

RBA rate raises 'will need to keep going'

Further increases are highly likely...

The RBA has increased the cash rate by 50 bps again to 1.85 per cent in an effort to slow inflation.

It is highly likely that further increases in the cash rate will be announced as the RBA is probably beyond taking a 'wait and see' approach to the impact of their cash rate rises and will need to continue raising rates until they get comfortable that inflation is starting to move down.

Of continuing concern is supply side inflation. Neither the RBA or the government has much control over this type of inflation, and it will take some months to determine if reducing demand has enough of an impact to bring prices under control."

The RBA said that the increase in rates will help ease the battle between supply and demand.

"Higher interest rates will also help establish a more sustainable balance between the demand for and the supply of goods and services," said the RBA.

Small and medium businesses are already under pressure amid the ongoing effects of the pandemic, rising prices and skills shortages, and today's rate rise will add to these difficulties," said Dr Rennie.

"Businesses should consider steps to mitigate the effects of inflation.

"This could include increasing prices and lowering costs as well as stocking up on non-perishable inventory.

Minimum wages increase from 1 July 2022

From 1 July 2022:

- the National Minimum Wage has increased by \$40 per week, which amounts to an increase of 5.2%
- award minimum wages have increased by 4.6%, which are subject to a minimum increase for adult

award classifications of \$40 per week and based on a 38-hour week for a full-time employee.

Other award wages, including junior, apprentice and supported wages that are based on adult minimum wages, will get a proportionate increase.

Some awards get a minimum wage increase from the first full pay period on or after 1 July 2022, while others get one from the first full pay period on or after 1 October 2022.

ATO 2022 focus for individuals

The ATO has announced its 4 key focus areas for Tax Time 2022 – namely:

- record-keeping;
- work-related expenses;
- **rental property income and deductions;** &
- **capital gains from crypto assets, property, and shares.**

The ATO says that these priority areas will ensure that there is an appropriate level of scrutiny on correct reporting of deductions and income, and that the "golden" rules for taxpayers are: they must have spent the money themselves and weren't reimbursed; if the expense is for a mix of income producing and private use, they can only claim the portion that relates to producing income; and they must have appropriate record to prove their claims.

Are you a Director?

The ATO has issued another reminder that a director identification number (director ID) will be needed for

- a director of a company registered with ASIC;
- a director of a corporation registered with the Office of the Registrar of Indigenous Corporations; or
- planning to become a director in the next 12 months.

The fastest way to apply for the director ID is online at

<https://www.abrs.gov.au/director-identification-number/apply-director-identification-number>



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CREDIT CARD CONCERNS

Credit cards can present a convenient way to pay, but they also come with risks and costs. Research from Finder shows more than one-third of credit card holders in Australia – equivalent to 4.9 million people – have engaged in concerning credit card behaviour in the past 12 months.

14%

HAVE BOUGHT ITEMS IMPULSIVELY.

9%

HAVE TOTALLY MAXED OUT THEIR CREDIT CARD.

12%

ONLY PAY THE MINIMUM AMOUNT EACH MONTH.

11%

HAVE MADE A LATE PAYMENT.

9%

HAVEN'T CHECKED THEIR STATEMENT BEFORE PAYING OFF DEBT.

2%

HAVE APPLIED FOR NEW CARDS THEY DON'T NEED.

8%

NEVER CHECK THEIR CREDIT CARD ACTIVITY.

10%

HAVE TAKEN OUT CASH ADVANCES TO PAY FEES FOR MORE THAN ONE CARD.

<https://www.finder.com.au/the-bad-spending-habits-costing-aussies>

6 cash control tools every business should monitor

Cash is one of the most important parts of your business, up there with people and data security. While the subject of controls can be dry, adequate controls around all things to do with your cash are **crucial** in order to ensure the integrity of your business. It's equally important cash movements are properly authorised by the right people for the right purposes at the right time.

1. Bank signatories - Number and role of signatories.

Oversights can easily lead to fraud or hold up payments. If signatories are unavailable when payments are due, most online banking facilities will allow payments to be processed in advance of when they need to be paid.

2. Expenditure authority limits - Employees need to be able to do their job.

Depending on the size of an organisation, there may be many people with a need to spend money in order to do their job. There must be a clear policy around amounts and types of expenditure.

3. Credit cards.

The main risk is fraud. Card details can be skimmed and used by other parties. Often fraudsters will make irregular small transactions in a bid to avoid detection. Charges to credit cards must be reviewed along with timely complete expense report to help in the detection of fraudulent charges.

4. Expense reports

need to be done properly and promptly in order for expenses to be accounted for correctly and dubious transactions to be investigated.

5. Petty cash.

Where it is used, it should be subject to strict rules about what it can and can't be used for.

6. Reconciliations.

Bank account reconciliation is crucial in the cash control arena.

Tell me and I forget.

Teach me and I remember. Involve me and I learn.

Benjamin Franklin

78 cents per kilometre rate for 2022–2023

The ATO has set the rate of work-related car expense deductions at 78 c/km for 2022–2023 (up from 72 c/km). This will apply to eligible taxpayers who elect to use the cents per kilometre method when calculating income tax deductions for their work-related car expenses from 1 July 2022.

Minimum super drawdowns rates remain reduced

Super minimum drawdown requirements remain reduced by 50% for 2022–23 income year. This means the minimum annual payment trustees need to make to their members' account-based pensions and annuities, allocated pensions and annuities and market-linked pensions and annuities has been reduced by 50%. However, their members can choose to receive more than the temporarily reduced minimum drawdown rate. Any decision should be clearly documented and stored appropriately.

Important upcoming dates

21 August 2022 – July 2022 monthly IAS due

25 August 2022 – June 2022 quarter BAS due

29 August 2022 - If you provide or pay contractors for services, Taxable payments annual report (TPAR) due

Financial planning

We have an association with Mia Taylor from Evaluesco (part of the Australian Advice Network) whom can assist with all your financial planning needs. They provide a more personal service and empower Clients not only in terms of wealth strategies but are also mindful we need healthy and happy lives.

Feel free to contact our office to arrange an initial appointment.

Mia Trott

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