



GREEN TAYLOR

PARTNERS

*Your Partners in Business***Inside This Issue**

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**THE BUSINESS TAX BREAK**

Despite June 30 passing, the business tax break (investment allowance) still remains relevant for many businesses and thus now is an opportune time to revisit the current position of this tax initiative.

The Business Tax Break provides for an additional *tax deduction* over and above any depreciation that may apply for a *new* asset purchase. It is not a cash refund from the government, despite misleading publicity out there in the market place. (We suggest you only take tax advice from your accountant – not a car or machinery dealer!)

Being an additional tax deduction, its value to you depends on what your tax rate is. That is, if your tax rate is nil, then there will be no immediate benefit in claiming the Business Tax Break. The higher your tax rate, the greater the benefit will be to you. We can work with you to establish what your tax rate is, which can vary from year to year.

The business tax break is in addition to any depreciation that you may be entitled to claim. The deduction is claimed in the year of delivery, not the year of 'order'.

Eligibility:

1. The asset must be new.
2. Must have been ordered after 12<sup>th</sup> December 2008.
3. The asset must principally be used in your business.
4. The purchase price of the asset (GST Exclusive) must be more than the specified thresholds.

**Small Businesses (Turnover < \$2m)**

Assets over \$1,000 (GST excl) ordered after 12<sup>th</sup> December 2008 and delivered before 31<sup>st</sup> December 2010 – a 50% tax deduction will apply

**Other Businesses (Turnover > \$2m)**

Other businesses will be able to claim a bonus deduction of 30 per cent for eligible

assets costing \$10,000 or more (exclusive of GST) that they order after 12 December 2008 and before 30 June 2009 and start to use or have installed ready for use by 30 June 2010.

Alternatively a bonus deduction of 10 per cent for eligible assets costing \$10,000 or more (exclusive of GST) will be available where the asset is ordered between 1 July 2009 and 31 December 2009 and start to use or have the asset installed ready for use by 31 December 2010.

**Structural Improvement?**

New buildings will generally not qualify for the Business Tax Break. However, the exception to this is for primary producers. As depreciation claims for these improvements including fencing, silos, haysheds and other buildings used for primary production purposes satisfy the definition of plant & equipment, expenditure on new constructions or improvements will qualify for the Business Tax Break.

Unfortunately, as water improvements such as tanks, pumps etc already receive concessional treatment (written off over 3 years), such expenditure will not qualify for the Business Tax Break.

**Should You Buy New or Second Hand?**

The Business Tax Break provides a compelling argument to purchase new. However, for more expensive items of equipment, particularly where significant funds are being borrowed we recommend that careful consideration be given to a net after tax comparison of "new versus second hand". This will particularly be the case where your tax rate is relatively low. Loan repayments will still need to be made out of after tax dollars so your projected cash flow position still requires careful assessment. Feel free to speak to your adviser before making commitments either way.

**Important Dates**

**21 September 2009** - August activity statement lodgement and payment due for monthly payers.

**23 September 2009** - GTP Movie Night. Don't forget to reserve your place!

**29 & 30 September 2009** - Horsham Show—GTP office is open.

**21 October 2009** - September activity statement lodgement and payment due for monthly payers.

**28 October 2009** - September quarter super due.

**28 October 2009** - September activity statement lodgement and payment due for quarterly payers.

**31 October 2009** - Income tax returns for taxpayers with outstanding tax returns due.

**31 October 2009** - Income tax returns for taxpayers **without** a tax agent due.

**21 November 2009** - October activity statement lodgement and payment due for monthly payers.

# Green Taylor Partners

## NET MEDICAL EXPENSES TAX OFFSET



Net medical expenses are the medical expenses you have paid less any refunds you get from Medicare or your private health fund.

Generally the medical expenses must be for you, your spouse or your dependent children who are Australian residents. You can claim expenses relating to an illness or operation paid to legally qualified doctors, nurses or chemists and public or private hospitals. However expenses for some cosmetic operations are excluded.

Medical expenses which **are** eligible to be claimed in this offset are:

- dentists, orthodontists or registered dental mechanics;
- opticians or optometrists, including for the cost of prescription spectacles or contact lenses;
- a carer who looks after a person who is blind or permanently confined to a bed or wheelchair;
- therapeutic treatment under the direction of a doctor;
- medical aids prescribed by a doctor;
- artificial limbs or eyes and hearing aids;
- maintaining a properly trained dog for guiding or assisting people with a disability (but not for social therapy);
- laser eye surgery; and
- treatment under an in-vitro fertilisation program.

