

### Important end of financial year dates

Yes its that time of year again!! Below we have listed the various important dates for this busy time of the year. If you need any clarification, please contact our office.

Please be advised that we do require business activity statements 3 weeks prior to the due date to ensure they will be completed in time. If they are not received prior to 28th July 2004, we can not guarantee their completion and late lodgement penalties may be applied. It is also worth noting that we require the BAS form sent to you from the ATO at the time your BAS is received in the office.



#### **30th June 04**

Pay Super contributions to be eligible for a tax deduction.

#### **14th July 04**

Issue PAYG summaries to staff.

#### **28th July 04**

BAS June 2004.

#### **28th July 04**

Pay Super contributions to avoid paying Super Guarantee charge.

#### **14th August 04**

Send PAYG summaries and summary statement to the ATO.

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### [Smallbusiness.gov.au](http://Smallbusiness.gov.au)

The Australian Government has set up a new internet site for small and home based businesses. This site has up to date government information and resources. Links to online tools including the ATO business portal, ABR Public and many more sites, makes meeting your business requirements both easier to understand and fulfil. There is also a Getting down to business guide, which reports on latest small business trends and federal government actions for small business.



## What do I Need to prepare my income tax return??

Below we have included a brief list of what we require to complete your 2004 income tax return. We also have a more detailed checklist available upon request.

### Income

- PAYG Summaries - Wages, salaries, commissions, bonuses, director fees
- PAYG Summaries - Government payments and pensions, including New start, Age pension, Youth Allowance etc.
- ETP Summaries - Lump sum payments from a superannuation fund or on retirement
- Bank Information - Any interest earned
- Dividends
- Any other income received.

### Deductions

- Work related expenses - eg. Motor Vehicles, Uniforms, Tools & Office Expenses
- Other receipts - Donations

### Other

- Private Health insurance Statement
- Superannuation Fund Statement - Confirming personal contributions made during the year. Important information if you are wanting to receive the Federal governments "Co-Contribution."



*Remember it is better to provide too much information,*

## Year End Tax Planning for Small Businesses

Not only does this time of year involve preparing for your income tax returns, there are also matters that must be addressed before June 30 for small businesses. The below list has been included to assist such businesses with their obligations before June 30. If you require clarification on any point listed below, please do not hesitate to contact us.

1. Defer the earning of assessable income.
2. Advance deductible expenses such as, stationery, repairs, advertising and other consumables. *Warning : Do not advance the purchase of trading stock - This only gets added to your stocktake.*
3. If you are eligible - utilise pre-payment rules for deductible expenses.
4. Realise capital losses to reduce Capital Gains Tax.
5. Defer the sale of assets subject to Capital Gains Tax.
6. Maximise tax deductible Super Contributions, including making a Contribution for your spouse if they earn less than \$10800 p.a.
7. Investigate the benefits of putting a Salary Sacrifice arrangement in place for the following year.
8. Carry out a full stocktake at close of trade on 30 June 2004.
9. Review depreciation schedules for obsolete or scrapped items of equipment or other assets.
10. Review accounts receivable for bad debts. All action for recovery must have ceased and the debt formally written off.
11. Consider the impact of the current private company loan rules and whether loans can be structured to comply with the provisions to avoid a deemed unfranked dividend and franking debt.
12. Determine whether the alienation of personal services income rules apply. Is a personal service business determination required or can the rules be avoided through careful planning?

This financial year, the Australian Taxation Office will be auditing many areas of lodged tax returns. Two areas that need specific attention have been listed below.

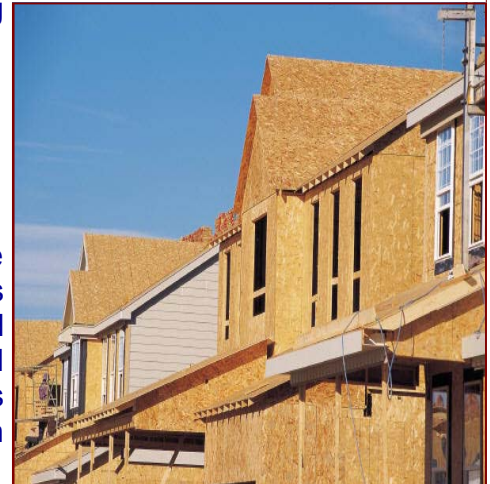
### Rental Properties

During 2002– 2003, the ATO wrote to 15, 000 tax payers requiring more details about their claims for rentals properties. This year it is expected that the auditing in this area will increase due another 60, 000 taxpayers becoming rental property owners this year.

