DECEMBER 2013

QUARTERLY

Newsletter

CELEBRATING 71 YEARS IN BUSINESS

GREEN TAYLOR PARTNERS

this issue

IMPORTANT DATES

21 December 2013
November 2013 monthly Activity Statements due for lodgement and payment.

24 December 2013
Green Taylor Partners CLOSED for Christmas break from 12.00pm Tuesday 24th of December 2013.

8 January 2014
Green Taylor Partners REOPENS at 8.30am after Christmas break.

21 January 2014
December 2013 monthly activity statement lodgement and payment due.

28 January 2014
Super contributions due—employers must make contributions to employee's funds by this date.

21 February 2014
January 2014 monthly Activity Statements due for lodgement and payment.

28 February 2014
December 2013 activity statement lodgement and payment due for quarterly payers.

21 March 2014
February 2014 monthly Activity Statements due for lodgement and payment.

31 March 2014
Income tax return lodgement date for high income earners.

31 March 2014
Income tax payable due for some taxpayers—check your Notice of Assessment.

Don't rely on getting the Age Pension if you are ***less than*** 50 years old!

You may have read recently about the idea of increasing entitlement to the Age Pension out to age 70? Just an idea raised but one that is more than likely to happen, in my opinion.

Why? The simple reason is that as the years go by, the population of Australia is aging and there are now many more people hitting age 60–65 than there are in other age groups. (This is commonly referred to as the Baby Boomer Bubble). So, over the next 20 years or so, there will be a lot less people working and many more in retirement.

What that means is: **the number of people working and therefore paying tax will be proportionately much lower than it is today, and much lower than it has been in the past.** Simply – tax collections will be down! So the money available to pay pensions will be less – but health care and old age costs will be going through the roof! If you think you can retire and live off the pension – you will be sadly mistaken!

The only person who will look after you in retirement (unless you have wealthy relatives) is you! So, start investing now and watch the power of compounding returns allow you to have a chance of a comfortable retirement in 25 years' time.

The sad part is that people who only do something about their retirement planning around age 50 plus will probably have to work until age 70 to have any chance of a comfortable retirement! However, those who invest early will have a real chance of creating wealth over the next 20–25 years. Also – do your children a favour and encourage (preferable force!) them to save and invest regularly.

As a basic rule – invest 10% of your income each and every year – no exceptions! If you haven't got 10% left after your costs – then drop off your expenses until you do!

Written by **Peter Cramer**

GTP Ownership Group...

Chris Foster
Director

Peter Cramer
Director

Matt Richardson
Director

Rohan Brown
Director

David Hadley
Director

Kerry Schultz
Director

GTP Front Door Mail Slot

A new mail slot has been installed to the right of our front door to make delivering forms, letters or any other documents to GTP after hours easier and more secure.

Use this slot when delivering any articles after our 5.30pm closing time to ensure we receive them securely and they are not lost in transit.

Thank you for attending!

Thank you to all who have attended and participated in our recent Seminars, Webinars, Workshops and Forums.

We hope all attendees have picked up some valuable information at each session and would recommend these sessions as a valuable resource and a benefit of being a client at GTP.

Remember … if you have any ideas or topics that you think should be presented by the team at GTP please do not hesitate to let us know.

Australian Government
Australian Taxation Office

WATCH OUT:

More Tax Changes anticipated from 1 January 2014

and these could cost you thousands!!!

Normally we wouldn't advise you of potential tax changes until we were absolutely certain that they were going to happen. But this potential tax change is a bit different because if the change goes ahead, your decisions pre and post 1 January 2014 could mean up to several thousand dollars of tax saved.

In October the Government released draft legislation repealing the Minerals Resource Rent Tax - or mining tax as most of us know it. While the repeal of the mining tax is not likely to have a direct application to many small business and individual taxpayers, the Government also plans to abolish a number of other tax measures that will have a broader impact.

The changes are not certain until they are passed by Parliament but there appears to be limited opposition to the repeal of the mining tax and the other associated tax measures. **Here's what will change if and when the measures are repealed:**

Immediate deductions reduced for small business entities (SBEs): Currently, small business entities (generally entities with a turnover of less than $2m) can claim an immediate deduction for depreciating assets costing less than $6,500 (GST exclusive) e.g. if a SBE buys a $4,000 (net of GST) computer, the business can claim an immediate deduction in the same financial year for the full $4,000. From 1 January 2014 however, this threshold will drop to $1,000. So, if there are assets you need for your business and cash flow allows, you have until 31 December 2013 to buy the assets you need and use them or install them ready for use.

