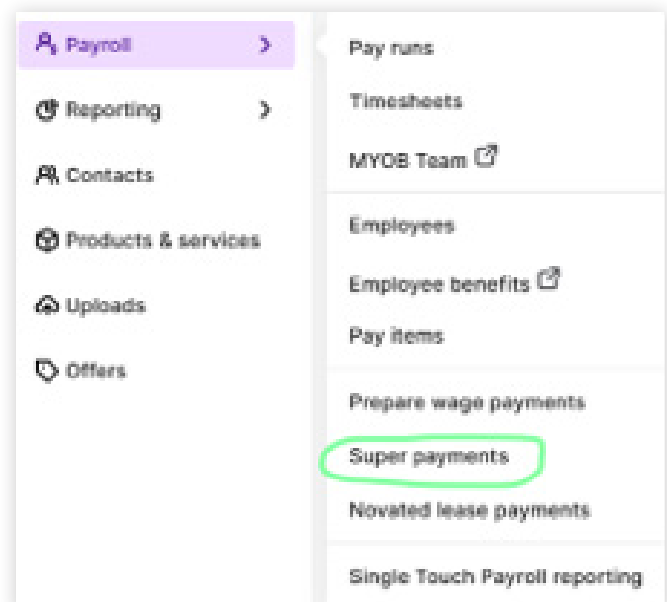
From 1 July 2026, employers are now required to pay superannuation at the same time employees are paid. To avoid ATO penalties, super contributions must generally be received by the employee's super fund within 7 business days of payday. If you use MYOB or Xero payroll, the process is straightforward, but it is important to submit and authorise super payments as soon as possible after each pay run.

PROCESSING PAYDAY SUPER IN MYOB

Super is processed directly through MYOB. The super amounts will prefill based on the pay runs processed.

To process and authorise super in MYOB:

1. In MYOB, go to 'Payroll' then click 'Super payments'



2. It will ask you to 'login', click login
3. Click the green 'create super payment' button in the top right corner
4. Select all super payments (these should all be from the pay run just processed), and click 'record'
5. Click 'yes' and continue to authorise payment
6. Click 'authorise'
7. Click 'get code' which will send an SMS to the authorised mobile number
8. Enter the code into the 'authorisation code' field and click 'authorise'
9. The 'Success!' message should appear, and the status updated to 'processing'

Once the payment is processing, you do not need to do anything else, the super payment will be automatically direct debited from your nominated bank account.

PROCESSING PAYDAY SUPER IN XERO

Super is processed directly through Xero. The super amounts will prefill based on the pay runs processed.

To process and authorise super in Xero:

1. In Xero, go to 'payroll' then click 'superannuation'
2. Click 'add super payment' or click into the box 'X unpaid contributions'
3. Select the super payments (if multiple, then select all)
4. Click 'submit for approval' on the right-hand side
5. Click 'continue to approve'
6. Enter the SMS authorisation code sent to your phone, then click 'verify and pay'
7. Once approved and verified, the batch status updates to 'processing'

Once the payment is processing, you do not need to do anything else, the super payment will be automatically direct debited from your nominated bank account.

NEED ASSISTANCE WITH PAYDAY SUPER?

If you're unsure whether your payroll setup is ready for these requirements, contact your accountant. We can help review your payroll processes and ensure super payments are being processed correctly and on time.



Returned Super in MYOB and Xero: Avoiding Compliance Issues Under Payday Super

Jessie Nippers

Now that businesses have adapted to Payday Super, it's time to focus on another often-overlooked compliance risk: returned superannuation contributions.

Under the quarterly system, returned contributions were largely an administrative inconvenience because there was time to fix the problem. Under Payday Super, a returned contribution can quickly result in late super. By the time the funds are returned to your bank account, the 7-day payment window may have already expired. As such, the ATO has highlighted the importance of maintaining accurate employee super fund information and quickly resolving contribution errors, so they don't impact your next pay cycle.

WHY RETURNED CONTRIBUTIONS MATTER MORE THAN EVER

Under Payday Super, employers must ensure contributions are received and allocated by the employee's fund within the required timeframe. A rejected or returned contribution means the employee has not received their super on time.

A simple error such as:

- An incorrect member number,
- Employee's name in your system not matching the fund records,
- An incorrect date of birth, or
- Outdated fund details,

Can cause a contribution to be returned.

The problem is that one rejected contribution can trigger a chain of delays:

1. The payment is submitted
2. The super fund rejects the contribution.
3. The money is returned.
4. The employer must investigate the cause.
5. Employee or fund details need correction.
6. The contribution must be reprocessed and repaid.
7. The super fund must receive and allocate the contribution.

