

News Flash

July 2009



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2008 / 2009 Income Tax Returns

We recently sent out an Income Tax Return Checklist to all clients to assist in finalising your end of year obligations. Please email info@wscgroup.com.au if you did not receive a copy.

We all lead busy lives and we are aware that finding time for personal appointments is sometimes difficult. Therefore, we are continuing to improve our service each year to assist clients that do not require a full face-to-face interview at our offices. How this service will work is that you complete an Income Tax Return Checklist and send back to us with your documents.

For clients wishing to use this service and not requiring any interview we will offer a discount of up to 10% for clients that return their information to us by 24th July, 2009.

Alternatively, if you would like to see David Shaw we can suggest that you complete the checklist and return documentation as previously advised and arrange for a tele-conference (or SKYPE) call once your return has been completed to run through any extra advice you may require.

Please note that these services are an added extra, we would still like our clients to come in and see us personally but we understand that circumstances sometimes prevent us from having extra time to fit in a personal appointment.

If you would like to make a face-to-face appointment please telephone:

- **Sydney Office** Liz Wales ph: 02 8525 4600
- **Brisbane Office** Harmony Parrish ph: 07 3852 6241
- **Melbourne Office** Sarah Appleton ph: 03 9863 7595

New tax rates and thresholds from 1 July 2009

Following is a snapshot of the new Individual Resident tax rates and thresholds applying from 1 July 2009, with the changes from last financial year highlighted in bold.

Taxable Income (\$)	Tax Payable
0 – 6,000	Nil
6,001 – 35,000	15% of excess over \$6,000
35,001 – 80,000	\$4,350 + 30% of excess over \$35,000
80,001 – 180,000	\$17,850 + 38% of excess over \$80,000
180,001+	\$55,850 + 45% of excess over \$180,000

Relief from general interest charge (GIC) and deferral of activity statement payments

The Tax Office has announced new measures to help struggling small businesses meet their tax obligations. The two initiatives offered by the Tax Office include a maximum 12 month GIC free payment arrangement for existing activity statement debt and an interest-free deferral of future activity statement payments. To be eligible for relief the arrangement must be approved by the Tax Office. When approval is granted taxpayers will receive a letter of confirmation together with payment slips so they can commence making appropriate payments.

Who is eligible?

Businesses with an annual turnover of less than \$2 million which are having trouble meeting their activity statement liabilities will be eligible for these payment concessions.

12 month GIC free payment arrangement

Eligible taxpayers with a current activity statement debt can apply to the Tax Office for a GIC free payment arrangement. For those debts the arrangement commenced on 1 June 2009 and will apply until 30 June 2010. Under the arrangement, GIC will be remitted for the period the payment arrangement is maintained by the tax payer (up to a maximum period of 12 months).

Deferred activity statement payments

Small businesses can also request a deferral of payment on their next activity statement. Quarterly and annual business taxpayers facing short term financial difficulties can request a payment deferral of their activity statement liabilities of up to two months. Similarly, monthly payers can request a payment deferral of up to one month.

The payment deferral applies to activity statements which are required to be lodged but have not been lodged as yet. Although the measure allows taxpayers to defer activity statement payments, the activity statement itself must still be lodged on time and you must contact the Tax Office to arrange the deferral before the lodgement date of the activity statement. However, interest will not apply on the payment due for the period of the deferral.

Contact Us

If you are considering taking advantage of these and other concessions (including varying PAYG instalments downward without incurring a variation shortfall penalty), you should contact your Account Manager to discuss your options.

Tax Office Benchmarking

The Tax Office is developing a range of Business performance benchmarks to complement its Industry Input Benchmarks.

These benchmarks will be targeted at the cash economy, so that businesses can use them together with (soon to be launched) personal living expenses worksheets to see how likely it is that they may expect a visit from the Tax Office.

Using industry data, the ATO will calculate average Cost of Goods Sold, Labour and Rent per \$100 of sales for certain businesses, such as coffee shops and plasterers, and will then use these figures to work backwards to "guesstimate" a business's anticipated Gross Income.

Editor: This is currently in draft form, but we are keeping an eye on how it may affect our clients.

Super guarantee 2009/10: Maximum superannuation contribution base

The maximum superannuation contribution base for 2009/10 is \$40,170. This is the maximum limit on any individual employee's earnings base for each quarter of 2009/10.

Editor: That is, the maximum amount of super an employer is required to contribute for a particular employee is 9% of this maximum superannuation contribution base each quarter.

Work-related expenses: Back on the ATO's radar

The Australian Taxation Office (ATO) is launching a work-related expenses program telling people what they can claim in their 2009 returns.

The Tax Office looks closely at tax returns from last year and identifies particular occupations where:

- average amounts of claims are high;
- there is an increase in the number of people making claims; and
- there are a lot of people making claims for the first time.

This year, the ATO will write to around 180,000 employees in the following occupations outlining common mistakes and providing advice on how to avoid these mistakes in this year's tax return:

- truck drivers;
- sales and marketing managers;
- sales representatives; and
- electricians.

Some of the mistakes the ATO has seen from employees in these occupations include:

- claiming motor vehicle expenses associated with transporting bulky tools when not entitled;
- failing to keep appropriate records to support claims for internet and mobile phone use;
- over-claiming home office expenses such as rent, rates and electricity;
- not keeping an up-to-date log book when required for claiming motor vehicle expenses; and
- claiming the living-away-from-home allowance when they're not entitled to it.

Taxpayer Alerts: Inappropriate loss schemes

The ATO is closely reviewing three arrangements that attempt to falsely generate claims for inappropriate tax losses.

Although the ATO expects to see an increase in tax losses in the current economic environment, they will be carefully scrutinising claims to ensure taxpayers only claim losses to which they are entitled.

Re-characterising capital losses as revenue losses

The ATO warns it is paying close attention to people who attempt to claim losses as share traders on a revenue account where previously they claimed to be long-term investors eligible for the CGT 50% discount.

Managed Investment Schemes: purported partnership participation

The ATO has seen attempts by promoters to sell interests in managed investment schemes (MIS) to groups of individual investors on the basis that they will be 'partners' in a partnership and will be able to claim upfront deductions for their interests in the MIS.

The ATO reminds taxpayers they can only rely on a product ruling if it is implemented in accordance with the arrangement in that product ruling and warns that partnerships of the type in this alert are not covered by Tax Office product rulings or other tax clearances.

CGT consequences of assignment of default beneficiary's capital interest

Under this arrangement a taxpayer attempts to create or claim a capital loss arising from the artificial receipt and surrender of an interest in a discretionary trust as a default beneficiary.

CGT improvement threshold

For the 2009/10 income year, the improvement threshold, which is used for working out when a capital improvement to a pre-CGT asset is a separate asset, and for capital improvements to CGT assets where a rollover may be available, is \$124,258.

An Important Message

While every effort has been made to provide valuable, useful information in this publication, this firm and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any suggestions should be considered carefully within your own particular circumstances, as they are intended as general information only. Please contact your WSC account manager for more information.