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Subdividing and building on the family property – what are the GST and tax implications?

If you are looking at the possibility of subdividing a block that currently comprises your family home, there are a number of things to consider from a tax perspective, particularly around potential GST and tax implications.

Some of the most common situations that can occur are:

- Subdividing the land and building a house on the new, vacant portion, and then selling the new house. In this scenario, the original residence remains untouched.
- Removing or demolishing the main residence, then subdividing all of the land and building home units to sell as well as keeping one to live in.
- Subdividing the land and selling the non-main residence vacant block while the original house stays intact on the remaining block.
- Demolishing or removing the old main house and building new units all for sale.

Each of these scenarios should be fully investigated so that you are well informed of any potential GST or tax implications before venturing into a project of this sort. What would be the Capital Gains Tax implications of subdividing the property? Would there be an exemption or discount? Does the demolition of the main residence automatically trigger a capital gain or loss? Would the sale be considered a profit-making activity?

If you are considering subdividing your family property please give us a call before you take action. Once you are aware of the potential GST and tax implications that apply to your individual circumstances, you will be well placed to consider what options are available to minimise your liability to the Australian Taxation Office.



ATO's Focus on work related expenses

The ATO have advised that this year they will be paying close attention to what people are claiming as "other" work related deductions, so it may well be worth your while to ensure that for all claims you can show:

- That you spent the money yourself and you were not reimbursed by your employer
- That the expense was directly related to earning your income; and
- That you have a record to prove it.

Any expenses that are a combination of work use and private use must be apportioned, so be sure that you only claim a deduction for that portion that is work related.

Always remember to keep records of work related expenses and be able to provide some evidence as to how you've calculated your claim if it has been apportioned. If you are unsure of what you may or may not be able to claim, give our team a call and they can point you in the right direction.



We look forward to continuing to help you achieve your goals wherever we can.

Introducing Evans Edwards Financial Advisors and Wealth Creators – let us help you to have money for life's pleasures.

At Evans Edwards we always strive to make a positive difference to our clients' lives by providing the best advice and tailored solutions to assist you to achieve your goals, whatever they may be. With this in mind we are very pleased to announce that we are now able to deliver a complete Financial Planning and Wealth Creation service with a difference. We would like to introduce our new Financial Advisors Shaun Nembach & Vicky Gilroy, who have joined our team to ensure that we continue to fully support you, now and into the future. Shaun and Vicky are well experienced Financial Planners with 17 and 14 years of experience respectively, and they are now licenced through our association with Henderson Matusch (HM). Similarly all three principals – Tony Edwards, Marni McGrath & Jayne Maresse – are licenced through HM, to provide tailored advice on self-managed superannuation funds.

Both Shaun and Vicky are locals with the experience to help you to grow your wealth no matter what life stage you are in, whether that be starting out, looking to grow, or looking forward to winding down into your ideal retirement. They can guide you to find the resources you need to be able to do, and have, what's important in life to you – or to simply stress less over finances. You will enjoy their one-on-one advice and coaching while they work with you. The plans developed are realistic and manageable, and are tailored and unique to your individual lifestyle goals.

How can I manage my money better?

No one is born with money management skills. By the time we're adults we are expected to be able to manage our money effectively, however very few of us are taught how. Therefore, many people experience the usual emotions that occur when they don't know how to do something well; frustration, guilt, envy, anger, disappointment.

Like driving a car or playing an instrument, the skill of managing money must be learned and it's never too late to start. Doing so usually pays immediate benefits as you will have peace of mind knowing you can pay your living expenses, keep your debts in check, save for the extras that make life enjoyable and avoid any money anxiety.

The foundation of sound money management is a spending plan. It's simply a plan for your money and is based on choices you make and priorities that you identify. Building a spending plan involves setting goals, identifying your income and expenses, and separating needs from wants. Then it's a matter of designing your spending plan, putting it into action, and then looking ahead.

If you or someone that you know would like to have tailored assistance with the achievement of set goals, give Shaun or Vicky a call on 4927 4588, and see how they can point you in the right direction for your future.

*Evans Edwards Wealth Creation –
Financial Advisors with a difference.*