$5,000 deduction for motor vehicles scrapped: Thinking of buying a motor vehicle for your SBE? From 1 January 2014, the $5,000 immediate deduction for motor vehicles purchased by small business entities will be removed. Once again, if you are thinking of buying a motor vehicle for your business, you have until 31 December 2013 if you want to claim the $5,000 immediate deduction.

Superannuation guarantee increase slowed: The superannuation guarantee (SG) percentage was due to increase gradually from 1 July 2013 until July 2019 when the rate reaches 12%. The new measures slow the increase. The SG percentage will be kept at 9.25% for the 2014, 2015 and 2016 financial years. From 1 July 2016, the SG percentage will then rise to 9.5% and then increase by half a percentage point each year until it reaches 12% for years starting on or after 1 July 2021.

However, it is not all bad news. Positive changes to proposed legislation include:

Superannuation Income Surcharge: Legislation announced by the outgoing Labor government proposed to levy a surcharge of 15% on the income earned on members accounts in a superannuation fund of over $100000. This legislation will not proceed and accordingly the existing tax rates on superannuation fund earnings remain at: 15% if the fund is in accumulation phase, or 0% if the fund is in pension phase.

Fringe Benefits on Motor Vehicles: Proposed changes that would require all employers providing a vehicle to employees to compile a log book for each vehicle to prevent a draconian fringe benefits tax liability being incurred have been dropped. As a result, the rules as they exist today will continue, enabling fringe benefits obligations to be calculated under the log book method or the statutory method.

Conservation Tillage Refundable Tax Offset: The special 15% refundable tax offset applies to the purchase of certain new conservation tillage seeding equipment. The funding of this generous tax benefit was provided by the proceeds of the carbon tax. Given that the current government has promised to repeal this tax, it is possible that this tax offset may be removed. If you are considering purchasing eligible new equipment, you may wish to make the purchase sooner rather than later. Feel free to discuss this with your adviser.

Written by
Chris Foster

Written by
Kathryn Bowles

WHO is the ATO targeting this year?

This year the ATO are throwing millions of dollars to focus on taxpayers who are not compliant:

Individuals: From 1st July 2014 the ATO will have more data to match individual and sole trader's income tax returns against sources such as banks, share registries, employers, merchants and government departments. Their aim is to 'claw back' unpaid taxes and apply penalties to those who do not lodged a correct return by leaving out income or incorrectly claiming deductions. High attention will be paid to building and construction labourers, construction supervisors and project, sale and marketing managers. To avoid attention from the ATO, we recommend disclosing what is necessary.

Self-Managed Superannuation Funds: The ATO are now directly calling Self-Managed Super Fund (SMSF) trustees quizzing them on their knowledge and understanding of their responsibilities as a trustee. The process may entail the Trustee providing the ATO with their 'on the spot' knowledge and obligations. If you answer these questions incorrectly, depending on the severity of the breach, you may incur penalties, be removed as trustee, or the fund may be made uncompliant and all proceeds will taxed at the top marginal rate.

We understand that when you are put on the spot your mind freezes, or the timing maybe wrong for you to get your head around the questions. This is when you remember this is what you PAY US for! As your tax agent we are the ones you should direct the ATO to. It's what we are here for!

Small Businesses: The ATO are currently targeting those who state they are a small business but are in fact not. Those with a turnover above $2million are been caught out for over claiming SBE concessions, attempting to hide income to stay under the threshold, operating on a cash basis and claiming capital gain concessions when not they are not entitled to. If you are concerned that your turnover may be close to, or going over $2 million, it is a good idea to contact us as soon as possible to begin tax planning

Offshore Entities: You may have heard of business structures that are designed to shift profits to offshore entities. The ATO are actively working to prosecute those who have or are trying to flush funds offshore in the attempt to avoid paying tax. If you are thinking of this and are planning on bringing the funds back to Australia – don't! The ATO have been very successful recently in prosecuting individuals, along with applying significant penalties, obtaining departure prohibition orders preventing departure from Australia and freezing assets. We do not recommend this as a way of reducing tax.

centrelink

NEW DEADLINE TO CLAIM
Child Care & Family Tax Benefits

If you claim your Family Tax Benefit and Child Care Benefits as a one lump sum payment at the end of each year, you now only have until 30 June 2014 to make your claims for the 2011/12 and 2012/13 financial years. You and your partner must have also lodged your tax returns for the year you are claiming.

