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ASIC warns of scammers impersonating Bunnings with fake investment bonds

If you've spotted what looks like an amazing investment opportunity from Bunnings recently, beware! The Australian Securities and Investments Commission (ASIC) has issued an urgent warning about scammers impersonating the retailer to promote fake "sustainability investment bonds". These scammers claim that the investments will have suspiciously high returns (up to 9%) and are protected by the government, but this is entirely false.

The scam targets people through fake websites and direct spam emails, posing as a responsible entity or broker. The website features Bunnings branding and hyperlinks that direct back to the retailer's genuine webpage. However, Bunnings does not offer bonds or any other investment products. Legitimate bonds are traded through licensed financial institutions, not retailers.

To avoid falling victim to scams like this one, remember the three key steps: *stop*, *check* and *protect*:

- *Stop* and think before acting.
- *Check* if the investment is legitimate and if the person or entity offering it is licensed or authorised to do so.
- *Protect* yourself by acting quickly if something feels wrong: contact your bank to stop any transactions and report any suspicious activity to Scamwatch.

Broadly speaking, bonds are generally considered a safer investment compared to stocks, offering regular interest payments. They are issued by governments or corporations, and when held to maturity, they return the face value of the bond.

If you're interested in investing in bonds, visit the Moneysmart website to learn more about the different types, including government bonds and corporate bonds. You can also check the investor alert list there to see if the company or entity offering the investment is legitimate.

To report a scam or find more information about scams, visit the National Anti-Scam Centre's Scamwatch website at www.scamwatch.gov.au.

Claiming tax deductions for vacant land

Hoping to claim tax deductions on your vacant land? You need to meet a number of strict conditions to claim for costs such as interest payments on relevant loans, land taxes, council rates and maintenance costs.

So, what is vacant land? To satisfy the ATO, there are two basic tests:

- the land doesn't contain a substantial and permanent structure; or
- if it does, then the structure needs to be a residence that was constructed or substantially renovated while the owner held the land, but that residence either can't lawfully be occupied, or hasn't yet been rented or made available for rent.

Examples of a substantial and permanent structure include a homestead on a farm, a commercial garage, fencing, a silo or a woolshed. Conversely, a residential garage or shed, pipes and powerlines, residential landscaping or a letterbox are not seen as substantial and permanent structures.

A big shift in the tax approach to vacant land came with new rules introduced on 1 July 2019. These rules deny tax deductions claimed for costs incurred while owning vacant land, except in quite specific cases. Before the change of rules, owners of vacant land could claim a deduction for the costs of holding the land, if it were held for income-producing purposes or for carrying on a business to produce income.

There are three situations that will allow you to claim deductions on vacant land. You will be able to claim if:

- you are a particular type of entity (eg a corporate tax entity, a superannuation plan or a managed investment trust);
- the land is used in business or leased to another entity for their business – but in this case the land must not contain an existing residence or one under construction; or
- the land is used by you, an affiliated entity or your spouse in the business of primary production, as long as there's no residence in existence or being constructed on the land.

If your land is considered vacant land but these particular situations don't apply, then you will not have the opportunity to claim any deductions.

Importantly, the ATO recognises that exceptional circumstances outside your control may occur (eg a natural disaster or major building fire) resulting in the loss of the structure on your land, or that structure being disregarded. Under those circumstances, an exemption may apply, allowing deductions for holding costs of vacant land to be claimed for a limited period.

Made a mistake charging GST? Don't panic

As a small business owner, you know how important it is to get your GST right. If you've realised you've incorrectly charged GST on a sale, don't panic – there are steps you can take to rectify the situation.

First, let's look at how this might have occurred:

- You treated something that's not actually a sale as a taxable sale.
- You treated a GST-free or input taxed sale as a taxable sale.
- You miscalculated your GST liability, resulting in a higher amount reported on your business activity statement (BAS).

So what happens now? The key factor is whether you've passed on the excess GST to your customer.

In most cases, if you've charged GST and issued a tax invoice, it's considered to have been passed on to the customer. In this situation, the excess GST is treated as correctly payable under the law, and the ATO cannot refund it to you directly.

Your options are to:

- *Reimburse your customer:* If you choose to reimburse the customer for the excess GST, you can make a decreasing adjustment on your next BAS to recover the amount. Your customer, if GST-registered, will need to make a corresponding increasing adjustment.
- *Request a discretionary refund:* In limited circumstances, you can apply to the ATO for a discretionary refund of excess GST that hasn't been reimbursed to the customer. However, this is only granted in very specific situations where it wouldn't result in a "windfall gain" for your business.

If you have clear evidence that you didn't pass on the excess GST to your customer (which is rare), you can treat this as a GST error. You have two options: to correct it on a later BAS, or to revise the earlier BAS where the error was made.

