



The Peak Partnership
CHARTERED ACCOUNTANTS

The Pinnacle

THE PEAK PARTNERSHIP CLIENT NEWSLETTER

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Deductions protected for forestry scheme investors

The Federal Government has introduced legislative changes to protect deductions claimed by investors in forestry managed investment schemes where the four-year holding period requirement to claim the deduction is failed for reasons genuinely outside the investor's control. The change will assist investor's in schemes which are wound-up or insolvent.



Inside this issue

Superannuation news

Offsetting business losses

Surviving tax time in business

Payroll Tax | what's included

Income tax rates 2010-2011

ASIC fee changes

Phoenix activities under watch

In the frame |
Damian Knoblanche

Hot topic in Q1

A new financial year means new income tax rates for business owners to calculate when paying their employees' salaries and wages. Now is the time to check your payroll software to ensure your business is ready for the new income tax rates.

A summary of the new income tax rates is included in this issue of The Pinnacle. We've also included the 2009-2010 motor vehicle expense rates that were recently released.

Paying a day late risks credit rating

ONE in three Australians are likely be late paying their bills this year and one in four households say they may miss a mortgage payment if they run short of cash.

A survey by credit rating agency Dun & Bradstreet has found that most Australians would delay paying their pay-TV account or skip their mortgage repayment without realising the consequences of late payments.

One in 10 Australians said they would be more likely to settle their accounts on time if they knew late payments would adversely affect their credit profile. Until now, a payment would need to be 60 days overdue before it would affect a person's credit record.

But under new credit reporting laws which have been accepted by the Federal Government, being only one day late will now be recorded on a person's credit rating.

"A significant number of Australians are unaware of the consequences of failing to pay their bills on time," D&B Chief Executive Christine Christian said.

"Not paying a credit obligation on time or at all can negatively impact an individual's ability to access credit for up to five years, so it's critical that every credit commitment is taken seriously.

"For credit providers, the fact that one third of Australians have said they will pay bills late in the year ahead means cash flow pressures will continue despite the strength of the economic recovery. Consequently, credit providers need to keep a close eye on their customers' payment habits."

One in three Australians aged between 18 and 49 and earning more than \$80,000 a year expect to make a late payment in the year ahead compared to one in five of those aged 50 to 64.





Superannuation News

There has been quite a lot of activity in the superannuation sector recently. Here are some of the latest important updates that haven't received widespread media coverage.

Superannuation Clearing House

The Bill to establish an optional free superannuation clearing house for employer superannuation contributions has been introduced into Parliament.

The clearing house, to be operated through Medicare Australia, will allow small businesses with fewer than 20 employees to meet their employer superannuation guarantee obligations with a single electronic payment through the clearing house.

The clearing house is expected to be available from 1 July 2010. Eligible businesses can now register online through Medicare Australia at www.medicareaustralia.gov.au/super.

SMSF acquiring assets from related parties

There are strict rules which prohibit a Self-Managed Superannuation Fund (SMSF) from acquiring an asset from a related party. The ATO has released Self-Managed Superannuation Funds Ruling SMSFR 2010/1 which explains the rules.



The Tax Commissioner states that under the rules, an 'asset' means any 'form of property' and includes every type of right and intangible personal property that can be enforced by legal or equitable action such as a debt or an interest in a trust fund. The phrase 'acquire an asset' encompasses not only the purchase of an asset but also the acquisition of an asset where the SMSF does not provide any consideration or payment (for example, in specie contributions).

Personal super contributions deduction not allowed

The Administrative Appeals Tribunal (AAT) has refused a taxpayer's claim for a deduction for personal superannuation contributions after ruling that he did not satisfy the 'maximum earnings as employee condition'.

Following a work accident in 2004, the taxpayer was unable to work and received workers' compensation payments until he retired on grounds of invalidity on 12 July 2007. The taxpayer received a lump sum payment upon his retirement. During the 2007-08 income year, the taxpayer made personal contributions to two super funds.

The Tribunal found that the taxpayer was engaged in the relevant activity of holding an office for the 12 days in July 2007. While the taxpayer said he was not engaged in any activity because he was unable to work, the Tribunal stated that a person could hold office that does not require any activity.

As a result, the Tribunal agreed that the 10% test for the maximum earnings as employee was not satisfied, as the taxpayer's lump sum payment (which was attributable to those activities) clearly exceeded 10% of his assessable income for the 2007-2008 income year.

Offsetting your business losses

Business owners who make a net loss in a business activity may be entitled to claim that loss under certain circumstances, by offsetting it against their income from other sources. This is restricted by what's known as the 'non-commercial losses rule'.

Key changes were introduced in late 2009 to further tighten the rules to restrict access by individuals with an adjusted taxable income of \$250,000 or more. The changes apply from the 2009-2010 financial year.

Despite this, taxpayers who exceed the income threshold can, in limited circumstances, still access the benefit by requesting that the Tax Commissioner exercise his discretion to do so via a private ruling.

The ATO has released an application form and an evidentiary checklist to assist in this process – accessible at www.ato.gov.au/ncl.





