



ACCOMPLISHED
ACCOUNTING SERVICES
WEALTH SOLUTIONS FOR SMALL BUSINESS

Quarterly Newsletter

September 2010



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Hi Everyone!

We hope you have been keeping well. Let's get straight into this latest newsletter edition.

Progress of job list:

It's certainly a busy time of year for us, which we thoroughly enjoy. We'd like to thank our clients for their patience during our busy time whilst we work through our job list. As many of you would know, we tackle the jobs in the order in which we receive them. This ensures we are being fair to all clients. At this time of year, please allow 4-6 weeks for us to make a start on your tax returns.

New clients:

We wish to give a HUGE welcome to our new clients who have come on board during this past quarter. We will work hard to provide a quality service to all of our clients and we are confident you will be very happy with our client-focused approach. Also, thank you to our wonderfully loyal clients who continue to refer their friends, family and business associates. We greatly appreciate your support and faith in us.

If you would like to view previous newsletters, please refer to our website at <http://www.accomplished.net.au/Newsletters.aspx>

These newsletters are packed with important tax, business & property information which may be relevant to you. In particular, there was a special property section in the June newsletter.

Direct deposit of tax refunds:

We wish to remind clients that we do offer for tax refunds to be deposited directly into their nominated bank accounts. We only ask that you provide us with the bank details BEFORE we complete your tax return, so you can check the details before signing it off. Our fee will need to be paid in full prior to lodgement of the tax return.

Important due dates:

Employers should know that the due date for Business Activity Statements for the September quarter is October 28th. The due date for superannuation contributions to be paid for the September quarter is also October 28th, 2010.

Pay As You Go Instalments – September quarter:

The September quarter is an important one for deciding which option to use for Pay As You Go Instalments when completing your activity statement. Option 1 will generally calculate an amount that is accurate based on your activity during the year. Option 2 is calculated by the Tax Office and is based on your latest lodged tax return. This may not be an accurate reflection of your current activity and would have a higher chance of you ending up with a income tax bill when you lodge your 2011 tax return.

Once you decide which option you'll use in on the September activity statement, you will be required to use that method for the remainder of the year.

Superannuation contributions for contractors:

It is important for business operators to realize that they may still be obligated to make superannuation contributions for some contractors they 'employ' in their business, even when they operate under their own ABN. This is because they will be considered to be 'employee's for superannuation guarantee purposes. There is more information and an easy-to-use tool at the following ATO site to help you to determine if you are legally required to make superannuation contributions for certain contractors. If you would like to discuss your situation, please contact our office.

Change to income tests:

From 1st July 2009, many changes were made to income tests, which may see you no longer being eligible for certain tax offsets or Centrelink benefits, where you have previously been entitled. In short, we see that investment losses are added back to your taxable income, which can push you over certain thresholds.

For further information, please refer to the following:

For income tests considered for tax offsets:

<http://www.ato.gov.au/individuals/content.asp?doc=/content/00217372.htm>

For income tests considered for government benefits (refer to applicable benefit/s):

<http://www.centrelink.gov.au/internet/internet.nsf/payments/index.htm>

Offer of annual review for clients:

We wish to offer our clients a review of their overall circumstances on an annual basis, which is designed to give us an idea of your current situation, needs and other areas in which we may be able to help you. For example, there may be government benefits that you weren't aware you could be entitled to. If you would like to take advantage of this offer, please make contact with us. This review is estimated to take around 10 minutes to complete.

Importance of professional advice:

We see it often, where clients have made major decisions without obtaining the right professional advice prior to taking any action. If you are considering any of the following at any time in the future, please contact us to arrange an appointment:

- Purchasing an investment property
- Selling an investment property
- Developing a property
- Considering the purchase of a business
- Beginning self-employment
- Employing people
- Establishing a new structure
- Considering a partnership or joint venture
- Selling a business
- Contributing to superannuation
- Accepting or exercising any employee shares or rights
- Obtaining business finance

In some instances where we cannot provide you with specialized advice, we can certainly put you in touch with a trusted professional. Remember, a small investment upfront could potentially save you thousands of dollars and much heartache down the track.