Medical expenses which **are not** eligible to be claimed in this offset are:

- cosmetic operations for which a Medicare benefit is not payable;
- dental services or treatment that are solely cosmetic;
- therapeutic treatment where the patient is not formally referred by a doctor;
- chemist-type items – such as tablets for pain relief – purchased in retail outlets or health food stores;
- inoculations for overseas travel;
- non-prescribed vitamins or health foods;
- travel or accommodation expenses associated with medical treatment;
- contributions to a private health insurer;
- purchases from a chemist that are not related to an illness or operation;

- life insurance medical examinations;
- ambulance charges and subscriptions; and
- funeral expenses.

For more information please speak to your Accountant or visit the ATO information at <http://www.ato.gov.au/individuals/content.asp?doc=/content/19181.htm>

## BEWARE! Excess Contributions Tax – Superannuation

The ATO is currently sending out assessments to taxpayers who have breached annual contribution limits in the 2008 year. Excess contributions are effectively taxed at 46.5%, but potentially can be taxed at 93% if you have already reached both your *concessional* and *non-concessional* contributions limits in the assessment year.

*Concessional contributions* include contributions that are claimed by an individual as a tax deduction, contributions made by an employer (such as SGC 9% contributions) and salary sacrifice contributions. The annual limit for these types of contributions is now \$25,000, however special transitional rules apply for those taxpayers who are 50 years of age or above in the 2010, 2011 and 2012 financial year. Their annual limit is \$50,000.

*Non-concessional contributions* include personal contributions that are not claimed as a tax deduction. The annual limit for taxpayers is \$150,000, however if you are under age 65 on 1 July of the year of contribution, you can bring forward an extra 2 years worth of contributions in the same year. Therefore, no more than \$450,000 can be contributed in this 3 year period.

There are many hidden traps with this legislation so we recommend you contact Peter Cramer, Matt Richardson or your accountant prior to making contributions to ensure these extreme penalties can be avoided at all times.



## TRAVEL ALLOWANCE & LIVING AWAY FROM HOME ALLOWANCE

Are you an employee who travels for work overnight? Does your boss pay you a travel allowance? An allowance is generally treated as “travel” if the period away does not exceed 21 days.

Substantiation rules allow you to claim a deduction for travel up to the allowance received without receipts or any other documentary evidence. The allowance must be included in your tax return if the deduction does not exactly match the amount received. For claiming deductions the Tax Office has issued reasonable amounts to be claimed for costs of accommodation, food, drink and incidental expenses.

If the deductions match the allowance received then they do not have to be included in your tax return.

If you wish to claim over the allowance amount or more than the Tax Office defines as a reasonable amount, all amounts claimed must be substantiated with written evidence. This includes keeping a travel diary.

Be careful though. The Tax Office may still require you to justify your travel claims. You may have to show that your travel is work-related and that the allowance you have received is bona fida (i.e. not just a \$1).

For longer periods of travel (i.e. more than 21 days), this is generally covered under the Living Away From Allowance (LAFHA) rules.

A LAFHA is when an employer pays an additional allowance to an employee as compensation for additional expenditure on food, accommodation and other disadvantages which the employee incurs whilst living away from his usual residence.

LAFHA falls under the Fringe Benefits tax rules and is treated for tax in the hands of the employer not the employee. Therefore it does not appear on the employee's PAYG payment summary each year and does not get included in their tax return.

To determine the taxable value of the allowance, the Tax Office allows \$42 per week for food for any average adult. “Reasonable compensation” for the cost of accommodation will depend on the circumstances.

# Green Taylor Partners

## CENTRELINK ASSETS & FUNERAL BONDS

Did you know for the purpose of calculating your income and assets Centrelink do not include any prepaid funeral expenses, funeral bonds or a burial plot in your assets? This helps in minimising your assets to receive the maximum pension amount.

Funeral bonds are managed investments that earn interest but also have the following specific features:

- Interest must be added to the capital
- Interest & capital can only be paid out on death when it is paid to a funeral director to cover expenses
- Your money is invested in an independent managed funeral fund.

