



**GREENTAYLOR  
PARTNERS**

# QUARTERLY Newsletter

CELEBRATING 71 YEARS IN BUSINESS

## IMPORTANT DATES

**03 June 2013**

Last date for income tax return lodgement for 2012. If lodged after 15 May 2013, tax is payable upon lodgement of return.

**10 June 2013**

**GTP CLOSED for Queen's Birthday public holiday.**

**21 June 2013**

May 2013 monthly Activity Statements due for lodgement and payment.

**30 June 2013**

End of 2013 financial year.

**14 July 2013**

PAYG Statements (Group Certificates) to be provided to each employee by this date.

**22 July 2013**

June 2013 monthly Activity Statements due for lodgement and payment.

**28 July 2013**

June 2013 quarterly Superannuation contributions due.

**29 July 2013**

June 2013 quarterly activity statement lodgement and payment due.

**14 August 2013**

Annual PAYG summary (Group Certificates) to be provided to ATO by this date.

**21 August 2013**

July 2013 monthly Activity Statements due for lodgement and payment.



## this issue

Changes to Superannuation from 1 July 2013 **P.2**

Helping your children purchase a home **P.3**

Getting Innovative for your Business **P.4**

Changes to Law from 1 July 2013 **P.5**

Responsibilities of Employers: Termination **P.6**

Have you heard about BankLink? **P.7**

GTP Upcoming Events & Tit Bits **P.8**

**Superannuation Strategies & Tax Planning INSERT**

## Budget Review:

**Increase in Medicare Levy:** The Government will increase the Medicare Levy from 1.5% to 2.0% from 1 July 2014. This reform will fund the National Disability Insurance Scheme (NDIS), to be known as "DisabilityCare Australia".

**Deferral of 2015/16 Tax Cuts:** The income tax cuts scheduled to commence on 1 July 2015 as part of the Clean Energy package will be deferred due to the downward projections in carbon tax receipts. The proposed tax-free threshold increase from \$18,200 to \$19,400 will also be deferred.

**Changes to claiming Work-Related Self-Education expenses:** From 1 July 2014, taxpayers will only be able to claim a tax deduction of up to a maximum of \$2,000 of education expenses in an income year.

Deductible expenses in this area include costs involved in undertaking a course of study, such as conferences and workshops, where these expenses are incurred in the production of the taxpayer's current assessable income.

**Phasing out of Net Medical Expenses Tax Offset (NMETO):** The Government will phase out the NMETO immediately, however transition arrangements will apply for those currently claiming the offset. The NMETO will continue to be available for taxpayers for out of pocket medical expenses relating to disability aids, attendant care or aged care expenses until 1 July 2019 when the NDIS "DisabilityCare Australia" system will be fully operational and aged care reforms have been in place for many years.

**Dividend "Washing" crackdown:** The Government will close a loophole that enables sophisticated investors to engage in "dividend washing" from 1 July 2013. Effectively this allows the investor to trade franking credits, therefore receiving two lots of franking credits on the same parcel of shares. The changes will result in the investor only being able to access one lot of franking credits.

**A Number of Other Changes that will depend on who wins the next Election:** There are numerous other proposals that will only see the light of day if the current Government wins the September election. Rather than list these – we will wait until we see actual changes to the Law before considering action to take.

## GTP Ownership Group...



Chris  
Foster



Peter  
Cramer



Matt  
Richardson



Rohan  
Brown



David  
Hadley



Kerry  
Schultz



## CLAIMING CAR EXPENSES

You may be able to claim some car expenses incurred in your efforts to earn assessable income. Expenses include: Fuel, repairs, registration, insurance, lease charges, depreciation

Who can claim?

- Individuals:
  - an employee (earning wages)
  - self employed (in own business)
  - partners of a partnership

You can claim:

- some trips from home to work (rarely)
- some trips from workplace to workplace

Vehicle types: cars, station wagons, panel vans, utes.