Areas they will be looking at are, repairs versus improvements, ensuring the property was really a rental property (and not just your weekender!) and that interest on any property loans has been correctly claimed. Expenses are generally deductible in the year they are incurred so it is a good idea to consider bringing forward any repairs or prepaying next years interest in advance to bring forward the benefit of the deductions.

### Capital Gains on Shares and Properties.

The ATO has announced about 8000 returns will be checked this year against property and share sales data. This is to ensure gains have been included and calculated correctly. Make sure you keep all relevant records such as buy and sell contract notes in the case of shares and all other transactions such as property.



There are a number of capital gains tax discounts that you may be eligible for including the general 50 per cent discount, the small business exemptions and roll over relief and the active asset exemption. We can provide advice in this area if you are eligible to claim any tax discounts.



Retrieving a file from archives is an absolute pain the ...!

Please be aware that we supply copies of all documents prepared for your information and retention at the time of completion. Additional copies will attract an archive retrieval fee.

Full details of applicable fees are available should you need to bother us!!

While we are having a whinge, accounts not settled within our generous payment period, will attract administration fees of \$5.50 monthly.

# CPA



## Federal Budget 2004 - 2005 How does it affect me?

### Tax Tables are changing 1 July 2004

See us to purchase your QuickBooks or MYOB payroll upgrade.

We have these updates available at discounted prices.

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As you are probably aware, the 2004/2005 federal budget was handed down on the evening of 11th May 2004. One of the major changes this budget, will be the cuts to personal income tax rates from 1st July 2004 and again from 1st July 2005. The below table highlights these cuts.

| Current | 2004/05 | 2005/06 | Tax Rate |
|---------|---------|---------|----------|
| 6 000   | 6 000   | 6 000   | 17%      |
| 21 600  | 21 600  | 21 600  | 30%      |
| 52 000  | 58 000  | 63 000  | 42%      |
| 62 500  | 70 000  | 80 000  | 47%      |

### Retirement Income System

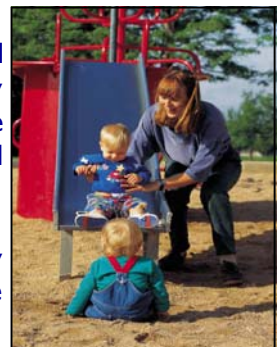
Initiatives for the retirement income system were also introduced.

- From the 1st July 2005, those at preservation age (currently 55) who have not retired, will be able to access their superannuation as a non-commutable income stream.
- All eligible termination payments (ETPs) rolled into a superannuation fund on or after 1st July 2004 are preserved.
- Retirees under 65 will not have to work to make a superannuation contribution after 1st July 2004. Those over 65 will only have to satisfy a work test on an annual basis.
- From 1st July 2004, super funds will be required to start paying benefits to members as soon as practicable after they reach 75 years of age.

### Family Assistance

A maternity payment will replace existing maternity and baby bonuses from the 1st July 2004. The maternity payment will not be income tested. The payment will be \$3000 per child from July 2004, \$4000 from July 2006 and \$5000 from July 2008.

Also more generous Family Tax Benefits will significantly help families with the costs of raising children and improve the rewards from working.



*"A bank is a place where they lend you an umbrella in fair weather  
and ask for it back when it begins to rain"*  
Robert Frost

**Disclaimer:** This is not advice. Clients should not act solely on the basis of material contained in this publication, as it does not take into account your own personal situation. Items herein are general comments only and so do not constitute or convey comprehensive advice. Changes in legislation occur quickly, therefore we recommend that our formal advice be sought before acting in any of these areas. This publication is issued as a helpful guide to clients and for their private information.