allows you to take photos of receipts and enter work-related deductions on the fly. If you're claiming a car expense, it has a built-in GPS tracker to record trips. And it feeds directly into myTax.

Download it and get on the front foot for next year.

You Deserve a Raiz

Chris asks: I read your article last week on Raiz. I have been using it for a couple of years and it's great. I read somewhere that the fees (0.275 per cent per year) are actually very good once you get over $5000 in your account. Is this not the case?

The performance for my account (high risk, as I am 32) is 24.25 per cent over about two years, which sounds good to me. Is your worry more that, with their outgoings far exceeding their income, as you said in your article, they

The Barefoot Investor: The Only Money Guide You'll Ever Need (Wiley) RRP $29.95

will have to raiz (pun intended) their fees — or else not be around for long?

Barefoot responds: I've had a fair bit of mail on Raiz, so let me clarify a few things.

I was actually writing about the company behind the app, Raiz Invest Limited (RZI), rather than the investment app itself. RZI had its IPO last week, and its shares have since dropped by about 33 per cent. It's growing quickly, but it's also losing a lot of money.

How long can RZI keep losing money? I have no idea. Elon Musk's Tesla has been burning billions for years and most of his investors still love him.

Now let's talk about the Raiz app. As I said last week, I think it's a clever way to *start* investing: the app makes it all really simple, though maybe a little too convenient, to look at your balance each day. It's fine when markets are powering along, but not so fine they're going down. Remember, you're investing in basic index funds, so your returns are tied to the markets you're tracking.

The fees are actually more than *double* what you quoted — 0.56 per cent a year, which is good but not great for investing in basic index funds. Its super offering is more expensive, 0.65 per cent plus $100 a year.

There are much cheaper options.

All talk and no action — 20 years on

Noel Whittaker

WELCOME to a new financial year. It's odds-on that within 12 months we will have a Federal Election, and the outcome may well depend on what voters think of the tax policies of the major parties.

The coalition is off to a good start, with the first major change to personal tax rates since John Howard reformed the tax system and introduced a GST in 2000, but the sad truth is that the debate has not advanced one iota in 20 years.

It's deja vu, as the following extracts from some of my columns in 1998 will show.

Right now, Bill Shorten is peddling the line that the tax cuts favour the rich. That's nothing new. In 1998, then opposition leader Kim Beazley claimed that a person on $100,000 a year would get a tax cut of $86 a week while a person on $25,000 a year would get a tax cut of just $12 a week.

As I wrote then, this is the natural consequence of a progressive tax system. As long as we have a tax scale that takes a bigger proportion in tax as income rises, any cuts at the bottom will automatically give bigger tax cuts to those in higher tax brackets. It would be just as reasonable to claim that high-income earners get more benefit from a tax deduction because any tax deduction is effectively subsidised at their marginal rate. The only way around that would be a universal flat tax, but then there would be an outcry that a rich person pays the same percentage of tax as a poor person, which progressive taxation is designed to avoid.

In 1998, there was a massive campaign against the introduction of a GST on the grounds that poorer people pay a proportionally higher percentage of their income on stuff. The argument went, "Why should a pensioner pay the same amount of tax on a can of Coke as Kerry Packer?" This argument is still being run today against a much-needed increase in the rate of the GST.

But that's life. The rich and the poor pay the same price for everything. The excise on alcohol and petrol is the same for all . . . why don't you hear any complaints about that?

Labor is still claiming that many rich people are paying little or no income tax, and accordingly have flagged its intention to limit tax deductibility for income tax advice to $3000 a year per person. That's one of those tired old lines that come out on a regular basis, but let me quote from a column I wrote in October 1998. I have just updated it slightly to reflect current wages and superannuation regulations.

"Recently, a high-earning professional asked me how he could stop paying so much tax. My first question was, 'Do you have a partner?' Yes, but she earned $95,000 a year. No chance of income splitting there. Next question, 'Do you have children?' Yes, but they were all under 18, so any money diverted to them was hit by Malcolm Fraser's 66 per cent children's tax rules. My last question was his age. That turned out to be 38, so superannuation was of limited use, because of the coalition's tightening of the rules and the reduction in the contribution caps.

"He could consider negative gearing, but that would save little tax. Suppose he bought a $500,000 property returning 4 per cent net and borrowed the lot at 5 per cent. His taxable loss would be $5000, which would save just $2350 in tax, so no joy there. Tax schemes were the only option left, but they tend to leave participants with big debts and sad memories."

The sad reality is that any change to tax rates creates winners and losers. Yet tax reform is essential if we are to grow as a nation. It's about time politicians from all parties focused on the big picture instead of attacking each other.

Noel Whittaker is the author of Making Money Made Simple and numerous other books on personal finance. His advice is general in nature and readers should seek their own professional advice before making any financial decisions.

ASK THE EXPERT

Send your questions to Noel Whittaker noelwhit@gmail.com or tweet @NoelWhittaker

Q If a person has more than $1.6 million in superannuation will they be allowed to contribute say $300,000 under the downsizing provisions?

A As long as they comply with all the downsizing regulations, a person with more than $1.6 million in super would be allowed to contribute up to $300,000. Anybody considering doing this should note that the downsizing contributions will still count towards their $1.6 million transfer balance, so if their fund is in pension mode now the additional contribution will have to remain in accumulation mode. This means that funds in super in accumulation mode will be paying tax on their income at a flat 15 per cent the first dollar earned. In view of the first $18,200 a year income per person being tax-free, you may decide the money is invested in your own name. It's a matter of doing the sums with your accountant.

How working from home could, well, work

WORKPLACE MATTERS

Gary Martin

YOU are about to leave the office for the day, gather your things and start saying goodbye when you mention to a group of colleagues you will be working from home tomorrow.

The look on your colleagues' faces says it all: "He is going to have a slack day, that's for sure" or "She obviously checked out the weather forecast" or "Really, working from home?" or "Sure you are".

It is not just the challenging perception you want to avoid a full or hard day's work that is sparked by a request to work from home or remotely.

Those working at home or remotely can miss out on the regular workplace support and camaraderie that comes with working face-to-face with others.

They must be exceptionally self-motivated because in the physical absence of a boss there may be less pressure to perform and work effectively. While technology can maintain communication channels with the workplace, it might not be equivalent to the communication achieved through being in the workplace.

And for all the sneers about "working from home", don't forget it could well pan out the opposite and trigger overworking because of an absence of a "normal" workplace routine.

Yet more and more employees are asking their managers if they can ditch the daily commute in favour of working from their home office, at least on a regular or semi-regular basis. And more and more employers are recognising that allowing employees to work at home is part of the sought-after workplace flexibility that can deliver greater productivity.

The advantages of working at home can be enormous. If at-home distractions can be contained, work effectiveness and productivity often increase. Then there is the work travel time that can be re-invested directly into attending to work responsibilities. Many employees who work at home report they can almost double their output when away from the day-to-day distractions so often associated with the workplace.

But working at home or remotely is not for everyone. It takes discipline, usually requires a dedicated work space, and relies on reliable connectivity with the workplace. And no matter what you tell relatives and friends who call by while you are working at home, they just won't understand that you are working.

Of course, some people take it easy when working at home. But then others slack off in the office, too, by making endless cups of coffee, taking extended lunch breaks and stopping to chat to anyone who will lend an ear.

For managers deciding whether to let employees work at home, bear in mind: the best work happens where people work best — be that in the workplace or at home.

So if employees ask if they can work home from time-to-time, why not give it a try. The results might surprise you.

Professor Gary Martin is chief executive at the Australian Institute of Management WA