Surviving tax time in business

Now is the time for business owners to investigate options to minimise their 2009-2010 tax liabilities. Those options include:

- » paying your employees' Q4 Superannuation Guarantee contributions before 30 June, even though these payments aren't due until 28 July;
- » reviewing outstanding debtors to write off any bad debts before 30 June;
- » reviewing trading stock for any deductible obsolete stock;
- » timing of income receipts until after 30 June;
- » check asset purchases since 13 December 2008, as some acquisitions may qualify for the Government's Tax Break deductions.

Call us on 3360 9888 for more information about minimising and deferring your 2009-10 tax liabilities.

Payroll Tax... what's included

If you own a business that pays \$1 million or more in annual taxable wages, your business is subject to Queensland Payroll Tax. The criteria for registering for Payroll Tax is based on:

- » paying more than \$19,230 a week in taxable wages; or
- » becoming a member of a group that pays more than \$19,230 in taxable wages.

For the purposes of Payroll Tax, employee wages includes bonuses, allowances, super contributions, various types of leave, shares and options, and termination payments.

Investing in your business

How would you spend \$5,000 to help your business grow? Here we've given you a few ideas about investing in your business for the future.

Develop a business plan

It's an obvious way to give your business momentum, but many business owners don't have a long-term vision for their business. Look at your financial statements; compare the past five years and look at the trends; identify where your business is in terms of staff, business capacity, financial capacity; and then document where you want your business to go.

Get the IT right

Make sure your technology is working for you. The way of business today is that we all rely on technology in one way or another. Investing in computer systems, software and processes

that work has a number of benefits, notably:

- » it removes repetitive tasks;
- » it encourages innovation;
- » it saves time (and therefore money).

Get smarter

Don't dismiss the power of training and educating yourself, no matter how long you've been in business. Whether it's increasing your knowledge about general business issues or learning in specific areas, it all improves your reputation and marketability.

Build your brand

Marketing isn't advertising. It's about how you package what you do and how you put yourself on the market. Think about the many ways you connect with your customers and prospects, and make it all consistent.

Income tax rates for 2010-2011

The Federal Government confirmed the following 2010-2011 income tax rates for Australian resident taxpayers in the recent Budget announcement:

Taxable Income	Tax Payable
\$0 - \$6,000	Nil
\$6,001 - \$37,000	Nil + 15% of excess over \$6,000
\$37,001 - \$80,000	\$4,650 + 30% of excess over \$37,000
\$80,001 - \$180,000	\$17,550 + 37% of excess over \$80,000
\$180,001 and over	\$54,550 + 45% of excess over \$180,000

The Government has also released the rates for calculating motor vehicle expenses for the 2009-2010 year.

Car	Non-Rotary Engine	Rotary Engine	Rate per KM
Small	1,600 cc or less	800 cc or less	\$0.63
Medium	1,601 cc - 2,600 cc	801 cc - 1,300 cc	\$0.74
Large	2,601 cc or more	1,301 cc or more	\$0.75

In the frame | Damian Knoblanche

In June, Damian Knoblanche celebrates 17 years with The Peak Partnership— the past 14 years as Partner. With a keen eye for progressive business practices, Damian has been fundamental in developing the technology side of the firm.

Damian has also given The Peak Partnership a strong market presence in the local area and in key industries where we specialise. Damian holds a Bachelor of Commerce degree from UQ, he is a member of the Institute of Chartered Accountants, a Certified Financial Planner and a member of the Australian Institute of Management.

Adding to his dedication to the human resources and staff development programmes within the firm, Damian is also a handy touch footballer – having represented Queensland in the “not young, but not too old” age category.



ASIC announces fee changes

The Australian Securities & Investments Commission (ASIC) has announced a number of fee changes, effective from 1 July 2010.

Some of the more common fee changes are listed below—these are fees payable under the Corporations (Fees) Act 2001 and Corporations (Review Fees) Act 2003:

Fee Type	Current Fee	Fee from 1 July 10
Annual review fee for a proprietary company	\$212.00	\$218.00
Application for registration as an Australian company (proprietary company that has share capital)	\$400.00	\$412.00
Change of company name	\$330.00	\$340.00
Notification of a charge	\$135.00	\$139.00
Notification of discharge or release of property from a charge	\$65.00	\$67.00
Application for voluntary deregistration of a company	\$33.00	\$34.00

The Federal Government recently amended Regulations to enable these fees to be indexed on an annual basis. The fees will be indexed each financial year, starting from 1 July this year, based on any increase in the Consumer Price Index (CPI) for the March quarter immediately before the start of the next financial year.

Phoenix activities put under watch

The Federal Government has flagged possible action to combat fraudulent phoenix activities which the ATO says are costing the country around \$600 million a year in lost revenue.

The Assistant Treasurer, Senator Nick Sherry, said the activity has been prevalent in the building construction industry, hospitality, cleaning services, and is spreading into other sectors.

Senator Sherry said possible action may include changing the law so that directors engaged in phoenix activities cannot avoid being personally liable for paying tax that is owed and superannuation guarantee payments for employees.

Last November, the Government put together a Proposals Paper to escalate action against fraudulent phoenix activities, particularly at a time of increased uncertainty for Australian workers.

Key dates on our website



If you want to keep up-to-date with the ATO's Key Dates for business lodgements and other important business events, you can now find them on our website at www.peakpartnership.com.au. Just look under **Client Connect** in the main menu.