



GREEN TAYLOR PARTNERS

Your Partners in Business

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An Exciting New Era for Clients

The Client Service Agreement

With the introduction of GST in 2000, we embarked on a brave new world of offering client's a fixed price for a specified pre-agreed range of services. This offer was welcomed by over 50% of clients at that time.

Since then, any new client to the firm has been offered and most accepted what we have called a "Fixed Price Agreement" (FPA).

With well over 50% of our clients now on a FPA, we have made a decision that over the period to 30th June 2010 all clients will be introduced to this system. The FPA will be renamed as a 'Client Service Agreement' (CSA).

What this means to you is that an agreement will be reached with you *IN ADVANCE* of any work being undertaken as to the terms, expectations and price for each particular assignment. Apart from the specific services outlined in the agreement, you will also be entitled to unlimited phone calls, emails and meetings of a limited duration – say 5-10 minutes.

Payment of the agreed fee will be made over a specified period and will be by direct debit to your nominated account or credit card.

Full details of the CSA arrangements will be provided in a specific information bulletin which will be forwarded separately to all affected clients.

Have you lodged your 2008 income tax return yet?

The lodgement deadline for individuals, companies and superannuation funds is fast approaching so make an appointment with us as soon as possible to arrange completion of your returns

Remember companies do not receive an assessment notice, so if your company has lodged its return but you need to pay the outstanding tax, please contact our office to do so.

Late lodgement penalties and general interest charges may be imposed if lodging after the due date.

Note: You must lodge your 2008 Tax Return to qualify for the tax bonus! (Refer to Page 3)

Important Dates

17 March 09 - Recession - Opportunity or Adversity Seminar

23 March 2009- February activity statement lodgement and payment due for the month

25 March 09 - Self Managed Super Fund Seminar (SMSF)

31 Mar 2009 - Income tax returns lodgement for higher income earners

21 Apr 2009 - March activity statement lodgement and payment due for monthly payers

24 April 2009 – GTP Golf Day

28 Apr 2009 – March activity statement lodgement and payment due for quarterly payers

21 May 2009 - April activity statement lodgement and payment due for monthly payers

Investing For Children - Tax Issues

Often parents and relatives place money into a bank account for a child, or perhaps look to buy shares for them. This is done to typically give them a 'head start in life'. However, there are tax issues that must be considered.

First, note that a minor (child under 18) is generally prohibited from entering into legally binding contracts. Often a company will not allow shares to be acquired by a minor. Therefore it is not unusual for a parent to hold the account or shareholding in their name 'In Trust' for the child. This known as a 'Bare Trust' - No formal deed or trust documentation is prepared.

This arrangement however can create confusion as to who owns it for tax purposes. Generally this is determined by facts such as

- the purpose of the investment
- what the money is used for.

Tax Rates for children:

Taxable Income	Tax Rate
\$0-\$416	NIL
\$417-\$1,307	66% (on the amount above \$416)
\$1,308 & over	45% (on the entire income)

Note: Minors are also entitled to the \$1,200 Low Income Tax Offset (LITO) meaning they are effectively able to earn \$2,667 from investments before they are liable to pay tax. With the LITO increasing to \$1,350 in 2009-10, and \$1,500 in 2010-11, this amount will rise to \$3,000 and \$3,333 respectively.

Planning Grants

The Farm Business Planning Grants cease on 30 June 2009. If you have not yet applied and are interested in receiving this grant, please give us a call on 5382 4761 and arrange an appointment before time runs out.

Where funds are solely for the child - and they accumulate or are only spent on specific items for the child, then the income would be taxed as income of the child.

However if monies were taken from the account to pay for groceries, or taken and then later replaced, the ATO would treat that as money owned by the parent and taxed to them.

(refer to tax table - Tax Rates for Children)

One further matter: A risk of putting shares in the hands of a minor is the danger of Capital Gains Tax in the event of sale or takeover.

Example:

\$5,000 Shares for Peter (Aged 3) 1995 sold for \$25,000 due to takeover in 2007 (Age 15). Taxable Capital Gain of \$10,000 (after discount) - taxed at 45%.

