
End of Year 2011 Individual Newsletter

OUR SERVICES

Did you know we can assist you in the following ways:

Income Tax

- Income Tax Preparation
- Tax Planning Advice
- GST
- Business Activity Statements
- Superannuation
- Land Tax
- Fringe Benefits
- Tax Audit Support

Accounting

- Preparation of financial and management accounts
- Company Secretarial services
- Accounting systems and technology
- Better management and procedures for your business

Business and Advisory

- Business plans and cash forecasts
- Start up feasibility studies
- Introduction to financiers and assistance with financial applications
- Preparation for sale of business

Audit

- Statutory Audits
- Not for profit organisations
- Financial Services Audits
- Half Yearly Reviews
- Superannuation Funds
- Systems and Control Reviews

Other

- Business valuations and appraisals
- Remuneration planning
- Mediation and dispute resolution
- Estate Planning

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Budget summary

The Government announced a number of measures in the 2011-2012 budget that will impact SMEs and their employees. An outline of these is provided below. It is, however, important to note they have not yet been passed into law and are subject to change.

Minimum pensions

During the global financial crisis the government reduced the minimum pension required to be drawn down for account-based, allocated and market linked pensions. This relief will be reduced by 25 per cent for 2011-12 and phased out in 2012-13.

Low income tax offset for minors

From 1 July 2011 minors receiving non-work income, such as dividends, interest or family trust distributions, will not be entitled to the low income tax offset. This will reduce their tax free threshold to \$416.

Accelerated depreciation for small business enterprises

Any motor vehicle purchased from 2012-13 will be eligible for an instant tax write-off for the first \$5,000 of its purchase price. The remainder of the purchase value is then depreciated.

Depreciating assets acquired from 2013, valued under \$5,000 will be able to be written off immediately.

Log books may help reduce FBT

The 2011 Federal budget also announced changes to the calculation of FBT on motor vehicles. The FBT payable will increase if an employer provided

car travels over 25,000 kilometres in the FBT year. The table included here provides a concise breakdown of the current and proposed FBT rates based on kilometres travelled.

Kilometres travelled	Current FBT rate	Budget proposed FBT rate
Less than 15,000	26%	20%
15,000 – 24,999	20%	20%
25,000 – 40,000	11%	20%
Over 40,000	7%	20%

The Government has said these changes will be phased in gradually however there is a second way to calculate the FBT on a vehicle – the operating cost method.

This method involves the employer being able to identify:

- Repairs and maintenance
- Fuel
- Registration and Insurance
- Depreciation - if owned by the employer

Private use is determined by a log book.

A log book must be maintained for a continuous period of 12 weeks and contain the following information:

- The date the journey began and ended (multiple journeys are treated as a single entry)
- Car odometer readings taken at the start and end of the journey
- The number of kilometres travelled by the car
- The purpose of the travel

If you complete a log book within 12 weeks of the FBT's year end it can be used for the preceding year. A new log book must be completed every five years.

New in 2010/2011

Medical Expenses Rebate

The minimum threshold for the 2010/11 year has increased. To be eligible for a 20% tax offset, net medical expenses must exceed \$2,000 pa.

Planning Considerations

Assessable Income

With the introduction of the "flood levy" in the 2012 income year, consider whether income may be able to be brought forward and derived in the 2011 income year to minimise the impact of this levy. This requires careful consideration and should be discussed with your advisor.

CGT

Realised capital losses are able to be offset against realised capital gains and reduce tax.

Review your portfolio and crystallise capital losses before 30 June 2011. Caution – the ATO has issued a ruling that relates to "wash sales". The ruling considers that the ATO can apply Part IVA anti-avoidance provisions to cancel offsets and apply penalties.

Superannuation – Government Co-Contribution

The maximum co-contribution amount that you can receive is \$1,000. This is reduced by 3.33 cents for each \$1 of income over \$31,920 pa up to \$61,920 pa.

You will generally be eligible for the co-contribution if:

- you make a personal super contribution by 30 June 2011
- 10% or more of your total income is from eligible employment or running a business
- you are aged under 71

Ensure minimum pension drawdown requirements are met by 30 June 2011

Ensure all minimum pension drawdown requirements for 2010-11 (after taking into account pension drawdown relief measures) are met by 30 June 2011, in order to protect the fund's tax-exempt status. This is particularly relevant to SMSFs.

Smile for the quarter

The local minister was fond of an occasional tippie, so the owner of the bar offered him a crate of cherry brandy for Christmas in exchange for a free advertisement in the church newsletter.

The minister reluctantly agreed and ran the following message in the next issue: "The pastor would like to thank Patrick O'Reilly for his kind gift of a crate of fruit and for the spirit in which it was given."

DISCLAIMER: The contents of this publication are general in nature and we accept no responsibility for persons acting on information contained herein.