Important – SMSF's requiring update to deed:

On 1 July 2007 Superannuation Law undertook incredible change. Any SMSF operating under a deed dated prior to 2007 must update their Governing Rules as they will have some concerns. While every circumstance may be different there are typical compliance concerns that include:

- Don't allow CGT rollovers under "small business concessions" – A massive shortcoming.
- Binding Death Nominations that lapse within 3 years;
- Personal Contributions may be limited to tax deductions of 75%;
- Contain out of date provisions;
- Contain clauses which conflict with law;
- Fail to have Rules which the SIS Act says MUST be in the Rules;
- Rely on clauses to "deem" something in or out to fix inconsistency;
- Mentions employers – Something NO SMSF should ever do;
- May provide lump sums – These are taxable to members;
- May contain old death benefit rules;
- May not allow a tax-free pension;
- May FAIL Pension Standards – Resulting in NO tax-free pension;
- Pension "exempt income" may not be available;
- Force withdrawal of member benefits based on age;
- Refer to incorrect rules regarding member age;
- Don't include the mandatory rules needed for pensions to be commuted;
- Mentions Reasonable Benefit Limits;
- May limit (or not limit) contributions to "pre-2007" rules;

We urge clients who set up their funds prior to 1/7/2007 to update their SMSF deeds. We have an arrangement with our fund provider to assist our clients to update their deeds. Please contact us to address this issue.

Medicare levy surcharge & private health insurance:

For the 2010/11 year, individuals without sufficient private health cover, can earn up to \$77K without being liable for the additional 1% Medicare levy surcharge. Couples/families without sufficient private health cover (for ALL dependants), can earn up to \$154K.

Please note, the income threshold includes taxable income, plus net investment losses, exempt foreign employment income, reportable fringe benefits & reportable superannuation contributions.

If you exceed those thresholds, and don't have appropriate private health insurance for yourself and all dependants, you will incur the Medicare levy surcharge. If you don't wish to incur the liability, you will need to arrange suitable private health insurance for your family.

TFN withholding – Closely-held trusts:

From the 2011 financial year, trustees of closely-held trusts must comply with TFN reporting requirements. Closely-held trusts are:

- All trusts with up to 20 beneficiaries who in aggregate have entitlement to 75% or greater share in the income or capital of a trust; and
- A discretionary trust; and
- A trust that has made a family trust election.

It also includes apply to almost all discretionary trusts, hybrid discretionary trusts and have application also to unit trusts which are 'closely held'. The requirements do not apply to SMSF's or deceased estates (within 5 years of the date of death).

This will involve trustees collecting and recording the tax file numbers of beneficiaries, and lodging an annual report to the Tax Office. We have acquired a kit to assist with these reporting requirements, so all we need you to do is provide beneficiaries' tax file numbers to us prior to 30th June 2011. We will also need the annual form that the Tax Office sends you after year-end. We will handle the rest.

The trustee must withhold and report 46.5% withholding tax on payments made to any beneficiaries that do not advise their TFN to the trustee. There are also hefty penalties for failing to comply with this regime.

Referrals & feedback:

We are always striving to improve how we do things, so please feel free to advise us of your feedback in relation to your experience with us.

Also, there is no bigger compliment than you being so pleased with our services that you refer your friends and family to us. Thank you to everyone who has referred someone to us. We really appreciate your support.

Conclusion:

Please don't forget to advise us when your contact details change so we can update the database. Email is the best method for communicating news, and we send a lot of emails to clients throughout the year, so please let us know your email address if you are not getting these.

Take care and see you soon! Sharni and the team

Disclaimer:

The information contained in this newsletter is general in nature and anyone intending to apply the information to practical circumstances should independently verify their interpretation and the information's applicability to their particular circumstances.