To make a claim for Family Tax Benefit or Child Care Benefit, you will need to lodge a lump sum claim either online via www.humanservices.gov.au/centrelinkonline or lodging a manual form with Centrelink. For more information on Family Tax Benefit and child care benefit, please contact Centrelink or your accountant at GTP.

Written by
Karen Grainger

NEW GTP TV EPISODE: How to determine what to charge your clients...

In Episode 39 of GTP TV, Rohan helps you calculate what amount you should be charging your clients or customers for your services.

Rohan illustrates how by understanding your expenses you can calculate your charge rate to ensure you make that all important profit!

To view this episode (or any previous episode) of GTP TV go to www.greentaylor.com.au/resources/gtp_tv or search Green Taylor Partners on YouTube.

Stay Safe if shopping online this Christmas

Internet shopping is for many a regular occurrence and leading up to the Festive Season it can become more frequent. There are different reasons people use internet shopping which include convenience, product sourcing & price. Whatever the reason, something you should always be considering is the information you give over the internet for these purchases. This time of year it is common to have your credit card details stolen, receive fraudulent emails, and even have your personal details stolen.

Tips:

- Make sure you have good UP TO DATE antivirus software;
- Use a secure browser - look for an 's' after the 'http' in web addresses;
- Use PayPal to pay for any items;
- Check return policies;
- Keep track of delivery times;
- Review seller's privacy policy - ensure your information will not be shared with others;
- Do not use public computers to make internet purchases;
- Never send payment information via email - Email is not fully protected from being read by third parties
- Review your credit/debit card statements regularly ensuring only transactions you have authorised are listed - if you notice anything suspicious, investigate immediately!

Written by
Kerry Schultz

Written by
Jess Maybery

Commonwealth Seniors Health Card

*Targeted at **Self-Funded Retirees***

The Commonwealth Seniors Health Card (CSHC) is targeted at self-funded retirees of age pension age, who do not qualify for the Age Pension due to exceeding the asset or income thresholds.

Benefits of the card include:

- discounts on PBS prescription medications;
- bulk-billed doctor appointments (at discretion of the doctor);
- cheaper out-of-hospital expenses;
- concessional rail travel on services on Great Southern Rail services (such as The Indian Pacific, The Ghan and The Overland), and extra health, transport, household, education and recreation concession (at the providers' discretion)

To be eligible for the card the applicant must:

- have reached age pension age;
- be an Australian resident (or hold a special category visa); and
- have adjusted taxable income of less than:
    - $50,000 for singles
    - $80,000 combined for couples who are living together
    - $100,000 combined for couples separated by illness or respite care

There is no asset test for this card.

It is possible for SMSF clients who are drawing an income stream from their fund to be eligible for this card as super income streams are tax-free, excluding them from the calculation of adjusted taxable income.

If you would like to investigate your eligibility for the CSHC, or the advantages available to you through setting up a super income stream talk to the team at GTP!

Thank you!