There are 4 Claim Methods:

1. cents per kilometre
2. 12% cost of vehicles
3. 1/3 actual expenses
4. log book

### TIPS:

- If unsure keep a log book (**12 consecutive weeks**)
- Individuals & partners – note speedo reading at **June 30**
- Companies & Trusts – note speedo reading at **March 31**
- Consider paying expenses by credit card (even if on holidays) so all records are together
- Try and pay “all” expenses by June 30 to get deduction **this year** not next
- Generally a log book proves best method when business use exceeds 50%

(continued Page 5)

# ALERT:

## Changes to Superannuation from 1 July 2013

### Individuals

- If you're 18 or older and paid \$450 + (before tax) per month, you will get 9.25% super as part of the Super Guarantee Contribution (SGC) scheme. Over the coming years it will increase to 12%:

| 1 July 2013 | 1 July 2014 | 1 July 2015 | 1 July 2016 | 1 July 2017 | 1 July 2018 | 1 July 2019 |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 9.25%       | 9.5%        | 10.0%       | 10.5%       | 11.0%       | 11.5%       | 12.0%       |

- If you earn less than \$37,000 per year, the Government will add up to \$500 extra into your super. You do not need to do anything to receive this. It will happen automatically and is calculated by the ATO.
- The upper age limit for SGC will be removed. If you are over 70 years young and still working, you will get super.
- My Super – New account type. All super funds will have to offer this as a default account. It will have lower fees and more simple features to lower costs.
- Superseeker is a free and secure online tool to help keep track of all your super. It is very easy to use and set up and provides an easy way to keep a regular eye on your super. Having different small accounts makes the fees add up. Rolling over your super into one account will alleviate this problem for you. It is a simple process to complete. Visit [www.ato.gov.au/superseeker/](http://www.ato.gov.au/superseeker/)
- To avoid losing your super make sure you supply your super fund with your TFN.
- In a new initiative to stop your small amounts of super being chewed up by fees and charges, super funds will have to transfer accounts with balances up to \$2,000 (of lost super) into the ATO. The ATO will also be paying these amounts interest equivalent to CPI.
- Therefore as an individual, consider doing these 5 things to help you save more for the future:
  1. Give your TFN details to the super fund
  2. When you change jobs tell your employer which super fund you wish them to contribute to.
  3. Tell your super fund when you change jobs, address or name.
  4. Check Superseeker for any lost super.
  5. Roll all super accounts into 1
- To make Super fairer you can make your own contributions, you could also salary sacrifice. Contribution caps apply.
- The present concessional cap is \$25,000.

### Employers

- Be aware that your SGC payments are about to increase.
- You will now need to pay for employees who are greater than 70 years young.
- New standards have been introduced to make processing payments easier, however these will not commence until 1 July 2015 if you have fewer than 19 employees. Also, over the next two years new reporting standards will be introduced.
- New laws are coming regarding Payslip reporting of Super Contributions—*Watch this space!*

### Self-Managed Super Funds

- From 1 July 2013 the auditor that you engage will need to be an approved SMSF Auditor, who is registered with ASIC.
- 1 July 2013 will see new, more transparent laws, which are applicable to acquisitions and disposals between SMSF's and related parties.
- 1 July 2013 will bring new compliance laws.
- New penalties for promoters of illegal early release schemes. These benefits received will be taxed at 45% plus Medicare levy.
- Investment strategies must be reviewed regularly.
- New valuation guidelines will be in place. The ATO has a link to provide guidance: <http://www.ato.gov.au/superfunds/content.aspx?doc=/content/00328213.htm>
- Separation of assets has always been a requirement. The ATO now has the power to enforce compliance.



## Helping your children purchase a home

As parents you always want to help children build a life and purchase assets. One major one is a home. There are a number of things to consider...

### • **Buying for a child under 18**

This can be done via a bare trust that only has the child as the beneficiary and under capital gains purposes the asset is considered to be owned by the child. This also means the child will be taxed on the net rental income and subject to penalty tax rates while under 18. Unless the property is negatively geared there are not really any tax benefits in holding the property in the child's name.

### • **Helping your adult child qualify for a loan**

Banks are reluctant to take the parent's home as security or use their income as part of the ability to service the loan unless the parents have an interest in the property which means their name is on the Title.

The first problem is there may be future stamp duty costs to remove the parent's name from the Title.

The second problem is the change of name on the Title creates a capital gains event for the parent. These can be overcome by a formal document between the child and parents. The Tax Office will then allow the property to be transferred at market value and no capital gain event for the parents. If the child then sells the property they can apply the full main residence exemption right from the start.

### • **Buying a home with your child**

This is a practical way of being able to afford a property but creates issues when there is a change in title. Capital gains tax may apply for the parent as it would not be their main residence.

### • **Buying a property to rent to your child**

The parent would hold this property like any rental property. When the title is transferred to the child no main residence exemption applies if the parent lives somewhere else. Capital gains would also apply if the property is sold after the child has moved on.

Market value rent would also need to be paid on the property for the expenses of the property to be tax deductible.