Correcting GST errors on a later BAS is often simpler than revising an earlier period. However, this option's only available if the later BAS is lodged within the review period for the earlier period when the error was made. For most small businesses (GST turnover under $20 million), you can correct debit errors up to $12,500 within 18 months of the due date of the original BAS. Remember too that you can't correct an error to claim additional GST credits if the four-year time limit for claiming those credits has expired.

If you're ever in doubt about your GST obligations or how to handle a specific situation, it's best to consult a qualified tax professional or contact the ATO directly for guidance.

Making smart super investment choices

Choosing the right investment option for your superannuation is important for your retirement savings. It's essential to understand the different types of investment options and their associated risks to ensure you choose the one that's right for you.

Super funds typically offer a range of premixed investment options that usually have different asset allocations:

- *Growth:* These options primarily invest in shares or property and aim for high returns over the long term. They come with higher probability of short-term losses, so they're generally suited to people with a longer investment horizon.
- *Balanced:* With about 70% in shares and property, balanced options strive for moderate returns with less risk than growth options. They offer a middle ground for investors who seek growth but prefer less volatility.
- *Conservative:* Investing primarily in fixed interest and cash, these options focus on preserving capital with lower returns.
- *Cash:* With 100% investment in cash or equivalent, these options offer stability and capital preservation, suitable for very risk-averse individuals or those close to accessing their funds.
- *Ethical:* These investments exclude companies that don't meet certain ethical standards and vary in market risk, allowing you to align your investments with your personal values.

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Some super funds offer single asset class investments (eg Australian shares or international shares) and you can choose what percentage you invest in each asset class yourself. Some "platform" style funds also let you pick direct investments. This can include investing in individual shares, exchange-traded funds (ETFs) or term deposits. Direct investing like this is not restricted to just self-managed superannuation funds.

Many super funds also offer lifecycle investment options, which automatically reduce your exposure to higher-risk growth assets as you age. These can be a good choice if you want to take a hands-off approach to your investments.

It's important to consider your risk profile – essentially, your comfort level with potential investment losses in pursuit of returns. Here are some considerations:

- *Risk tolerance:* Determine how much market risk you're willing to take. Are you comfortable with the possibility of short-term losses for higher long-term gains, or do you prefer stability?
- *Investment horizon:* The amount of time before you access your super can influence your risk tolerance. Longer horizons may allow for more aggressive investments, while shorter ones might necessitate a conservative approach.
- *Standard market risk measure:* Super funds provide a standardised risk rating that predicts how often an investment might deliver a negative return over 20 years. This measure helps compare the risk levels of different investment options.

Overall, choosing the right investment option for your super requires careful consideration of your individual circumstances and goals. Resources such as ASIC's Moneysmart website can help you make an informed decision, and many super funds offer free guidance. It's also a good idea to consider getting professional advice, for example from a financial adviser.

General transfer balance cap increases to $2.0 million

The December 2024 Consumer Price Index (CPI) number has been released, confirming that the superannuation general transfer balance cap will increase by $100,000 to $2.0 million for the 2025–2026 income year.

The transfer balance cap was introduced in 2017, and is a lifetime limit on the amount of superannuation that you can transfer into one or more retirement phase income streams. Earnings on superannuation in the retirement phase are currently tax-free and income or withdrawals after age 60 are also generally tax-free. The cap was introduced to more equitably distribute superannuation tax concessions and ensure that the superannuation system is sustainable over the long term.

Unlike other superannuation caps, such as contribution caps, the general transfer balance cap is not indexed in line with Average Weekly Ordinary Time Earnings (AWOTE), but is annually adjusted based on CPI in $100,00 increments.

The cap was $1.6 million from 2017 to 2021; $1.7 million from 2021 to 2023; $1.9 million from 2023 to 2024 and will be $2.0 million from 2025–2026.

A personal transfer balance cap applies to you as an individual when you start a retirement phase income stream *for the first time*. Your personal transfer balance cap will equal the general transfer balance cap at that point in time. So, if you start your retirement phase income stream on or after 1 July 2025, your personal transfer balance cap will be set at $2.0 million.

If you started an income stream before 1 July 2025, depending on the date, you would have a personal transfer balance cap of between $1.6 million and $1.9 million. If you didn't use the full amount of your personal transfer balance cap at the time, a proportional increase may potentially apply to your personal transfer balance cap on 1 July 2025.

If you exceed your personal transfer balance cap, the excess must be withdrawn from the income stream and taken in cash or transferred back into your superannuation account, and an excess transfer balance tax would need to be paid. The ATO will generally notify you and send you an excess transfer balance determination to let you know you've exceeded your personal transfer balance cap.

Using ATO online services via your MyGov account can help you keep track of your personal transfer balance cap and your transfer balance account (including any excess over your cap), recording all the debits and credits that make up your balance.

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