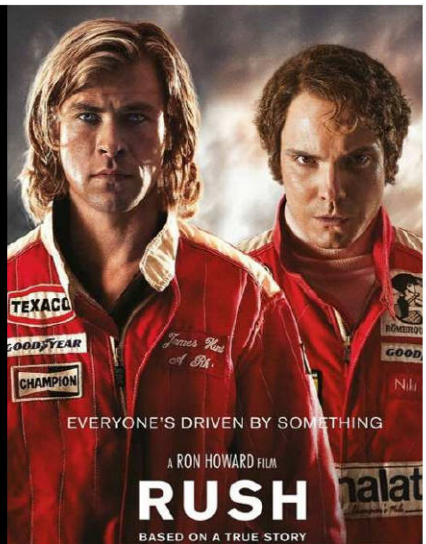
Annual GTP Client Movie Night

Wednesday 9th October 2013

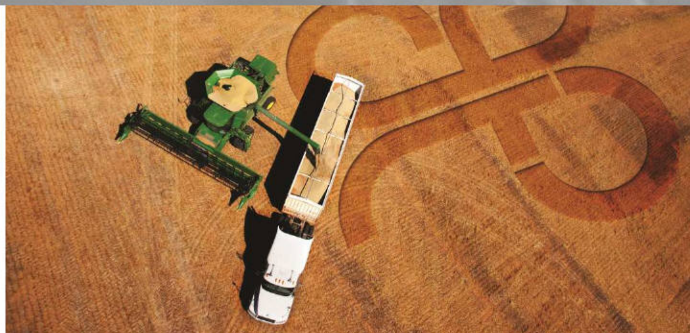
Thank you to everyone who attended our 2013 Client Movie Night!

Each year we invite you all along to the movies on us! With nibbles and drinks provided before each movie screening it gives us the chance to catch up socially with you.

A great time was had by all and we cannot thank you all enough for making the night such a success.



Written by
Ross Laycock



FARMERS: How does your Harvest look?

Some early reports might suggest that certain farming districts are looking forward to a promising harvest.

For this reason it is very important to start thinking early about what impact the current harvest results may bring.

Here are a number of considerations you might like to examine:

1. Review your budget or projections so you can prepare and plan your selling strategy with confidence;
2. Consider bringing forward any tax planning discussions with your accountant to help minimise future tax liabilities;
3. Give thought to your plant replacement strategies: consider taking the best advantage of timely deals that may be on offer, but… remember that the tax savings will be dependent on your marginal tax rate—this is the critical test in determining how much tax is saved. Typically only 15% of new plant is a tax deduction in the year of acquisition. If your marginal tax rate is, say, 20%, your tax saving is only 3% (15% of 20%) of the cost of the asset;
4. Farm Management Deposits may be a good option—investing in February leaves more flexibility to cover cropping expenses the following year;
5. Deferring income can be a very effective tax strategy—e.g. cash vs. pools vs. warehousing vs. on farm storage;
6. Having accurate estimates of grain on hand is very useful for tax planning purposes;
7. It may be timely to look at your operational structure—is this the best structure for your future? Do we need to 'upgrade' based on new circumstances? There may be an advantage in an extensive review of your operating entity.

Some or all of these factors could have a big bearing on the final outcome of any harvest. Please talk to your accountant at GTP sooner rather than later, to help you get the best possible results both now and into the future.

DIVORCE, MARITAL SETTLEMENTS… Don't forget the tax implications!

As we approach Christmas time, we also approach a sad time when many relationships break down – perhaps the stress of the Christmas rush and the often focus on material things creates unbearable pressures and something has to give?

Advice? Be good to your spouse! If you don't want the worry and expense and asset protection concerns – create and nurture a good relationship! Unfortunately this doesn't always work and relationships do break down.

Unfortunately there are also significant potential tax issues when assets are split between spouses.

There are a number of specific tax concessions that allow for assets to be transferred from spouse to spouse without triggering Capital Gains tax – but be warned:

- There are specific rules and documentation that must be implement and followed;
- Any agreement must be pursuant to the Family Law Act and properly executed (i.e. an agreement between spouses is not sufficient);
- CGT Rollovers only apply where the transferee is a spouse. So if an asset is being transferred from a Family Trust or Company to another Trust or Company, CGT will apply;
- There is no rollover available on Trading Stock.

What is important is that if you are ever in the unfortunate position of dealing with a marital asset split, you must seek advice on the taxation implications and also ensure you do everything to minimise CGT and taxation exposure. Every planned action needs to be 'tax tested' so you know what your after-tax position is.

This is without doubt a complex area and one that involves much emotion. If you or your family is impacted, ensure they get good advice – this is particularly so when there are business or investment assets in dispute. The best advice? It is still – ***be good to your spouse!***

Written by
Peter Cramer

GTP BLOGS...

Don't forget our informative Blog articles that are written by the Partners at GTP and released each week on our website and via social media.

These articles are a great way to keep up to date with recent Government updates, ATO announcements and the like. To view go to ***www.greentaylor.com.au/blog*** or **LIKE us** on Facebook.

Latest Blog Posts

Dishonesty Convictions and your
by Peter Cramer - Nov 21, 2013
I read an interesting article recently by DBA Lawyers of Melbourne who placed a different slant on an issue with SMSF's and the ...