### **BANKLINK TIPS**

**GST CODES** – Not sure what GST code is what? Use the 'F7' button on your key board to access the list of GST codes.

### **SORTING TRANSACTIONS**

– To sort transactions by the date, the amount or the cheque number, click on the heading of each column. A little triangle will appear in the box indicating that the data is sorted by that field.

### **KEYBOARD SHORTCUTS:**

- To access the list of payees use the 'F3' button
- To access the list of categories use the 'F2' button
- To split or dissect use the '/' key



### **SMSF REMINDER!**

**IS YOUR SMSF PAYING YOU A PENSION?** Make the minimum payment before June 30!

Make sure your SMSF pays at least the minimum pension amount before 30 June 2013—otherwise your Fund may lose its tax-free status!

We will have advised you of your minimum amounts on your pension documents and accompanying letter mailed to you during this past year.

However, if you are unsure or have any queries, please contact us before June 30.

## Changes to ATO Refunds



The Tax Office has announced that from 1 July 2013 they will not be issuing cheques for tax refunds. This means that for all clients expecting a refund, bank account details must be provided in the tax return so that refunds can be directly deposited.

An advantage of providing bank details to the Tax Office is that refunds are often processed quicker than where cheques are issued.

It will be important to remember that where bank account details change, we must be notified to ensure that tax refunds are processed quickly and efficiently.





## Getting Innovative for your Business...

*This article was written by Paul Davis of Davis Business Consultants. We thought it relevant to adapting to today's challenging times and so was worth sharing with you...*

### Contractor Reporting for the Building & Construction Industry

From 1 July 2012, businesses in the building and construction industry are required to report, on an annual basis, payments to contractors.

You will need to report to the ATO if you are:

- A business that is primarily in the building and construction industry (being 50% or more)
- You make payments to contractors for building and construction services.

Each year by 21 July a business will need to complete a *Taxable Payments annual report* and show the following information for each contractor: ABN; Name; Address; Gross amounts paid for the financial year inclusive of GST; Total GST included in the payments.

*It is important to ensure you have all this information ready to complete the report by 21 July.*

**On Monday 24 June at 10am & 6pm, Rohan will be running a practical session on Contractor Reporting at GTP. Be sure to attend as he will explain who you will need to report on and the form preparation process using different software packages. (See page 8 of Newsletter for further details)**

Imagine if you had stepped into a coffee house in Italy in 1968. You saw how it was busy in the morning and busy all day and into the evening. You find yourself asking, why are these people paying three Euro (or Lira back then!) for a mocha grande? Is it because they don't have an espresso machine at home? Or is it something else? Perhaps they want to be seen going to a place to hang out with friends. One company took the time to think this through, and as a result Starbucks has over 17,600 locations in 60 countries. Now that was innovative!



Innovation plays an important role in the growth of any small business. While innovative ideas come naturally to some; most small business owners have a tough time coming up with innovative changes that will have a positive impact to their business.

To ensure your business survives you have to be willing to be innovative, embrace change, and bring new products or services and add value to your revenue streams. With that in mind, here are a few ideas that can help you to be innovative...

**1. Focus**—Have you ever noticed that before you bought your current car, you didn't see many of the same make, model and colour car driving around the roads. However after buying your car, in the weeks that followed did you notice how many of the same make, model and colour car were actually on the road? My question for you – were those same cars there before you purchased or did they just all of a sudden appear in the weeks that followed. The thing is, our mind only looks for things we want to see, or in other words, things we are looking for.

Therefore you have to start by programming your mind to start looking for new business ideas and opportunities. Start by asking yourself questions – your brain has to answer the question, it's programmed that way. Ask open questions like "what opportunities can I spot here...", "how can I use this in my business...", "what added value can I bring to this..."

**2. Get Out**—It's very difficult to get creative ideas from within your own office, where you've been day in and day out. So change your environment. Go to new places. Get away from the office to somewhere you've never been before. You'll be forced to see new things as you acclimatise yourself to the new environment.

**3. Lateral Thinking**—Someone I had the great pleasure to meet, Dr Edward de Bono – the originator of Lateral Thinking and author of over 60 books including 6 Thinking Hats – is the guru when it comes to thinking outside the box. His books will give you numerous techniques as to how to be innovative and approach things from a different perspective. Buy one today!

