



# Information Update



## Merry Christmas!

Matthew, Brooke, Daina, Danielle, Felicity, Helen, Lauren, Peter and Rachel would like to thank you for your support throughout 2006.

May you and all your families have a joyful and safe Christmas and a bright and prosperous New Year - we look forward to working with you in 2007.



## Office Closure

We will be closing at 12 noon on Thursday 21 December 2006 and re-opening on Tuesday 2 January 2007.

## Recent Tax Office Developments

Click on item headings for further information

### How to cut your business fuel costs—the fuel tax credit

Fuel tax credits provide businesses with a credit for fuel tax (excise duty) that is included in the price of fuel. Fuel tax credits commenced on 1 July 2006.

### SMEs and the risk of fraud

According to Alan Green of Hayes Knight Accountants and Business Advisors, approximately 35 per cent of small to medium sized enterprises (SMEs) will be victim of fraud.

### Trade Practices Act amendments

The Senate passed amendments to the *Trade Practices Act 1974* (Cwlth) (TPA), known as the Dawson Bill. While these changes primarily impact large organisations and how they operate, there was one change that specifically affects small to medium sized businesses (SMEs).

### New legislation to standardise eligibility criteria for small business tax concessions

The Government announced it would introduce legislation to standardise the eligibility criteria for small business tax concessions from 1 July 2007.

### Company name versus business name

Some may find the differences between a company name and business name confusing. A company name must be registered with the Australian Securities & Investments Commission (ASIC) under the national Corporations Law. If a company wants to trade under a different name, then it is required to also register the trading name as a business name.

### ATO matching activities

The Australian Taxation Office (ATO) utilises an Information matching system (IMS) as part of its compliance program. The ATO looks at a range of information including payroll information on quarterly business activity statements, pay as you go tax, business tax returns and eligible termination payments to identify taxpayers that fail to report income. This year the ATO's audit activities are being increased, with the latest program concentrating on employer obligations.



#### Disclaimer:

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



## Minimum Wage Increase

The Australian Fair Pay Commission has responsibility for setting and adjusting minimum wage rates within the federal jurisdiction and its first wage-setting decision applies only to employees and employers in this jurisdiction.

The decision has **three** elements:

- an **increase** of \$27.36 per week in the standard Federal Minimum Wage;
- an **increase** of \$27.36 per week in all Australian Pay and Classification Scales (Pay Scales) up to and including \$700 per week[1]; and
- an **increase** of \$22.04 per week in all Pay Scales above \$700 per week[2].

The increases flow on to junior employees, employees to whom training arrangements apply, employees with a disability and basic piece rates of pay.

The increases take effect from **1 December 2006** (commences midnight 30 November).

### Whose wage will increase as a result of this decision?

Employees in the federal jurisdiction receiving minimum wage rates will receive a pay rise from 1 December 2006. Employees receiving minimum wage rates include an employee:

- who is receiving the standard Federal Minimum Wage; or
- who is receiving a rate of pay included in a Pay Scale (previously reliant on a federal or state award).

### Who is in the federal jurisdiction?

The majority of employees and employers in Australia are in the federal jurisdiction and are covered by the standard Federal Minimum Wage, special Federal Minimum Wages or preserved Pay Scales. Employees and employers covered include:

- trading, financial and foreign corporations (Constitutional corporations) and their employees;
- employees and employers in the Australian Capital Territory, the Northern Territory and Christmas and Cocos (Keeling) Islands;
- the Commonwealth, including its authorities, and its employees;
- employers of waterside, maritime and flight crew employees who are employed in connection with interstate, overseas, inter-territory or state-territory trade and commerce; and
- most employees and employers in Victoria.

### Employees covered by an agreement made prior to Work Choices

The Pay Scales do not apply to:

- employees covered by the five-year transitional federal award system;
- employees covered by Australian Workplace Agreements (AWAs) or certified agreements approved prior to the commencement of Work Choices; and
- employees covered by preserved state agreements.

### Employees covered by an agreement made after Work Choices

Where employers and employees made a collective or individual agreement after the commencement of Work Choices (27 March 2006), employees must be paid at a rate that is at least equal to the relevant Pay Scale as increased by this decision.

The standard Federal Minimum Wage and special Federal Minimum Wages and Pay Scales, (as part of the Australian Fair Pay and Conditions Standard), set out the minima that apply to employees in the federal system. Therefore, employers who have made new agreements under Work Choices must pay these employees wages that are at least equal to the new minimum wages.

### Safety Net Adjustment 2005

Pay Scales from a pre-reform federal wage instrument (predominantly federal and state awards) that was not adjusted for the Australian Industrial Relations Commission's (AIRC's) 2005 Safety Net Review decision by the AIRC or a state industrial body, but

- was adjusted in accordance with the AIRC's 2004 Safety Net Review decision (whether by the AIRC or by a State industrial authority); or
- received a safety net adjustment during the 12 months to 27 March 2006 (whether by the AIRC or by a State industrial authority); or
- took effect after the AIRC's 2004 Safety Net Review decision,
- are increased by **\$17 per week expressed as an hourly rate in addition** to any other increase in this decision.

### Need further information?

If you would like more information on wage rates, call

the **WorkChoices Infoline** on **1300 363 264**

If you would like to view the Commission's Decision in full or check other fact sheets in this series, you can visit the **AFPC web site** at [www.fairpay.gov.au](http://www.fairpay.gov.au)

[1] \$18.42 per hour x 38 hours equals \$699.96 per week. Therefore the hourly increase of \$0.72 is granted to Pay Scales providing weekly rates of pay up to and including \$699.96 per week.

[2] \$18.42 per hour x 38 hours equals \$699.96 per week. Therefore the hourly increase of \$0.58 is granted to Pay Scales providing weekly rates of pay above \$699.96 per week.



*"the increases  
take effect from  
1 December 2006"*

## Recent Developments

We have recently undertaken some different assignments in our professional capacity.

In October, Matthew presented to a group of Tasmanian accountants and lawyers on "Recent Developments in Taxation" for the Taxation Institute of Australia.



In November, Matthew also did an audio and video training program for Television Education Network on "Asset Protection and Taxation Structuring for Medical Professionals". This is distributed to accounting and legal firms around Australia. He is presenting again for this organisation in February/March 2007. It has been pointed out around the office that he has a good head for radio!



"Aidan Thomas"

### Pete's a dad!

Congratulations to Pete and his wife Ann, on the safe arrival of their new baby—Aidan Thomas. Aidan arrived into the world on 5 December, weighing in at 5lb 10oz.

We wish Pete and Ann lots of love and happiness for the future with their new addition to the family.



### New staff member...

Some of you may have already spoken to and/or met our new receptionist Danielle Miezis. Danielle joined us in November and is doing a fabulous job. We would like to welcome her to our office and hope she enjoys her new role.