What was once a simple quarterly correction may now be difficult to resolve within the 7-day deadline, making immediate action essential.

EARLY DETECTION IS CRITICAL

The best defence against returned contributions is early detection.

Employers should regularly monitor payment statuses, review rejection notifications, verify employee super details during onboarding and address errors as soon as they are identified.

PROCESSING RETURNED SUPER IN MYOB

If a super payment is returned in MYOB, the underlying issue should be corrected before any attempt is made to resubmit the contribution. This may involve updating employee or fund details after confirming the correct information with the employee or super fund.

Once the funds have been returned:

1. Record the Returned Funds

Code the returned bank deposit to the Superannuation Payable account, either through bank feeds or by recording a Receive Money transaction. This reinstates the liability in the accounts.

2. Reverse the Original Super Contribution

MYOB requires a zero-dollar pay run to reverse the original super reporting:

- Use the original pay period.
- Enter nil wages and hours.
- Enter the returned super amount as a negative super figure.
- Finalise the pay and process the STP update.

3. Reprocess the Contribution

After correcting the employee's details, reprocess the super contribution through MYOB's Pay Super functionality and complete the required authorisation process.

PROCESSING RETURNED SUPER IN XERO

Xero's Auto Super system provides notifications when a contribution has been returned by a super fund. The notification identifies the affected contribution and, where available, the reason for the return.

1. Correct the Error

Update the relevant employee or super fund details before resubmitting the payment.

2. Withdraw the Returned Contribution

Navigate to:

Payroll > Superannuation

Open the returned batch and select Withdraw. This releases the returned contribution and makes it available for resubmission.

3. Resubmit the Payment

Create a new super payment batch, select the unpaid contribution and complete the approval process.

DON'T WAIT FOR THE RETURN

Under Payday Super, the greatest risk is often not the error itself but the time taken to discover it.

A contribution can take several days to be rejected and returned. By the time the funds reappear in the employer's bank account, there may be little time left, if any, to identify the cause, correct the details and resubmit the payment.

For this reason, businesses should treat super payment warnings and returns with the same urgency as payroll errors. Maintaining accurate employee super details and responding quickly to rejected contributions will help minimise the risk of non-compliance, interest and penalties.

KEY TAKEAWAY: Under Payday Super, a returned contribution isn't just a payroll administration issue. It can very quickly become a compliance issue if it delays the super reaching the employee's fund on time.





Probate Explained: What Happens When Someone Passes Away?

Karen Grainger

Losing a loved one is difficult enough without the added stress of navigating legal and financial responsibilities. One of the first questions families often face is whether probate is required and what it actually involves.

Put simply, probate is the legal process that confirms a person's will is valid and authorises their executor to manage and distribute the estate. Understanding the basics can help reduce uncertainty during an already challenging time.

WHAT IS PROBATE?

Probate is a grant issued by the Supreme Court that confirms a will is valid and gives the executor authority to administer the deceased estate.

Once probate is granted, the executor can:

- Access and deal with estate assets.
- Pay outstanding debts and expenses.
- Distribute assets to beneficiaries in accordance with the will.

IS PROBATE ALWAYS REQUIRED?

Not necessarily.

Probate is commonly required where the deceased owned:

- Real estate in their sole name.
- Significant bank account balances.
- Shares or investments held solely by them.
- An accommodation deposit with an aged care facility.

However, jointly owned assets often pass automatically to the surviving owner and may not require probate.

WHAT HAPPENS IF THERE IS NO WILL?

When someone dies without a valid will, they are said to have died intestate. In these cases, an eligible person must apply to administer the estate, and assets are distributed according to state or territory intestacy laws rather than the deceased's personal wishes.

PROBATE AND ESTATE PLANNING

Many people assume that having a will avoids probate, but this is not always the case. Probate is often still required, even where a will includes a testamentary trust. Good estate planning can, however, make the process smoother and reduce the burden on loved ones.

FINAL THOUGHTS

Probate is an important part of ensuring a deceased person's affairs are properly managed and their assets are distributed according to their wishes.

While the process can seem daunting, understanding the basics can provide families with greater clarity and confidence. If you are acting as an executor or assisting with a deceased estate, professional legal and accounting advice can help ensure everything is handled correctly.



Working from home? A court decision has redrawn the line on what you can claim

Regina Chia

Earlier this year the Full Federal Court handed down a decision that puts a spotlight on something many people working from home get wrong: the difference between running expenses and occupancy expenses. If you or your business has been claiming a share of rent, mortgage interest or rates, this one is worth a read.

Two very different kinds of expense

Running expenses are the extra costs you incur because you're working from home. Think electricity, internet, phone usage and the decline in value of your desk, chair and computer. Employees and business owners can generally claim these, using either the fixed rate method (70 cents per hour) or the actual cost method. Whichever method you use, you need a record of the actual hours you worked from home across the whole year. An estimate or a "typical four weeks" won't cut it.