Responsibilities of Employers

Part 11 in Series

New Anti-Bullying Laws are looming:

The Fair Work Commission new anti-bullying laws will come into effect on the 1st January 2014. Employers should take action now to ensure their businesses are ready and protected from an increased exposure to claims made against them by workers. Under the new regime, the FWC will have the extraordinarily wide power to make "any order it considers appropriate" to prevent a worker from being bullied, excluding a compensation payment.

Under the amended legislation, a worker who "reasonably believes" that he or she has been bullied at work will be able to apply to the FWC for an order to stop the bullying.

A worker is defined as an individual who performs work in any capacity, including as an employee, a contractor, a subcontractor, an outworker, an apprentice, trainee, work experience student or volunteer.

A worker is bullied at work if an individual or group of individuals "repeatedly behaves unreasonably towards the worker, or a group of workers of which the worker is a member" and that behaviour creates a risk to health and safety. This does not include "reasonable management action carried out in a reasonable manner".

The FWC must begin dealing with the worker's application within 14 days. If it is satisfied that the worker has been bullied at work and there is a risk this will continue, the FWC may make "any order it considers appropriate" (except a financial compensation order) to prevent this from continuing.

To find out more: *Visit the VECCI website at www.vecci.org.au or the Fair Work Commissions website at www.fwc.gov.au*

SMSF Trustees & Members:

SMSF rule changes you need to know!

Concessional Contribution Cap

- The cap on contributions taxed at the concessional rate of 15% for those over age 60 has increased from $25,000 to $35,000 per year.
- Members over age 59 at 30/06/2013 will have access to the $35,000 concessional cap.

Important tax planning strategy to note:

- If you are in a salary sacrifice arrangement with an employer, you should review this arrangement to factor in the $10,000 increase.
- Those who make personal deductible super contributions should consider maximising the $25,000 deduction if your gross income is $80,000 or more.

Super Guarantee Increase

- The Superannuation Guarantee (SG) rate has increased from 9% to 9.25%.
- Also important to note, that the age cap of 70 for SG contributions has been removed, so now, those aged 70 and over earning a salary must have super contributions made by their employer.

Excess Contributions Tax

- When excess contributions are withdrawn from a super fund, the tax rate will be at the personal marginal tax rate, plus an interest charge.
- Prior to 01/07/2013 there were extremely harsh penalties of effectively 46.5% on exceeding concessional cap.
- It is extremely important to note that the prohibitive tax of up to 93% on excess non-concessional contributions still applies (excess occurs where non-concessional contributions are greater than $450,000 over a 3 year period for <65, and over $150,000 for >65).

Higher SMSF Supervisory Levy

- The SMSF annual levy payable to the ATO has increased from $200 to $321. This is $191 levy for the 2013 financial year plus an advance payment of 50% of the levy for the 2014 financial year.

Written by
Natasha Gardner

Written by
Rohan Brown

How OLD is *your* computer?

A reminder to all users of aging computers, Microsoft will be finishing support for Windows XP as of 8th April 2014.

So… What does that mean for users?

- Security patches will cease being created and released, leaving machines vulnerable to virus and internet attacks
- Software will no longer be supported and developed for Windows XP
- New accessories (printers, camera etc.) will no longer be developed to work with or supported on Windows XP

You will also need to consider your other software in this move—will your existing software applications be supported on the newer operating systems?

If you are unsure you have Windows XP, from the desktop select *Start > Run,* type '*winver*' and press enter. A screen will appear detailing your operating system.

If you are currently using Windows XP it is recommended that you review your alternatives soon. Logical options for older machines would be to upgrade your computer to either a newer Windows 7 or 8.1 machine.

Alternately, you could contact your local computer service business to discuss possibly upgrading the operating system. Cost for the software alone is around $165 plus time for the installation. In most cases I would believe that it may be more cost effective in the long term to simply upgrade to a new machine. Your local computer service centre will be able to assist you with these options.

Christmas Parties & Gifts... and related tax implications

Typically these expenses are viewed by the ATO as a "fringe benefit" which can attract a tax of 46.5% which obviously makes your Christmas festivities a whole lot more expensive. Hardly in the spirit of merriment we agree! However, with a bit of forward planning, there are some concessions to take advantage of.