The possible solution is to utilise a simple Family Trust structure - to provide flexibility of income distribution, asset protection and allow for provision to multiple children.

Tax Planning

June is quickly approaching and it is time to review your current financial performance to ascertain your likely tax position come 30 June.

Although many farming clients have had below average yields, coupled with low commodity prices, and businesses are feeling the pinch due to economic circumstances, there are still issues to be dealt with.



Commonly for farmers is the use of Farm Management Deposits. Issues to consider here are when to withdraw them. An option is on maturity have them roll over until early July, using either 30 or 90 day roll overs. This effectively pushes the income into the new financial year, then use the funds for the farm operation. If required re-deposit just before the end of that year to negate being taxed on the FMD withdrawal.

For those business set to make a profit be aware of the general strategies and the ability to prepay expenses in certain circumstances, Superannuation, reviewing Debtors, Creditors, stock on hand etc. and using the new 30% Investment Allowance.

To ascertain your exact position contact your accountant and have them review your position. From that we can also discuss possible options going forward.

Don't leave it to chance.

Rental Property Expenses

There are three categories of rental expenses – those for which you:

1. cannot claim a deduction
2. can claim an immediate deduction
3. can claim deductions over a number of years

Cannot claim a Deduction

- acquisition and disposal costs of property
- expenses not incurred by you
- expenses not related to deriving assessable income

Can claim an immediate deduction

- advertising for tenants
- bank charges & interest on loans
- body corporate charges
- cleaning, repairs & maintenance
- council rates, electricity, gas & water
- pest control, gardening & lawn mowing
- insurance (building, contents, public liability)
- land tax
- lease documents – (preparation, registration, stamp duty) & legal fees (ex. acq & borrowing costs)
- property agent fees & commissions
- stationary & postage
- travel & car expenses

An immediate deduction is available for depreciating assets if the following tests are met;

- it costs \$300 or less*,
- you use it mainly for deriving assessable income from non-business activities, and
- it is not a part of a set or assets costing more than \$300 in total, and
- it is not one of a number of identical assets that together cost more than \$300.

* If you hold the asset jointly with others and the cost of your interest in the asset is \$300 or less you can claim the immediate deduction.

Can claim deductions over a number of years

- borrowing expenses
- decline in value of depreciating assets



Household Stimulus Package One Off Bonus Payments

On February 3rd 2009 the Australian Government announced the Householders Stimulus Package to provide widespread assistance to low and middle income households.

The payments suggested are summarised as follows :

1. Cash Bonus - 5 key payments
 - Up to \$900 to every eligible working Australian who earned \$100,000 or less in the previous financial year
 - \$900 to single income families who earned \$100,000 or less
 - \$900 to eligible drought affected farmers & farm dependent small business owners
 - \$900 per school aged child for those families eligible for Family Tax Benefit "A"
 - \$900 to eligible students and people wishing to return to the workforce via further training and education
2. Cash Bonus - Minors
 - \$900 to eligible persons under 18 who earned taxable income in the previous financial year at sufficient levels
3. Rebate re Energy Efficient Homes
 - Up to \$1,600 to eligible home owner-occupiers to install insulation
 - Up to \$1,000 to eligible landlords to install insulation to rental properties
 - Up to \$1,600 to households who replace electrical hot water systems with eligible solar hot water or heat pump systems
 - Householders will be able to access either the insulation rebate or the solar hot water rebate (not both)

Risk Review

As we have discovered, most businesses are underinsured, therefore carrying high risk of water or fire damage and theft.

Give us a call on **5382 4761** and we will carry out a Risk Review of your business and assist you in protecting your business.

Fuel Rebate Changes

Since 1 Jul 08 Petrol was added to the list of fuels able to be claimed using the Fuel Tax Credit scheme.

As of 1st Jan 09 there are now changes to the rate of credit to be claimed for the 'on-road' component, which has been decreased from 18.51c/ltr to 17.143c/ltr. This is due to the decrease in the Road User Charge.

