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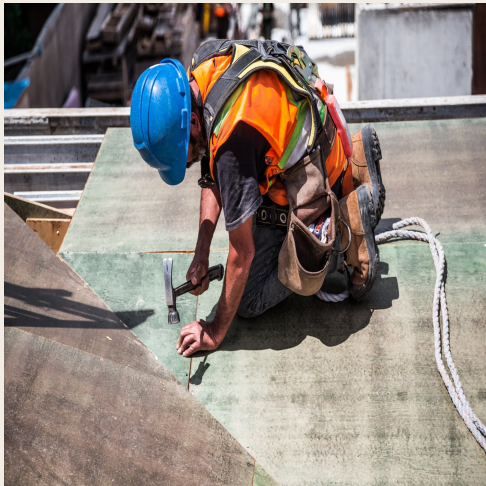
Your dreams, our passion, the future together.



July 2020 Newsletter

Given the current volatility across equity markets, I wanted to reach out to you with the following update. Should you wish to discuss your needs and/or any potential impact of this market event please feel free to contact me to discuss further.

Understanding the HomeBuilder initiative



The HomeBuilder is a program initiated by the Federal Government to help stimulate the residential construction sector as it contends with the economic impacts of COVID-19. The program provides eligible applicants with a \$25,000 grant to help build a new home or renovate an existing home. The program is also tax-free.

Who is eligible?

To be eligible for HomeBuilder, you need to be an owner-occupier who is building or renovating a home, and meet the following criteria:

- You are an Australian citizen aged 18 or over, you can't access it through a company or trust
- Your annual income needs to be less than \$125,000 for individual applicants, or less than \$200,000 for a couple based on your 2018-19 tax returns or later.

Additional criteria

To apply for the HomeBuilder you must also meet the following criteria:

- You are building a new home as a principal place of residence, where the property value does not exceed \$750,000; or

- You are substantially renovating your existing home as a principal place of residence, where the renovation contract is between \$150,000 and \$750,000, and where the value of your existing property (house and land) does not exceed \$1.5 million (pre-renovation)
- The contract must be signed between 4 June 2020 and 31 December 2020 and construction must commence within three months of the contract date
- Your building/renovation is not for investment purposes
- Your building/renovation is not for companies and trusts who own residential property

More on renovations

For those considering renovations, the following rules also apply:

- You must use a licensed builder (no DIY)
- No grants will be given for property additions that are not connected to the main residence, for example, pools, sheds, granny flats, outdoor spas and saunas, tennis courts, or garages are ineligible

Can I use the HomeBuilder with other grants?

The HomeBuilder grant can be used in conjunction with other federal and state grants such as the First Home Owners Grant and the First Home Loan Deposit Scheme. State grants, exemptions and incentives can also be used in conjunction with the HomeBuilder program. You will need to check with your lender or mortgage broker regarding the timing of payments as the HomeBuilder may not be able to be used as part of settlement (in the way that the First Home Owners' Grant can be).

Can I use the HomeBuilder as part of my deposit?

Currently it looks unlikely that you will be able to use HomeBuilder towards your initial deposit, primarily because we don't yet know when the HomeBuilder will be paid. The relevant State or Territory revenue office will distribute the \$25,000 grant directly to the applicant but there is no clear guidance on the timing of this payment yet - so for now, it won't help with your deposit.

How to apply

Helpful information for your 2020 tax return



2020 has certainly been an eventful year however the need to do our tax return remains the same. The team at Infocus Tax & Business Advisory has put together some important tips that may assist you as you begin to prepare your 2020 tax return.

Don't lodge your return too early!

The ATO has advised people to wait until the end of July before lodging returns to help minimise errors. Each year a significant number of returns are delayed or result in a tax payment being due because some income details have been left out of the return. It's important to ensure your employer has finalised the information in your income statement before you lodge your return. Other

information provided by banks, government agencies and health funds will automatically be inserted into your tax return, and this is generally completed by the end of the July.

Early super withdrawals

The ATO has also warned that members who took money out of their superannuation accounts without meeting the eligibility requirements could face fines and prosecution.

Tax tips for employees

JobKeeper & JobSeeker payments

If you are an employee receiving JobKeeper payments from your employer these are not reported separately and will be included in your Payment summary provided by your employer.

JobSeeker payments are included automatically in the pre-filled return form. Make sure this information has been processed before lodging your return.

If you have been made redundant or stood down

If you take leave or are temporarily stood down, your employer may pay you regular payments or make a one-off payment. Your employer may give your payment a special name such as:

- ➔ stand-down payment
- ➔ COVID-19 payment
- ➔ pandemic allowance.

Regardless of what your employer calls these payments, the ATO treats them the same as your usual payments from your employer.

If your employment is terminated you may receive payments from your employer. These payments can have up to three parts:

1. tax-free
2. concessional tax (taxed at a lower rate than your marginal tax rate)
3. taxed at your usual marginal tax rates.

The tax rate depends on the type of payment. Please contact us if you require assistance understanding your redundancy payment and tax obligations.

Claim work-related deductions

Claiming all work-related deduction entitlements may save considerable income tax, however it's important to understand the rules as the ATO has signaled increased scrutiny and audit activity in this area. Typical work-related expenses include employment-related mobile phone, internet usage, computer repairs, union fees and professional subscriptions that the employee paid themselves and for which they were not reimbursed.

To claim a deduction for a work-related expense:

As you know this email is in no way a substitute for a face to face meeting or phone call so if you have any issues you would like to discuss with us please do not hesitate to contact us on 1300 466 637.



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Economic Update - July 2020



Within this month's update, we share with you a snapshot of economic occurrences both nationally and from around the globe.

The recovery is happening sooner than we expected!

- End of quarter market volatility might have blurred the underlying strength of markets
- There are strong signs that many investors were too pessimistic a few months ago
- The US Federal Reserve continues to support markets

We hope you find this month's Economic Update as informative as always. If you have any feedback or would like to discuss any aspect of this report, please contact our office.

The Big Picture

The bumper rally in Australian equities starting from the March 23rd 2020 low appears to be pausing as we enter a new financial year. There are many unknowns – not least of which include how the COVID-19

pandemic will play out, and how the November 2020 US presidential election will influence markets.

The financial year just ending (FY20) did produce a moderate negative return of -7.7% for Australian shares even after including dividends being re-invested. But, to put that loss in perspective, it is only the second loss in the 11 financial years since the post-GFC rally started in mid-2009! Moreover, it does not appear to us that the longer run rally will end anytime soon as many central banks are still operating under very loose monetary conditions.

It is very difficult to predict how the COVID-19 pandemic will play out given there are no vaccines or cures yet available – and may not be for another 12 months. There are signs in some regions, and some of the southern US states, that a material second wave is taking hold. Australia has fared comparatively well, however the state of Victoria has placed 30 suburbs of Melbourne back into lockdown due to a rapid increase in localised infections.

Since we now have far more knowledge and available resources than when the virus first struck, we think it is reasonable to assume that authorities will be able to better manage the spread and impact of the virus from here without the almost global shut-down of economies witnessed in the second quarter of 2020.

As restrictions are being relaxed, there are signs that economic recoveries are under way. We argued that the sharp negative growth figures we saw earlier this year – and still in some regions – should not be overly dwelt upon. We take the same measured view about the magnitude of the recovery figures.

If you have any questions please contact our team.

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