**4. Read Business Books**—There is a wealth of inspiration and creative ideas to be got from reading business books, listening to business programs on the radio or reading the biographies of successful people to see how they made it. Brody Sweeney, founder of O'Briens Irish Sandwich Bars, explains in his book "Small to Tall", where he used the basis for changing how he sold sandwiches, which initially were only sold on a made-to-order basis. After he read Fergal Quinn's book, *Crowning the Customer*, he put in a pre-packaged sandwich counter with exactly the same results that Fergal Quinn got. It took nothing away from the core business, but opened up an additional, profitable revenue flow.

**5. Question Everything**—Question why things are done a particular way. It's only by questioning do you begin to find alternatives to how things can be done better or done differently. Don't accept things as they are now. See how you can do them differently and add value.

## Changes to Law from 1 July 2013

- There will be a number of changes to excise duty and fuel tax credits due to clean energy changes taking effect from 1 July 2013. Rates will be published by the ATO closer to the date.
- Individuals earning income in excess of \$300,000 will have their contributions tax rate increased from 15% to 30% Super (excluding Medicare levy).
- ATO Supervisory Levy for Self-Managed Superannuation Funds is increasing to \$259 a year.
- Ban of off market transfers - all acquisitions and disposals of assets between SMSFs and related parties must be conducted through that market, or if no market exists, must be supported by a valuation from a suitable qualified independent valuer.
- Baby Bonus drops from \$5,000 to \$3,000 for second and subsequent children, but remains at \$5,000 for the first child and for each child who comes into the family in a multiple birth, adoption or entrustment to care.



## CLAIMING CAR EXPENSES

*Continued from Page 2...*

You should talk to your accountant to consider the following:

- If you can claim?
- What would be best method?
- What records need to be kept?
- Do you need a log book?
- Are there GST implications?
- Are there tax implications when I dispose of the vehicle?
- How are car expenses treated when vehicle is owned by a company or a trust?

### REMINDER!

*June 30 is fast approaching!*

- DO YOU have a log book?
- DO YOU need a log book?
- IS YOUR existing log book still current (less than 5 years old)?

Contact your Accountant at GTP for assistance...

### GTP BLOGS!!!

Each week we post a new Blog article written by a member of the GTP ownership group on our website.

These articles are always great reading and full of important and thought provoking information and commentary - To read visit [www.greentaylor.com/blog](http://www.greentaylor.com/blog)

**6. Ask your customers**—A lot of us believe we are providing our products or services the correct way, or the way we think our customers want them. However many of us never ask the people we are trying to sell to. You don't need to do extensive market research. All you have to do is ask your customers 'what would you do differently?' Even better, ask previous customers, people that for some reason stopped buying from you. You'll be amazed at what you'll find out, and what opportunities it will present. And in my experience, it won't cost you a lot to incorporate the new ideas. One caveat however – if you're asking people for ideas, don't try selling to them at the same time!

**7. Brainstorm**—We all have our own ways of doing things and we all think our ways are the best way – for obvious reasons! However would you agree that you'll get more ideas and insights from the people around you – your staff, other business owners, friends and colleagues? Develop a focus group to brainstorm and share ideas.

**8. Add a Zero**—When you're trying to reach a turnover of say €100,000 – you'll think of all the different things you can do to achieve that turnover. However add a zero to the end. Yes, so now your target is €1,000,000 – now what are all the ideas you'll come up with in order to achieve the new turnover level? When I've done this exercise with other business owners, the results have been amazing. The thing is, the majority of the ideas you'll come up with to achieve the higher turnover figure can also be used to achieve your original turnover figure. The only difference is, you've allowed yourself to have no limitations and to extend your possibilities.

**9. Attend Events**—In the environment where most businesses are contracting and waiting to ride the storm, some of us forget that the proper way forward is to get out there and see what's going on. Mark in your diary all the events that are coming up – conferences, trade shows, training programmes, networking – attend them and get inspiration. But like what I said earlier, make sure you direct your focus. That is to say, go to the events for the purpose of getting new ideas, looking for opportunities, questioning, and not for the sake of just attending them!

**10. Core Competencies**—Ask yourself – what are you good at? What do you really do well and what do you really enjoy doing? You can't answer this question in ten seconds. This is an exercise for you to finish on. This is an exercise you need to do, perhaps in a Starbucks coffee house drinking a mocha grande! You'll be amazed at what will come up once you start questioning and writing the answers to these questions and more importantly what opportunities it will develop into. **What other tactics would you use to be more innovative in your business?**





# Responsibilities of Employers

Part 9 in Series

## Employee Termination and Unfair Dismissal

*There are many fair reasons to terminate an employee's contract. It may be poor performance, misconduct, dangerous behaviour, refusing to follow instructions, or no further need for the position (retrenchment or redundancy). By following proper process and observing employer legal obligations around notice and reason should help minimise claims of unfair dismissal.*



RECIPE...