To assist in completing your BAS the ATO provide a calculation tool on the internet at

<http://calculators.ato.gov.au/scripts/ASP/FERPCalc/InputDetails.asp>, or look under the Business, Calculators section of their website.

Activity/business use	Eligible fuel	From 1 Jul 06	From 1 Jul 08	From 1 Jan 09
In a vehicle greater than 4.5 tonne GVM travelling on a public road (diesel vehicles acquired before 1 Jul 06 can equal 4.5 tonne GVM).	All taxable fuels – e.g. diesel & petrol.	18.51	18.51	17.143
Specified activities eligible since 1 July 2006 in: Agriculture, Fishing, Forestry & Mining Marine & rail transport nursing and medical.	Diesel and fuel oil	38.143	38.143	38.143
	All taxable fuels including petrol. Petrol has only been eligible since 1 Jul 08	Nil	38.143	38.143
All other activities, machinery, plant and equipment are eligible from 1 July 2008. Examples of activities are: Construction, manufacturing, wholesale/retail, property mngmnt & landscaping.	All taxable fuels – e.g. diesel and petrol.	Nil	19.0715	19.0715

Repaying your HELP Loan

On 1 Jan 05 the Government introduced the Higher Education Loan Program (HELP) replacing HECS and other similar programs. Essentially, this is a loan repayable to the Australian Government.

For compulsory payments, you must start repaying your debt once your repayment income is above the minimum repayment threshold. For the 08-09 income year this is \$41,595.

Your repayment income includes your taxable income plus any rental losses, total reportable fringe benefits shown on your PAYG payment summary, and any exempt foreign employment income included in your tax return.

The amount to repay is calculated by applying different percentage rates for different ranges of income. For 2009 these start at 4% at \$41,595 up to 8% for income above \$77,248.

Voluntary payments may also be made at any time and reduces your debt immediately. You may still be required to make compulsory payments after making voluntary payments if your income is above the minimum repayment threshold and you still have an accumulated HELP debt.

If you make a voluntary repayment of \$500 or more, you will receive a bonus of 10% of your voluntary payment amount. The ATO advises that the best time to make a payment to ensure you receive the bonus, is before you lodge your income tax return.

FRAUD PROTECTION

.....THIS IS NOT A JOKE!!

A corporate attorney sent the following out to the employees in his company:

1. Next time you order cheques, have only your initials (instead of your first name) and last name put on them. If someone takes your cheque book, they will not know if you sign your cheques with just your initials or your first name, but your bank will know how you sign your cheques.

2. Do not sign the back of your credit cards. Instead, put "PHOTO ID REQUIRED".

3. When writing cheques to pay on your credit card accounts, DO NOT put the complete account number on the "For" line. Instead, just put the last four numbers. The credit card company knows the rest of the number, and anyone who might be handling your cheque as it passes through all the cheque processing channels won't have access to it.

4. Put your work phone number on your cheques instead of your home phone. If you have a PO Box, use that instead of your home address. If you do not have a PO Box, use your work address. Never have your Centrelink Number printed on your cheques. You can add it if it is necessary, but if you have it printed, anyone can get it.

5. Place the contents of your wallet on a photocopy machine. Do both sides of each licence, credit card, etc. You will know what you had in your wallet and all of the account numbers and phone numbers to call and cancel.

Keep the photocopy in a safe place. Carry a photocopy of your passport when travelling either here or abroad. We've all heard horror stories about fraud that's committed on us in stealing a name, address, Social Security number, credit cards.

But here's some critical information to limit the damage in case this happens to you or someone you know:

1. We have been told we should cancel our credit cards immediately, but the key is having the toll free numbers and your card numbers handy so you know whom to call. Keep those where you can find them.

2. File a police report immediately in the jurisdiction where your credit cards etc were stolen. This proves to credit providers you were diligent, and this is a first step toward an investigation.

3. But here's what is perhaps most important of all.

Call all 3 national credit reporting organisations immediately to place a fraud alert on your name and Social Security number.

