

A.L.L. BUSINESS

Certified Practising Accountant

Issue 7

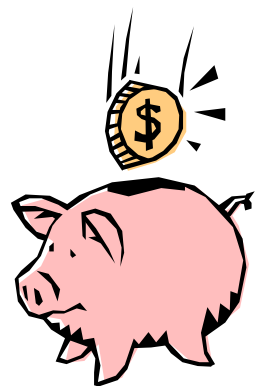
June 2005

Superannuation Fund - Its now your choice!!!

From the 1st July 2005, The Australian Government's choice of superannuation fund initiative will provide eligible employees with the right to choose the superannuation fund that their superannuation guarantee contributions will be paid into.

Employers need to identify their eligible employees and provide them with the standard choice form prior to 28 July 2005. Eligible employees should complete their choice forms after careful consideration.

The ATO has provided information booklets for both employers and employees to assist with the we obligations. If you need either guide or assistance with completing the forms, please contact our office.



April to June BAS Due Dates

Just a quick reminder, the Quarter 4, 2005 BAS is due the 28th July 2005. Again, we will be implementing our BAS guarantee system. Working on a first in first out basis, we will advise you of the date your BAS will be completed.

In order for us to have it completed by the ATO's due lodgement date, we need ALL information provided to the office by no later than the 14th July 2005.

Tax Cuts for Small Business

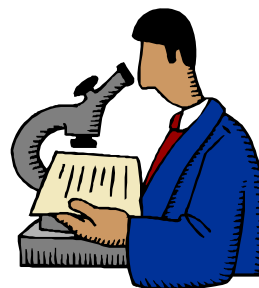
The Treasurer has announced that the 25% Entrepreneurs' Tax Discount passed by the parliament is expected to deliver a benefit to 540,000 Australian Small Businesses.

Businesses in the Simplified Tax System with a turnover of up to \$75 000 will benefit in some way, and those with a turnover of \$50 000 or less will be able to claim the maximum 25% discount on tax payable.

The 2004/2005 income tax returns will again be subjected to increased scrutiny by the ATO. Some of the areas that they will be targeting this year are:

Travel and car expense claims for the following industries:

- Real Estate Employees
- Entertainers
- Road Transport Employees
- Financial advisers
- Travel Agents



Rental Properties deductions increased dramatically last year.

Therefore attention will be paid to:

- Deductions for properties not genuinely available for rent.
- Initial repairs or renovation costs - rather than being attributed to the capital cost of the property.
- Incorrect apportionment of deductions on borrowings and/or travel.
- Sale of investment properties. Data will be retrieved from State Government Titles Transfers and Stamp Duty and matched to returns lodged.

Low Doc Loans

- The ATO will match earnings information given to lenders against income disclosed in returns together with loan serviceability for a given income.

Interest, Dividends and Benefits Received

- Bank account interest and dividend distribution data provided by institutions and companies will be matched to returns lodged.
- Centrelink and private health fund earning and details will also be traced and verified.

2005/2006 Budget at a Glance

The focus of the 2005/2006 budget is to maintain a budget surplus, yet deliver further personal income tax cuts and introduce significant reforms to the welfare system, aimed at improving workforce participation. Here are some of the finer points!

Tax Cuts

- All taxpayers will benefit from a further \$21.7 billion in tax cuts over four years.
- Tax rates are being reduced at the lower end of the scale and the thresholds for the highest rates are being gradually raised. For tax rate details please contact our office or check the website.

Welfare

- The level of income allowed before the Family Tax Benefit A is withdrawn will be increased to \$37500 a year from 1 July 2006.
- A bonus payment for carers will be paid in June 2005. \$1000 for recipients of Carer Payment and \$600 for Carer Allowance.
- Newstart Allowance will be enhanced from 1 July 2006 to improve rewards from part time work.
- From 1 July 2006 a wide range of income support recipients will be obliged to seek work.

Other

- Super surcharge on contributions & termination payments made on or after the 1 July 2005 to be abolished.

Capitalising on Outsourcing

Outsourcing is used by big business globally to increase flexibility and reduce costs, but only 1 in 3 Australian small businesses outsource business functions.