## Uncle Percy's Chops

### INGREDIENTS

- 750g lamb chops
- 1 tsp mild curry powder
- 1 tsp ground ginger
- 2tbs plain flour
- 1 tsp crushed garlic (crushed or jar)
- 2 cups vegetable stock
- 2 tbs tomato sauce
- 2 tbs white vinegar
- Salt & pepper to taste

### METHOD

- Preheat oven to 160C-180C.
- Lightly grease a casserole dish and line with chops.
- Combine garlic, flour, vinegar, tomato sauce, ginger, curry, stock, salt & pepper. Pour over chops.
- Allow to stand for 30 mins
- Bake uncovered for 1 1/2 hours or until tender.
- Serve with mashed potato and steamed greens.

A Slow Cooker version of this recipe is also available—  
contact us for details

Proudly  
supplied by  
Jess



### Fair warning to terminate an employee explained

Every employee should be given the chance to reach the standards you set and be given a fair hearing. Your HR policy should set fair and clear procedures for discipline and dismissal. Visit the page [www.fairwork.gov.au/termination/pages/default.aspx](http://www.fairwork.gov.au/termination/pages/default.aspx) on discipline and misconduct to guide you.

### The often quoted 'three-strikes policy' is not a legal requirement,

but employees should be given fair warnings to improve their performance and some help if required, e.g. extra training. You don't need to give warnings or notice if the employee has committed gross or serious misconduct.

### Termination and final payments for dismissed employees

Your employee is entitled to the termination payments under state and federal law, and their award, agreement and/or contract, e.g. unused holiday pay, wages owing, and pro-rata long service leave. Note that most businesses with less than 15 staff don't have to pay severance or redundancy pay (except for some pre-March 2004 awards).

### Required notice period

This varies depending on how long they have worked for the business. You may also choose to pay 'payment in lieu of notice' (money equal to the wages for the notice period) if you would like the employee to stop working immediately or before the end of the notice period. Check the relevant award/workplace agreement on the Fair Work

Commission website or call 13 13 94 to check the notice period or what to pay in lieu of notice, as these vary.

An employee can be instantly dismissed for gross or serious misconduct such as theft, fraud, assault, being intoxicated, or refusing to carry out a lawful and reasonable instruction, but first you should still give them a fair hearing about the circumstances surrounding the incident. Under some awards or agreements instant dismissal can affect their final payments, e.g. you may not have to pay their pro-rata long service leave, or notice.

### Unfair dismissal explained

Unfair dismissal occurs when there's no valid reason for the dismissal, or you have not given the employee a warning or a fair chance to improve their performance. Another form of unfair dismissal is if the employer makes a position redundant, retrenches the employee and shortly after, hires a new employee to do the same duties.

The Small Business Fair Dismissal Code applies to businesses with fewer than 15 employees (excluding irregular casuals) from 1 July 2009 (under the Fair Work Act). Although not legally required, use the Small Business Fair Dismissal Code checklist fact sheet at [www.deewr.gov.au](http://www.deewr.gov.au) as a guide to the right procedure. Keep completed copies as a record you've done the right thing.

An employee can claim unfair dismissal if the business employs:

- less than 15 staff (excluding

irregular casuals), and the employee has worked there for 12 months or more

- 15 or more staff (excluding irregular casuals), and the employee has worked there for six months or more.

### Unlawful termination explained

Unlawful termination applies to all employers when an employee is dismissed or made redundant for a prohibited reason which is usually discriminatory, when an employer fails to give/pay proper notice, or when they dismiss 15 or more employees without first notifying Centrelink.

### Breach of the National Employment Standards

You will be in breach of the NES if you fail to:

- give the correct amount of notice to an employee
- pay the correct final payments, e.g. severance pay.

An employee or the Fair Work Ombudsman can take you to Fair Work Australia to recover money and possibly seek the imposition of monetary penalties on you or your business.

### Final payments

Calculations of typical final payments include:

- unused annual leave
- 'payment in lieu' if the employee is not going to work through the normal notice period to their official last day (remember to calculate the employee's super to the end of the notice period)
- pro-rata long service leave, usually only after seven years' service (10 years in some awards containing their own long service leave provisions).

So have you heard about...