Centrelink also do not take into account amounts paid to a funeral director provided there is a contract that sets out the services to be undertaken where no more expenses need to be paid.

You are not required to tell Centrelink you have a burial plot or prepaid your funeral expenses. But you will be required to tell Centrelink you have a funeral bond.

## LOWERING THE BARRIERS TO DOING BUSINESS

Have you ever dealt with a company that makes you feel like they are doing you a favour by taking your business? You may recognise having come up against some of these barriers yourself:

- Limited payment options available—not everyone carries ample cash.
- Distance to the premises for out-lying customers.
- Restrictive opening hours.
- Difficulty in contacting the business (mobile phone/fax/email/voice mail etc.)

Easy ways you can avoid these in your business—and create a delightful experience for your customers—are:

- Have easy payment systems, e.g. EFTPOS, credit cards, lay-by, payment plans.
- Opening hours that cater best for your customers.
- Toll free numbers for interstate callers.
- Mail order options available.
- Internet ordering options.

It's impossible to make it too easy for your customers to do business with you.

## EDUCATION TAX REFUND (ETR)

The ETR is a refundable tax offset for taxpayers who incur specified education expenditure on children attending primary or secondary school.

You may be able to claim 50% tax offset:

- \$750 per child attending primary school (which is a refund of up to \$375)
- \$1,500 per child attending secondary school (which is a refund of up to \$750)

Expenditure that exceeds your refund limit for the year, can be carried forward into your following year's education tax refund providing you are still eligible.

To be eligible:

- Your child was enrolled and attended primary or secondary school.
- You received Family Tax Benefit Part A for the child.
- The child received youth allowance which stopped you from receiving Family Tax Benefit Part A for that child.

Eligible education expenses include:

- Laptops, home computers and associated costs, which include USB flash drives, home internet connections and computer software for education use.
- School text books and stationary

Expenses that are not eligible include:

- School fees
- School uniform expenses
- Tutoring fees
- School subject levies
- Library fees



## CENTRELINK RATES— INCOME & ASSET LEVELS UPDATE

Effective from 1 July 2009 Centrelink have issued revised aged pension rates:

Fortnightly	Single	Couple
	\$569.80	\$475.90 each

Asset Test for homeowners:

If you are:	For full pension/allowance	For part pension
Single	Up to \$178,000	Less than \$562,000
Partnered (combined)	Up to \$252,500	Less than \$891,500
A couple but separated due to illness (combined assets)	Up to \$252,500	Less than \$1,020,500
One partner eligible	Up to \$252,500	Less than \$891,500

## MYOB USERS—Take Note:

Clients using MYOB Accounting version 15 to the present day version 18.5 may have noticed an icon under the Accounts Command Centre named “Company Data Auditor” but may have wondered; what do I use this application for?

Company Data Auditor checks your MYOB file for processing errors and identifies problematic transactions. It is highly recommended that clients utilize this tool when at an end of a period, such as end of month, quarter or year.

Company Data Auditor will show you:

- The MYOB software version
- Last back-up date
- Size of company file
- All Bank Accounts and Credit Card Accounts with balances and last reconciled date
- Whether control accounts balance, including Debtors, Creditors, Inventory, etc.
- Whether the company file has prepaid or future dated transactions
- Whether there are any problems with the way tax codes have been entered or recorded on transactions.

## CONSUMER AFFAIRS VICTORIA

Did you know that Consumer Affairs can help with:

- Renting;
- Refunds;
- Scams;
- Buying or selling a home;
- Door-to-door sales;
- Credit and Debt;
- Building;
- Internet shopping; and
- Other consumer issues.



If you have been stung by Internet or mail order scams, door-to-door salesman or telemarketers, Consumer Affairs can help you.

Have you had problems with a mobile phone contract? Are you renting or thinking of renting? Are you a landlord? Do you know how to comply with the Fair Trading Act? Did you know you have cooling-off periods?

Help with all of these issues and more is available. A mobile service from Consumer Affairs visits Horsham, Ararat, Stawell and other areas weekly and/or fortnightly, enabling you to discuss your concerns in person. Call (03) 43 017 000 for details or visit the website [www.consumer.vic.gov.au](http://www.consumer.vic.gov.au) for further information.