The alert means any company that checks your credit knows your information was stolen, and they have to contact you by phone to authorise new credit.

Now, here are some numbers which you might need to contact if your wallet etc has been stolen:

1. Visa Card Australia 1800 621 199
2. VisaCard International 1800 450 346
3. Lost Travellers' Cheques 1800 127 477
4. MasterCard Australia(02) 9466 3700
5. MasterCard International 1800 120 113
6. Bankcard Australia(02) 9281 6633
7. Medicare 132 011
8. Centrelink Fraud 137 230
9. Seniors Card 1300 364 758
10. Passport 131 232

"Simple Explanation of The Global Financial Crisis"

I got this text from a friend in Ireland, I think it explains things far better than the usual, more ponderous analyses:

"Linda is the proprietor of a bar in Cork. In order to increase sales, she decides to allow her loyal customers - most of whom are unemployed alcoholics - to drink now but pay later. She keeps track of the drinks consumed on a ledger (thereby granting the customers loans).

Word gets around and as a result increasing numbers of customers flood into Linda's bar.

Taking advantage of her customers' freedom from immediate payment constraints, Linda increases her prices for wine and beer, the most-consumed beverages. Her sales volume increases massively.

A young and dynamic customer service consultant at the local bank recognizes these customer debts as valuable future assets and increases Linda's borrowing limit. He sees no reason for undue concern since he has the debts of the alcoholics as collateral.

At the bank's corporate headquarters, expert bankers transform these customer assets into DRINKBONDS, ALKBONDS and PUKEBONDS. These securities are then traded on markets worldwide. No one really understands what these abbreviations mean and how the securities are guaranteed. Nevertheless, as their prices continuously climb, the securities become top-selling items.

One day, although the prices are still climbing, a risk manager (subsequently of course fired due to his negativity) of the bank decides that slowly the time has come to demand payment of the debts incurred by the drinkers at Linda's bar.

However they cannot pay back the debts. Linda cannot fulfil her loan obligations and claims bankruptcy. DRINKBOND and ALKBOND drop in price by 95 %. PUKEBOND performs better, stabilizing in price after dropping by 80%. The suppliers of Linda's bar, having granted her generous payment due dates and having invested in the securities are faced with a new situation. Her wine supplier claims bankruptcy, her beer supplier is taken over by a competitor.

The bank is saved by the Government following dramatic round-the-clock consultations by leaders from the governing political parties (and vested interests).

The funds required for this purpose are obtained by a tax levied on the non-drinkers."

Business Services At GTP

By combining the knowledge of your business and our consulting tools, support and networking power, we can help you achieve more with your business than you imagined possible.

Working with the firm, we will show you:

- How to achieve performance excellence in your business
- The most relevant and most valuable knowledge available to help you gain that competitive advantage
- Ways to grow your business profits
- Tools and processes that are created with your business in mind

We make a significant investment in providing the best professional business consulting and growth tools, consulting skills, training and support that enables us to deliver valuable business advisory services to our business clients.

Contact our administration team to make an appointment to discuss options that will help develop your business.

GTP Tit Bits

- Janelle and Marty welcomed a beautiful baby girl, Zarli Elizabeth on 21 Jan 09. GTP would like to wish them the best!
- Tracy and David welcomed a bouncing baby boy, Liam Daniel, on 4 Feb 09. Congratulations from all of us at GTP.
- Kerry announced her engagement to Grant in December. GTP would like to say "Congratulations!"
- Rohan announced that Michelle and he are expecting their second child due early June. All the best from GTP.
- GTP would like to welcome Kathryn Bowles who joined the team on 16 Feb 09 as a Cadet.
- Natasha is now in the office 3 days a week (Tue - Thur).
- Karen is back in the office 2 days a week (Mon & Wed).

GTP Golf Day

As you may have heard the Horsham Golf Club has received extensive damage due to the recent bushfires in the area. The Club House has been destroyed and many of the trees and buildings around the course have suffered fire damage.