Occupancy expenses relate to the home itself: rent, mortgage interest, council rates and home insurance. Employees have always struggled to claim these, and the court has now made the position even clearer.

What happened in the case

The taxpayer was an employee who, because of his employer's requirements and COVID-19 restrictions, did most of his job from a dedicated room in the apartment he rented. He claimed part of his rent as a deduction. The Full Federal Court said no, despite the room being used solely for work and the taxpayer having no genuine say in where he worked.

The reasoning is the important part. The court held that rent is private or domestic by its very nature. It is a payment for somewhere to live, and how the space happens to be used doesn't change that character. Being required to work from home, keeping a room purely for work, or having no other workplace available made no difference to the outcome.

What it means for you

If you're an employee, and that includes a director who is employed by their own company, you cannot deduct occupancy expenses for working from home. That's true even where you have a room used exclusively for work. The one genuine exception is where your home is truly your place of business, such as a health practitioner running a clinic from home. Even then, if you own the property, claiming occupancy costs can eat into your main residence exemption when you eventually sell.

Running expenses are not affected by this decision. Keep claiming them, and keep your hours log going for the full year.

What if you operate through a trust or company?

Hall dealt with an individual claiming a personal deduction for their own home. It doesn't, on its own, prevent a trust or company from paying rent for the space it occupies. That said, there are some real hurdles to consider before going down that road.

Where a director or a related person owns the property, the entity can in principle pay arm's length rent under a proper lease or licence for the business-use portion of the home. If it's set up correctly, the rent is deductible to the entity and assessable to the owner. In practice, though:

- Rented homes are usually out. Most residential leases prohibit subletting and business use, so a sub-lease to your entity often isn't an option.
- Your main residence exemption takes a hit. The owner will generally lose part of the exemption on the leased portion, worked out by floor area and the length of time the arrangement is in place.
- Paying expenses directly triggers FBT. If the entity simply pays home costs rather than paying rent under a genuine lease, that's likely to be a housing or expense payment fringe benefit. Because Hall confirms the individual couldn't have claimed the expense themselves, the "otherwise deductible" rule can't reduce the taxable value, so FBT applies in full.
- Zoning and strata rules still apply. Local council zoning and body corporate rules can limit running a business from a residential property regardless of the tax treatment. This falls outside our expertise, so check with your council or body corporate before setting anything up, especially if you have a neighbour who pays attention.

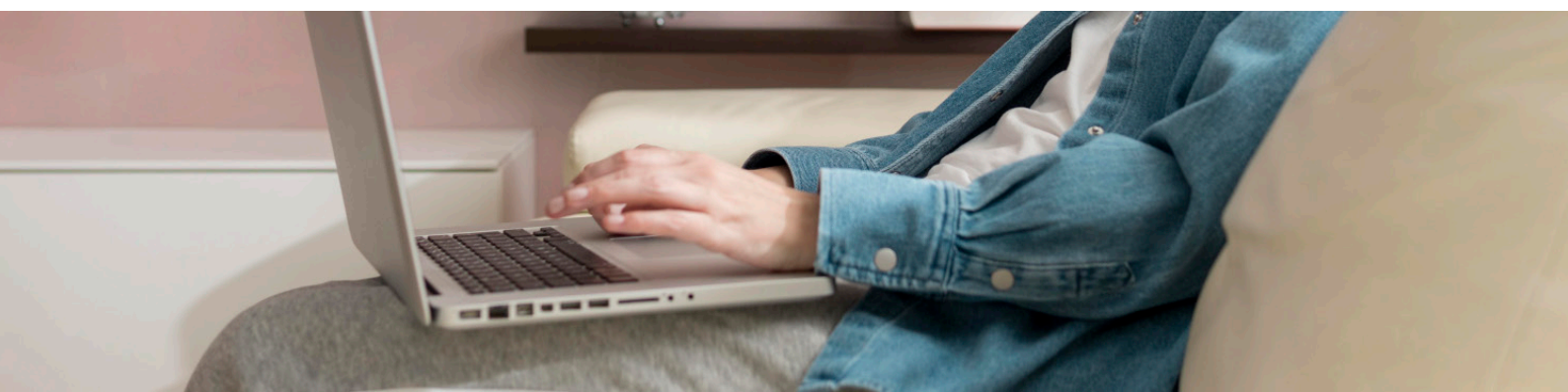
For most family businesses, the cleaner and lower-risk approach is for the trust or company to claim the business-use share of genuine running costs (power, internet, phone, equipment) rather than putting a lease in place for occupancy. It sidesteps the main residence issues and matches how most home-based businesses actually operate.