# Green Taylor Partners

## GTP Tit Bits

- In **baby news**—Penny and Troy are happy to announce they are expecting their first child. Congratulations guys! 
  - In **further baby news**—Congratulations to Rohan, Michelle and Kirby who welcomed the newest edition to their family, Abby Renee Brown, in June.
  - Good Luck to all teams involved in the local footy and netball finals! .....
  - **Footy tipping update**.... And the winner is Matt! Bragging rights for the next twelve months... or at least until the start of next footy season! (An audit is being undertaken....)
  - The **big day** is fast approaching for Kerry & Grant! We wish them all the very best for their Wedding Day and wish them a long and happy life together! 
- (Please Note: Kerry will be on leave for 3 weeks during October)
- GTP welcomes Tracy back to work! Tracy is returning from maternity leave.

## WASM CAREERS EXPO 2009

July saw Green Taylor Partners attend the 2009 Wimmera and Southern Mallee Careers Expo held at the Wimmera Events Centre, Longerenong. Team members Kerry Henderson, Jess Maybery, Kathryn Bowles and Daniel Blay attended to promote the GTP Cadet Program and Accounting as an exciting and rewarding career.

Over the two days the team spoke to many secondary school students about the program and encouraged those who were keen to explore accounting careers to attend their presentation.

Kerry and Jess presented to a group of approximately 20 students who were keen to hear about GTP's Cadet Program.

The GTP group received some very positive feedback and Green Taylor Partners are looking forward to receiving applications for the 2010 Cadet Program.

If you know someone who is interested in the Cadet Program, please feel free to contact the office for more information.

## Eighth Annual GTP Movie Night

**Come to the movies on us. A chance to unwind and meet the team at GTP.**

You will find your invite to our annual GTP Movie Night enclosed. This year the night will be held on **Wednesday 23rd September.**

If you would like to come to this fun-filled night, please call us or return your acceptance to our office.

And remember, first in best dressed!!!

## DO NOT CALL REGISTER

The Do Not Call Register is being established by the Australian Government in response to community concern about the growth in unsolicited telemarketing calls.

In order to register your phone number on this government database, the fixed line or mobile numbers must be primarily used for private or domestic purposes.

Under the act, telemarketers must not call any number registered on this database. Any business that calls a number on the register, or arranges for a call to be made to that number, may be in breach of the legislation and could face penalties.

If you have an elderly parent or someone with an illness or disability, you may wish to consider this as an option.

To register a telephone number visit [www.donotcall.gov.au](http://www.donotcall.gov.au), call 1300 792 958 or fill in a postal application and mail to: Do Not Call Register, PO Box 42, North Melbourne Vic. 3051.

## CHANGE TO FUEL TAX CREDIT RATE

From 1 July 2009 the fuel tax credit rate for heavy vehicles travelling on public roads has changed. Due to an increase in the road user charge, the new fuel tax credit rate is 16.443 cents per litre.

A 'heavy vehicle' is such that has a Gross Vehicle Mass (GVM) greater than 4.5 tonne, or greater than or equal to 4.5 tonne for diesel vehicles acquired before 1 July 2006. For more information on fuel tax credits and the rates to use, visit [www.ato.gov.au/fuelschemes](http://www.ato.gov.au/fuelschemes).

## RSPCA CUPCAKE DAY!



**GTP staff members enjoyed tucking into some mouth-watering home baked goodies in support of the annual RSPCA Cupcake Day. Cupcakes were \$1 each with all money raised going to the RSPCA.**

**Many thanks to Carmen for organising the day and finding willing GTP Cupcake Day Chefs!**

If you were in the office on Friday 7th August you may have noticed the team in their denim!

This was in support of **JEANS FOR GENES DAY** which is a major fundraiser of the Children's Medical Research Institute. Jeans for Genes day helps raise money for research into genetic diseases in children.

The GTP team showed their support by each purchasing a Jeans for Genes Day badge, key ring or wrist band.

## GTP Team Member: Kelly Bellman

*Kelly joined the team at GTP in November 2008 in the role of Personal Assistant. She had been involved in a number of administration roles in different sectors prior to joining GTP, including the Employment/Recruitment and Automotive industries.*

*Kelly grew up in Horsham and has successfully completed her Bachelor of Commerce, majoring in Marketing and Management by correspondence.*

*After work hours Kelly spends her time walking her beagles Billie and Ty, spending time with her partner Josh, friends and family, going to the gym, and following Josh's race horses each week at local race meetings.*