Tip 1: To obtain a full tax deduction be savvy with your gift giving—Give your employee a gift that DOES NOT CONSTITUTE ENTERTAINMENT—that is <$300 to get a full tax deduction i.e. food hampers, perfume, wine, certain gift vouchers (avoid movie tickets, sports tickets, general entertainment vouchers)

Tip 2: No FBT / No tax deductions if cost of Christmas parties is <$300 per head—If these costs are kept below $300 ($600 if incl. a spouse) i.e. food, wine, entertainers, leasing of premises (houseboats, holiday houses etc.) you will avoid FBT but you will also lose out on claiming a tax deduction. (Generally, it is more cost friendly to avoid the FBT in the long run)

Tip 3: Gifts to clients & suppliers are goodwill acts only—Where you provide food & drink to clients and suppliers it will be purely a goodwill gesture as you will not be able to claim this as a tax deduction.

Written by
Tracy Richardson

The Five-Minute STRESS-BUSTER

Stop... Breathe... Reflect...

So, now you've interfered with the automatic stress response, you should be able to focus on the real problem without the distractions of exaggerated worries. Reflect on the causes of your worry and consider these questions:

- Why do I leap to the most awful conclusions?
- Am I exaggerating the threat?
- What is the emotional 'hook' that sets my stress reaction going?
- What is the specific problem in this case?

Understanding the source of stress takes more than a quick moment of thought, but if you've been working on the issue, you'll be able to apply your understanding to the particular stressful moment.

The next step is to choose how to deal with the situation. Consider each available option, and then choose the one that best fulfils your goals. Ask yourself:

- What is my real goal here?
- What is the best solution to the problem?
- Do I have the skills and tools to achieve the best solution?
- What can I do right now? Later today? Tomorrow?

Once you've made your decision, then you can act on it with clarity.

Borrowed from
Harvard ManageMentor

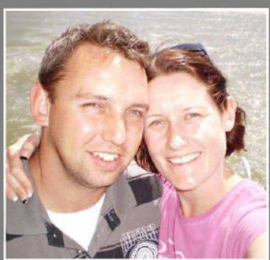
GTP Tidbits...

Congratulations Jess!

Congratulations to Jess Maybery who has recently completed her final exams and is now a fully qualified accountant!

Jess started at GTP as one of our first Cadets and we could not be more proud of her and all the hard work she has put in over the past years. Very well deserved Jess!

Congratulations Mr & Mrs Munro!



Congratulations Carmen & Glen who became Mr & Mrs Munro on November 30th!

Wishing you a long and happy life together with your boys Connor & Hamish.

May your celebrations be merry, your heart be light, your Christmas happy and your season bright!

The team at Green Taylor Partners wish you all the best for a healthy, happy and successful new year!

Recipe: TRADITIONAL SHORTBREAD

Supplied by **Emily**

Ingredients

- Melted butter, to grease
- 250g butter, at room temperature
- 100g (1/2 cup) caster sugar
- 300g (2 cups) plain flour, sifted
- 90g (1/2 cup) rice flour, sifted

Method

Step 1: Preheat oven to 150°C. Brush two baking trays with melted butter to grease. Use an electric beater to beat the butter and sugar in a bowl until pale and creamy.

Step 2: Gradually add the combined flour, beating on low speed until almost combined. Use your hands to bring the dough together in the bowl. Turn onto a lightly floured surface and knead gently until smooth.

Step 3: Roll walnut-sized balls and place on baking tray lined with baking paper. Use a fork to flatten the balls.

Step 4: Bake the shortbread in oven for 15-20 minutes or until light golden. Set aside on trays to cool before transferring to a wire rack to cool completely.

MOVEMBER

The GTP Team got into the spirit of **Movember** this November raising over $100 with a morning tea. Movember is used to raise awareness and funds for prostate and testicular cancer and men's mental health.

The highlight? The team modelling their "biscuit" mo's!!! Thank you to Matt's wife Jane for these edible (and fun) treats!

Pictured: The GTP Team modelling their yummy "biscuit" Mo's!

Christmas Closure Dates:

Our office will be closed from

12.00pm Tuesday 24th of December 2013

reopening

8.30am Wednesday 8th of January 2014

Contact us at GTP...

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