



December 2012 Newsletter

Now that the summer weather is here and all the foliage has sprouted, we are invigorated about the new calendar year. Given that we are committed to ongoing education for our clients, we have identified that we aren't preparing our under 40 aged clients about their super options, so we have scheduled a seminar for 5th March 2013. There are also some FBT changes to the way we can claim allowances for vehicles for you to consider also.

Why would you run a business through a trust?

Trusts are not a new invention; they have been around since the time of the Crusades. A family owning and operating a business through a trust has the benefit of spreading the business profit among their family members to ensure that they do not pay more tax than necessary.

The flexibility that they give enables one spouse to go back to work without being unduly disadvantaged from a taxation viewpoint. With the recent advent of tax free superannuation payments for those over 60, the ability to make tax effective distribution to parents has increased dramatically. If you are over 65 years of age you can earn over \$27,000 tax free.

Other trust benefits include easier ownership of assets between unrelated parties, tax advantages for property ownership compared to companies, asset protection and an easier transition of business ownership between generations.

Please call David to see if this strategy could work for your current business and family circumstances. These issues are addressed in our farm taxation, business growth and succession planning seminars.

Why parents should not complete their young adult/student children's tax returns....

It is quite common for parents of young apprentices to assist them with their tax returns with the intention of keeping costs down. Over the years I have commonly found that with travel and other claims, the deductions often increase by over \$3,700. For an apprentice earning over \$20,500 this equates to increased tax refunds of over \$750. With young adult children of my own, I am mindful to educate them about how the tax system works as it is very important that they are prepared for this part of their working life.

Is yours a Fair work place?

Getting new staff to fill out appropriate tax and super paper work, confirm emergency contact information and bank account details for their wages is all part of the employment process. A recently implemented further obligation policed by the National Employment Standards (NES) can result in a serious penalty of up to \$33,000 if overlooked. Attached are two documents from the Fair Work Ombudsman's website; we have highlighted the most relevant information. Despite its low profile, this has been enacted since 1 Jan 2010 and is expected to be given prior to commencement of the role or on the first day, regardless of the size of your business, income or employment status. Signing and dating a copy of the statement, to be kept with the new employee records for verification, is required to avoid any charges.

Listen up Gen X - Super Seminar for Under 40s!

If you are lucky enough to be under 40, this is a tailor made information session for you. Since the implementation of the Superannuation Guarantee at the height of the last recession in 1992, employers have had to stump up superannuation initially at 3% of wages, which increased to 9% by July 2002. This means Gen Xers have been quietly accumulating super at a greater rate than the previous generations.

With the increased fluidity of roles for this generation, a substantial portion of super has been lost and or spread through a variety of generic funds. It is quite possible that Gen X couples aged 35+ could have joint balances of over \$250,000. Come along and discover the benefits you could be getting from tax deductible life insurance through to shares and property investments. If you have colleagues or relatives that fit this age group, and are not up to date with the current information, please encourage them to phone the office and register to attend the Tuesday 5th March 2013 for our evening session starting at 7 pm.

Get up off your.... Do you have chair disease? Is sitting killing you?

Our sedentary lifestyle can be bad for your health. Do you realize that getting up from your workstation and stretching every hour or so can be beneficial to minimize the risk of chronic disease. The health risks include cardiovascular disease, type 2 diabetes, lower abdominal cancers, gallstones, mental disorders, high cholesterol, hypertension and weight gain. After coming across a newsletter article by our clients Safety Action <http://www.safetyaction.com.au> who are leaders in addressing workplace safety issues, we have implemented a method for our staff to have regular “breaks” throughout the day. Usually it is the junior’s role in the office to collect the mail and do the banking, but we are breaking it up a little and ensuring that each of us performs these roles and we get that extra bit of Vitamin D while outside in the sunshine as well!

FBT goes up a gear

Since the May 2011 budget, private use of all new cars is moving towards a flat use percentage of 20% of the cost. Previously you could have higher value cars, with lower business use but higher annual distances travelled, in companies and trusts tax effectively. What we are seeing now is a different group of car users who can now take advantage of the new FBT (Fringe Benefit Tax) rules.

The changes can be used to make lower value cars, especially under \$20,000, with any distance travelled, tax effective if operated in businesses for a 3 to 5 year period. We are now getting our clients to own these cars on novated leases with the employee, who can also be the business owner, paying out the residual. The employee then owns the car in their personal name at the end of the lease; without the need for roadworthy certificate and paying stamp duty.

Please contact us with any queries about how the new law applies to your personal situation as no two peoples’ circumstances and needs are the same.

When don’t you pay tax on a golden hobby?



Last year one of our clients had a windfall on his weekend hobby of gold prospecting when he discovered a 22 ounce gold nugget worth over \$50,000. Naturally he was concerned about having to pay tax on this, but after some research we established that as it is his hobby, it is non taxable. If he was prospecting systematically, as an income generating scenario, then the find would have been viewed differently by the ATO, and he would have to pay tax on his find at his marginal tax rate. Unfortunately he would not tell us where he found it!

Low Income Superannuation (LISC) and Co-contribution changes

There are two changes to be aware of from July 2012. Co-contribution matching rates have halved to 50% for the maximum \$1,000 member contribution. This will give your super fund a \$500 government payment as long as you are earning less than \$46,920.

Your super fund may also be eligible for a refund of up to \$500 contributions tax if you earn under \$37,000 adjusted taxable income.

We would like to take this opportunity to wish you a great Christmas and a safe New Year and look forward to releasing our new website to the public early in 2013.

Our energetic, knowledgeable and caring approach gives peace of mind.

If you need further information or to discuss your specific circumstances, please call David or Andy at our office.

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