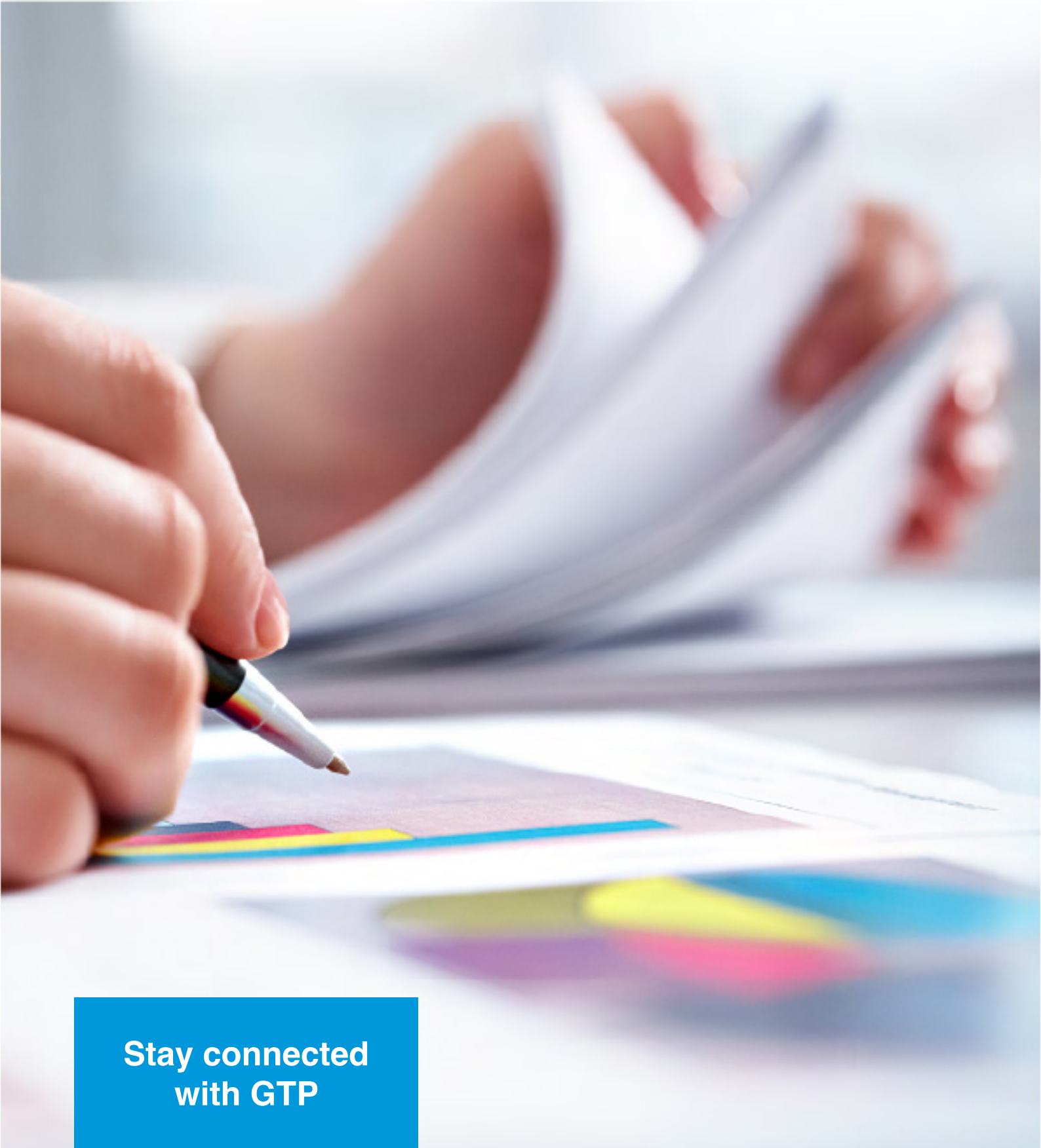
The takeaway

If you or your business has been claiming part of your rent, mortgage interest or rates for a home office, now is the time to review that claim. Running expenses are still fully available under the usual methods. And if you trade through a trust or company, get advice before entering into any lease arrangement with the property owner.

Need a hand?

If you're unsure how this decision affects your situation, or you'd like us to review your existing home office claims, get in touch with the team at Green Taylor Partners. We're happy to talk it through and make sure you're claiming everything you're entitled to, and nothing you're not.





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43 Pynsent St. Horsham, Victoria 3400 | (03) 5382 4761
advice@greentaylor.com.au | www.greentaylor.com.au



fb.com/greentaylorpartners