BankLink has been around for more than 25 years helping businesses manage their books simply and efficiently.

The BankLink Service provides your accountant with an electronic copy of your bank statement which is then used to process your book work for GST, income tax and financial management.

BankLink Books allows you to use BankLink at home to do your books, including allowing you to complete BASs, reports and budgets.

BankLink Notes Online is perfect for people wanting to leave the accounting to the accountant, and simply provide details of what each transaction is.

Coming up to end of financial year it is a perfect time to review the software you are using. If you would like to learn if you can spend less time on the bookwork and more time in your business (or playing golf!), we invite you to contact us to learn more...



## UPDATE:

### Primary producers: Duty Exemptions on new Business Vehicles



Our December newsletter included an item outlining the possible claiming of an exemption for motor vehicle stamp duties when registering a vehicle solely used for primary production.

We now confirm the exemption only applies to the following types of primary production vehicles:

- Heavy trailer, or
- Constructed so the engine is used to drive or operate an agricultural implement forming an integral part of the vehicle and the primary purpose is not to carry a load, or
- A tractor with a maximum mass of 4.5 tonnes or less, or
- A primary producer special vehicle.

This can be found in section 233 of the Victorian Duties Act 2000. For further information please refer to this section of the act or [www.sro.vic.gov.au](http://www.sro.vic.gov.au).

IT'S TIME FOR AUSTRALIA'S  
**BIGGEST**  
MORNING TEA! MAY 2015

GTP'S BIGGEST  
MORNING TEA!

GTP again supported the Cancer Council of Australia by holding a Biggest Morning Tea!

Chris got into the spirit of things early making some delicious Apricot Balls—under the watchful eye of Jenny we're sure!



An amazing spread was once again provided by members of the GTP team with \$162.75 raised for the Cancer Council! (\$105 last year).



Our thanks to Jodie who organised the event once again—and who will be organising a daily exercise routine for everyone to burn off the extra calories!



*All proceeds raised are donated to the Cancer Council Australia to help those whose lives have been affected by cancer*



## GTP Tit Bits...

### Congratulations to Penny & Troy!



A huge congratulations to Penny, Troy, and family on the birth of little Harry William Fisher. Harry was born on April 18th weighing 8 pounds and is a little brother to Maggie and Taylor. Congratulations Fisher family!

### Congratulations Shane & Team!



A belated congratulations to Shane (pictured back row, second from right) and his team St Michaels A Grade who took out the 2013 Tennis Premiership back in March of this year!

Bragging rights until next March are yours Shane!

## Upcoming Events

### - STRATEGIC TAX PLANNING TO BUILD WEALTH



**David Hadley**  
CPA



**Kerry Schultz**  
Chartered Accountant

**Wednesday 12 June 2013**  
**6.00-7.30pm**

Do you want to learn how to minimise your 2013 tax bill while building wealth for your future needs? Yes? Then this evening is for you!

*Including...*

- Strategic Tax Planning tips for farmers and small business owners
- Examination of different business structures
- Superannuation contributions
- Utilising various structures to manage your tax
- Purchasing new plant & equipment

David & Kerry will provide a lively session that we guarantee will leave you on top of your tax come 30 June this year! Phone us on 03 5382 4761 to reserve your seat.

### - BUILDING & CONSTRUCTION INDUSTRY CONTRACTOR REPORTING — YEAR END PREPARATION



**Rohan Brown**  
Chartered Accountant

**Monday 24 June 2013**  
**10.00am & 6.00pm**

Are you primarily involved in the Building & Construction Industry? Do you make payments to contractors for Building & Construction services? If YES, you should be attending!

GTP will be running two sessions focusing on the ATO's new Contractor Reporting covering:

- Preparation of the 'Taxable Payments Annual Report'
- Downloading Contractor information from your bookkeeping system
- Who and what to report on

**Invitations will be posted in coming week**



## Contact us at GTP...

43 - 45 Pynsent Street Horsham VIC 3400

PO Box 637 Horsham VIC 3402

P 03 5382 4761

F 03 5382 1953

E [email@greentaylor.com.au](mailto:email@greentaylor.com.au)

[www.greentaylor.com.au](http://www.greentaylor.com.au)

[facebook.com/greentaylorpartners](https://www.facebook.com/greentaylorpartners)

[twitter.com/greentayloracc](https://twitter.com/greentayloracc)

[youtube.com/greentaylorpartners](https://www.youtube.com/greentaylorpartners)

[linkedin.com/company/green-taylor-partners](https://www.linkedin.com/company/green-taylor-partners)



# 5 SIMPLY SENSATIONAL SUPERANNUATION STRATEGIES...

Special information for SMSF Clients!