We want to continue to support the Golf Club in any way we can and therefore intend to postpone our annual GTP Golf Day for approximately one month. We cannot guarantee that it will go ahead but at this stage we are planning to hold it on the 24th of April 2009.

This date has been booked in with the Golf Club and we are working with them to make this day a success. We understand that this may be during the cropping period for many of our farming clients and apologise as they may need to take a day off the tractor to attend!!!

Invites will be sent out closer to the date however you can register your interest (to make sure you get an invite) by contacting Sally Hateley on (03) 5382 4761 or via email: email@greentaylor.com.au

GTP Team Member:

Carmen joined GTP in late Oct 08 as a Business Services Accountant. She has had experience in the industry working in bookkeeping/accounting roles for the past 9 years. Carmen is currently completing a Commerce degree with majors in Accounting and Business Information Systems.

When Carmen isn't working she enjoys quiet drinks with her partner, Glen and their friends; visiting family on the Sunshine Coast, looking after her pets, reading, watching movies and travelling. Her favourite holiday to date was on a house boat from Mannum over the Christmas period.



DISCLAIMER: The information in this publication is provided for the sole use of the clients of GREEN TAYLOR PARTNERS. While every effort is made to ensure the accuracy of the information contained in this publication is correct, on no account should the publication be regarded as a substitute for professional advice.

Investment Allowance

Additional 30% tax deduction on assets “acquired” before 30 June 2009

As you may be aware the Senate has recently passed the Bill for the Governments second stimulus package. One part of this package is the change to Investment Allowance (which was originally introduced 13 Dec 2008). In an effort to generate an immediate boost to business investment, (especially small business) the Federal Government has introduced a temporary investment allowance for new assets purchased, ordered or commenced construction of, between the 13 December 2008 and 30 June 2009, and installed by 30 June 2010. Small business can claim an additional 30% tax deduction for an eligible asset costing \$1,000 or more acquired within this period. For an eligible asset costing \$1,000 or more acquired from 1 July 2009 to 31 December 2009, small business can claim an additional 10% deduction (asset must be installed by 31 December). To be eligible for the investment allowance, the asset must be used in carrying on a business.

This tax break for small business and general business is a limited opportunity aimed at encouraging business to bring forward significant expenditure. However, the decision to acquire an asset or not still remains an important management issue – not tax driven.

The details that are as follows:

Minimum Spend

- Small Business – asset costing \$1,000 or more (13/12/08 – 30/06/09) receive a 30% tax deduction.
- Small Business – asset costing \$1,000 or more (01/07/09 – 31/12/09) receive a 10% tax deduction.
- Other businesses – asset costing greater than \$10,000 to be eligible for the same percentage deductions. Asset must be acquired during the nominated periods.

Key Dates

- The 30% deduction allowance will apply for assets acquired under a contract or constructed, where the contract was made or construction commenced between 12:01 am on 13 December 2008 and 30 June 2009. The asset must be installed ready for use by 30 June 2010.
- The 10% deduction allowance will apply for assets acquired between 12:01am 1 July 2009 and 31 December 2009. The asset must be installed ready for use by 31 December 2009.

Types of Assets

- The allowance can be claimed for spending on new assets and new expenditure on existing assets (acquisition of second hand assets is excluded).
- The allowance applies to tangible assets used in Australia in carrying on a business for which a depreciation deduction is available.
- The allowance will apply to most new tangible depreciating assets. This includes plant and equipment (i.e. Sub-division 40B assets). It excludes capital works, such as land and buildings, trading stock, and intangible assets and rights.

Claiming the Allowance

- The allowance is claimed through the income tax return of the taxpayer for the year in which the asset is installed ready for use.
- The investment allowance applies at a rate of 30% or 10% of the asset's cost, depending on the acquisition date.
- Cost is defined as the first element of capital allowance cost (cost of acquiring the asset).
- Where the allowance is being claimed for new expenditure on an existing asset, the allowance will be claimed on the second element of capital allowance cost (e.g., improving or changing an existing asset).

***Please note:** For a small business to be eligible for this tax break, their turnover must be \$2 million a year or less.