Businesses that do outsource, have found it can bring advantages, including:

- Reducing costs and capital investment
- Access to new technology, processes and skills
- Freedom to focus on your core strengths

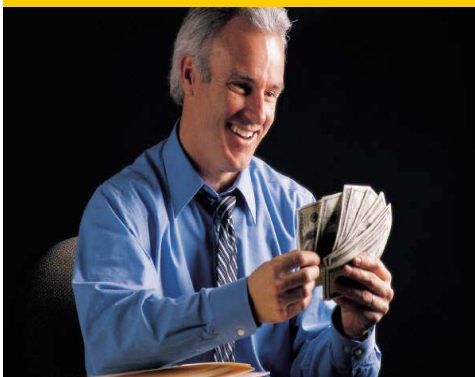
Main areas that business outsource include bookkeeping, financial reporting and IT-Related Services. If you would like to discuss if outsourcing can benefit your small business, please contact the office to make an appointment.



Incentives for Tax Planning - 2005

Did you know that recent tax cuts and changes announced by the Federal Government provide further incentives for individual taxpayers to begin early planning for their returns this year?

Many taxpayers, especially those in a higher income tax bracket, will be subject to lower tax rates next year. Therefore, they should bring forward eligible expenses and claim them in this financial year when they will be in a potentially higher tax bracket and therefore paying more tax.



If you would like tax planning advice we suggest you make an appointment soon. With only 3 weeks to go until the end of the year, now is the time to get organised. You will also find tax planning ideas in previous newsletters on our website. If you don't have access to the internet, let us know and we can provide copies of this helpful information.

We always have clients asking if a SMSF is for them. Answering these 4 key questions may help you make that decision.

1. Is the fund strictly for retirement benefits only? This means that you can not benefit now by buying a house etc.
2. Do you have the time and skills to manage the Fund? Self managed means just that. You have to formulate and continually review your investment strategy and attend to the administrative requirements relative to your position as Trustee of the fund.
3. Will the benefits be worth the cost? Many commentators suggest you need \$200 000 in super to make the costs competitive to commercial funds.
4. How will switching to a SMSF affect your current super? Changing Funds means changing benefits and these need to be compared. These may also include insurance.

**Self
Managed
Super
Funds**

**Four
Key
Questions**

Bank Debits Tax Set to Be Abolished!!!

It is with great pleasure that we advise legislation is being introduced in the QLD parliament to abolish debits tax and save taxpayers approximately \$190 million a year. At last some good news!



Debits tax is applied to withdrawals made from an account with a cheque drawing facilities kept with a financial institution. The tax will be removed from the 1 July 2005 following the passing of the Debits Tax Repeal Bill 2005.

SMSF's - Warned to get your Assets in order!

The ATO has warned trustees of self managed super funds (SMSF's) that they must ensure the assets of the fund are appropriately recorded to show ownership by the fund.

Generally, the assets of a super fund should be held in the name of the trustee, or trustees, on behalf of the fund. Where this is not legally possible, a caveat, instrument or declaration of the trust should be in place for the asset.

If the SMSF is not meeting this requirement, the ATO expects the trustee to rectify this as soon as is reasonably possible. If the breach is not rectified and is again identified in the next financial year, the ATO will take action against the trustees.

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The ALL Business Focus

We are happy to announce that soon you will see a new face in reception!

Don't worry! Jenny is not leaving us. She is still tied to her chair! Continuing to be of assistance with client enquires, Jenny will also be taking on a business management role for clients that recognise the value in outsourcing their record keeping. Therefore, we have filled a need for part-time reception duties.

As noted in the article capitalising on outsourcing, the benefits of outsourcing can be huge for small businesses. Increasingly our clients are choosing us for this role, so that they may continue to run their business without record keeping stress. Jenny has continued to enhance her skills by attending various MYOB, CPA and ATO seminars to improve systems and processes. Working alongside Andrea, she will be able to collate and process source documents for clients, making the next steps of financial statement and income tax return preparation more time and cost effective.

So regardless of how you keep your records, we can help! From the old shoebox method to entering information into a software package we can be of assistance. If you would like more information, please contact the office to discuss your requirements. You will be surprised at our very competitive rates and the time you will now have to focus on growing your business.

We also look forward to you meeting our newest team member!!!!



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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.