Also for those who may be considering a SMSF... Talk to Kerry, Matt or Peter about opportunities for you!



## Property Investment using a related Unit Trust:

It may be possible to set up a Unit Trust to assist with the purchase of commercial real property by a SMSF and related parties. This works by setting up a Unit Trust to buy the commercial real property and then having the SMSF purchase units with cash and the other related parties purchase the remaining units with either cash or borrowings – NB borrowings cannot be secured on Unit Trust assets!

For this arrangement to work the Unit Trust must satisfy these very strict guidelines:

- Cannot invest in interests in any other entities (i.e. listed securities, managed funds, related entities etc.)
- Cannot have a charge (i.e. mortgage) over any of its assets
- Cannot own any assets acquired from a related party after 11 August 1999, except business real property
- Cannot enter into a lease agreement with a related party, unless the lease is legally binding and relates to business real property
- Cannot provide financial assistance to a related party of the fund (i.e. loan)

If the Unit Trust breaches one of the above guidelines it may result in the SMSF being deemed as non-complying and as a result subject to 47% tax on it's income and market value of it's assets.

**Using a SMSF to invest in real property through either a Limited Recourse Borrowing Arrangement or a Unit Trust is allowed by law, however the decision to enter into such an arrangement needs to be very carefully evaluated to ensure it meets your intentions and the SMSF's Investment Strategy.**

## Limited Recourse Borrowing Arrangements

It is commonly known that Self-Managed Superannuation Funds are not permitted to borrow, however there are very specific exceptions to this rule such as Limited Recourse Borrowing Arrangements (LRBA).

A LRBA typically involves an SMSF taking out a loan from a third party lender and together with it's own funds buys an asset, typically real estate, which is held in a separate trust. The SMSF acquires a beneficial interest in the asset with the trustee of the separate trust being the legal owner of the asset. If the SMSF defaults on the loan the lender's rights are limited to the asset held in the separate trust, meaning there is no recourse to other assets of the SMSF.

When used in the right circumstances this can assist members to grow their retirement savings, however there are many risks and issues that should be considered before proceeding. Arrangements that do not comply with the law can cause serious issues and possible large monetary fines to trustees personally. There is a lot on the line if you get it wrong!

## Concessional Contribution Caps

Currently the concessional (pre tax) contribution is \$25,000 for everyone, regardless of their age. As part of the Government reforms it has been proposed that new contribution limits will apply from 1 July 2013 for certain tax payers. The table below summarises the proposed changes for current and future financial years:

|                                  | 2012-13  | 2013-14  | 2014-15  |
|----------------------------------|----------|----------|----------|
| Concessional cap – aged under 50 | \$25,000 | \$25,000 | \$30,000 |
| Concessional cap – aged 50 – 59  | \$25,000 | \$25,000 | \$35,000 |
| Concessional cap – aged over 60  | \$25,000 | \$35,000 | \$35,000 |

## Investing in Listed Shares can generate extra income

Investing in Listed Securities which pay fully franked dividends can generate extra income in your Fund. When a company pays a fully franked dividend there are imputation credit attached which are included in the Fund's tax return as a tax credit.

These imputation credits are worth \$0.30. Your SMSF typically pays 15% tax, so the imputation credits create an excess refund of tax! This means higher earnings for your SMSF!

Remember, if your SMSF is in pension phase, it pays no tax on earnings so all of the credit comes back as a tax refund!

|                                   | Accumulation   | Pension        |
|-----------------------------------|----------------|----------------|
| Dividend (cash received)          | \$700          | \$700          |
| Imputation Credit                 | \$300          | \$300          |
| <b>Taxable Income</b>             | <b>\$1,000</b> | <b>\$1,000</b> |
| Income Tax Expense                | -\$150         | \$0            |
| Imputation Credit                 | \$300          | \$300          |
| <b>Tax Refund (cash received)</b> | <b>\$150</b>   | <b>\$300</b>   |

Funds in Accumulation stage (no pension) will receive \$850 cash (\$700 + \$150) from the dividend while a Fund in Pension stage will receive \$1,000 cash (\$700 + \$300).

## Accumulating Assets in Super could save you thousands!

Accumulating assets in your superannuation fund could save you thousands every year as well as growing your retirement savings. Individuals are taxed at their marginal tax rates on earnings throughout their lifetime while a Superannuation Fund is taxed at 0% when members commence a pension. So by building up the assets inside a SMSF instead of in the individual's name you could save big \$\$\$. See the example below:

| Example Asset Base             | Income          | Tax for Individual | Tax for Super Fund    |
|--------------------------------|-----------------|--------------------|-----------------------|
| <b>Property</b> \$450,000      | \$27,000        | \$14,286           | \$0                   |
| <b>Shares (F.F.)</b> \$300,000 | \$13,500        |                    | (\$5,785) Ref.        |
| <b>Cash</b> \$150,000          | \$6,750         |                    | \$0                   |
| <b>TOTAL</b> \$900,000         | <b>\$47,250</b> | <b>\$14,286</b>    | <b>(\$5,785) Ref.</b> |

Overall there is a tax saving of \$20,072 per year. \$100,000 over 5 years!

See Kerry, Matt or Peter for further information about your Self Managed Super Fund





### Salary/Wage Earners:

Tax planning is not just for business owners, all taxpayers should be taking the opportunity to maximise their deductions and review tax planning opportunities.

**Expenses:** ensure all work related expenses, memberships/subscriptions are paid before 30 June to claim them this tax year. Retain and chase up receipts for any work related expenses/donations paid during the year. Look at home use of your internet and phone etc. for work purposes. If you work from home after hours, calculate how many hours you would work so a claim can be made. If you need new work uniform purchase it before the end of year.

If using your own car for work, consider whether a log book is worth keeping. This is particularly relevant if the travel undertaken for work is a significant percentage of total travel in the vehicle.

Don't just think about the current year's tax. Now is the time to take the opportunity to put in place salary packaging for the next financial year e.g. super, novated vehicle leases, laptops, mobile devices etc.

If you own a rental property ensure all operating expenses and repairs are paid before 30 June. Consider pre-paying interest in advance to bring forward an extra interest deduction.

If you have made a capital gain from disposal of assets, review other investments to determine if you should dispose of underperforming investments so as to turn a 'paper loss' into a 'real loss'. The capital loss can then be offset against the capital gain and reduce your tax bill.

## Tax Planning Time...

What is that sound I can hear? It sounds like the end of financial year fast approaching, and with it comes tax planning time. GTP have been busily assisting many clients in reviewing their likely tax positions during the last couple of months and will assist many more before 30 June.

Remember to ensure you don't leave your planning too late, especially since 30 June is a Sunday this year! There is nothing worse than being ready to pre-pay a few bills and finding the suppliers doors locked, or missing the opportunity to make that last Superannuation payment.

As always there are the common strategies of FMD's (for farmers), pre-payment of expenses, stocking up on consumables, consideration for repairs to be undertaken and buying required parts now and ensuring all employee super is paid before 30 June. If on a cash basis (some small business's and most farmers) ensure all bills are paid before the end of June and review timing of receiving income. For accrual based clients ensure purchases are invoiced to you for all June purchases, book up consumables etc., look at timing of invoicing out work and physically write off bad debts.

If purchasing plant ensure it is in place and ready for use before the end of June. One of the major changes for Small Business Entities in 2013 is the ability to write off plant costing less than \$6,500 immediately. If purchasing a motor vehicle the first \$5,000 is immediately claimed, with the remainder being depreciated as normal. If considering purchasing any plant or equipment early in the new financial year think about bringing the purchase forward into this year.

Contact us at GTP to make an appointment with our experienced team before 30 June so we can estimate your 2013 income and quantify your tax position. Don't just go by gut feel, as from experience gut feel can be off! As Big Kev would say, "I'm Excited" when it comes to tax planning!

In the next few weeks GTP will presenting a tax planning session focusing on strategic long term tax minimisation strategies—this is definitely something all business owners should be attending!

## STRATEGIC TAX PLANNING TO BUILD WEALTH

6.00-7.30pm, Wednesday 12 June 2013

**Do you want to learn how to minimise your 2013 tax bill while building wealth for your future needs? Yes?** Then this evening is for you!

*Including...* Strategic Tax Planning tips for farmers and small business owners, utilising various structures to manage your tax, and much more. **Phone GTP on 03 5382 4761 to reserve your seat...**

**David Hadley**  
CPA



**Kerry Schultz**  
Chartered Accountant



### COMPETITIVE EDGE EVENT:

Competitive Edge events are special seminars and workshops held *exclusively* for clients of GTP with one aim in mind – to give you a competitive edge over your competition.