



Spring Edition
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matthew tol + associates

Client Information Bulletin

Business planning is seen by most people as an important issue which is vital to the success or otherwise of their business (if you fail to plan, you plan to fail). Trouble is that many people then get too caught up in their business to spend any time planning. The old adage is that the business proprietor should spend more time on their business rather than in their business is incredibly true—most of the people we deal with who are truly successful are also the ones who spend a lot of time planning.

Arnold Palmer once famously stated that “the more I practice the better I get” - same goes for planning—the more you do of it, the better the results will be.

We often run into business people who have done very detailed business plans (usually for the bank or the like) which get stuffed in to a bottom drawer and never get referred to. The clients with whom we do business planning generally do very well—and the more often they review their progress, the better they are doing. A lot of the results come down to accountability—if you’re accountable to someone for your progress against the plan, you are more likely to succeed in reaching your goals. If you’re only accountable to yourself, there is a very good chance that you’ll let yourself down.

If you would like to discuss the opportunities for business planning to develop your operation, please contact either Peter or Matthew—it’s a fun process which can generate magnificent results.

Recent Tax Office Developments

Click on item headings for further information

The Simplified and Streamlined Superannuation Plan—an Outline

In the government’s 2006-07 budget, the treasurer announced significant reforms to Australia’s superannuation system. Their aim is to provide 100,000 Australians who turn 60 each year, choosing to retire, a much simpler system when deciding how to draw on their superannuation.

Employer’s Guide to Making an Australian Workplace Agreement

With the introduction of the government’s WorkChoices legislation, the legal requirements for making an Australian Workplace Agreement have changed.

Introduction of the Independent Contractors Bill

Recently, Workplace Relations Minister Kevin Andrews introduced two Bills into Federal Parliament—the *Independent Contractors Bill 2006* and the *Workplace Relations Amendment (Independent Contractors) Bill 2006*.

According to Minister Andrews, these Bills were introduced to “enshrine and protect the status of independent contractors” by shielding them from state and territory industrial laws.

2006 tax time—ATO compliance focus

With the end of the 2005-06 financial year the Tax Office has stated they will, once again, focus on deductions for rental property expenses, capital gains from the sale of property and other assets and work-related expenses.

SME confidence in an era of rising interest rates and petrol prices

As interest rates and petrol prices continue to rise, small businesses are becoming more nervous. A recent MYOB Australian Small Business Survey showed that despite four out of five businesses reporting that their operations are performing ‘very well’ or ‘quite well’, their outlook is not as optimistic, with only 24 percent tipping the Australian economy is on the way up.

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

Fringe Benefits Tax

There are some significant changes in FBT from 1 April 2007 which were introduced as part of the Federal Budget along with adjustments resulting from the change in tax rates which applied from 1 July 2006.

As part of the recent change in tax rates, the FBT exempt portion of income for clients who are employed by hospitals increased to \$9,095. For those clients in this situation, we recommend that you speak with the Payroll/HR Department in the relevant institution to ensure that your FBT packaging is amended to take advantage of the new rules.

The minor benefits threshold will increase from \$100 to \$300 per employee from 1 April 2007 and there is

no requirement to disclose the Reportable Fringe Benefits Amount on employees' PAYG summaries where the benefits to an employee is less than \$2,000 per year.

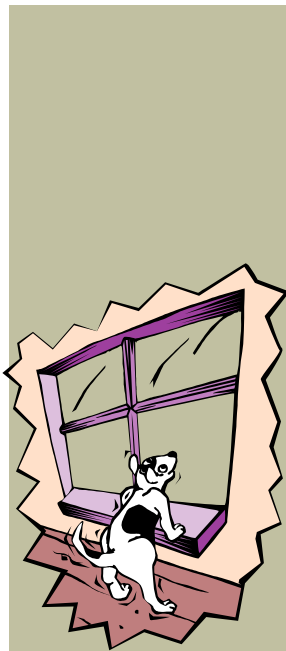
Income Distributions to Minors

The recent increase in the Low Income Rebate means that Trustees of Family/Discretionary Trusts can now distribute more profit to minor beneficiaries (those under 18 years of age). For this current financial year, the Low Income Rebate has increased to \$600 which means that minors can now receive \$1,325 income tax-free (this a significant increase on the \$642 from a couple of years ago!).

BPAY

We have included BPAY as another option when paying our invoice. The Biller Code and Reference are included on the payment slip of the invoice. If you elect to pay by BPAY, you either contact your bank (either by phone or on the internet) and request your bank to pay by quoting the Biller Code, Customer Reference Number and amount.

Making the most of superannuation concessions and the contribution limits



“The double dip—
a window of opportunity”

Undeducted contributions

The 2006 Federal Budget announced major changes to the amount of undeducted contributions that can be made to superannuation. Under the current rules, members can make unlimited undeducted contributions to a superannuation fund. From 1 July 2007, a limit of \$150,000 (indexed) per income year will apply to undeducted contributions. This will be subject to the three year averaging arrangements for people under 65 years of age. Under these circumstances, an individual under the age of 65 will be able to utilise their \$150,000 cap for the current year as well as for up to the next two income years. In effect, this will allow an individual to make undeducted contributions for a particular income year up to a maximum of \$450,000 (ie \$150,000 x 3 years). If this maximum amount is contributed in an income year, no further undeducted contributions can be made in the next two income years. Furthermore, transitional rules will be introduced to allow all individuals to make undeducted contributions of up to \$1 million during the period 10 May 2006 to 30 June 2007.

Deductible contributions

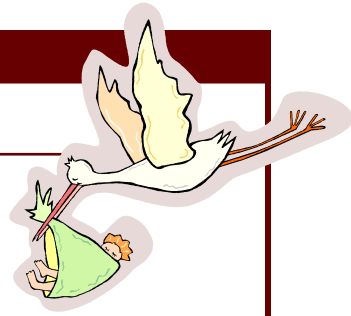
Until 30 June 2007, deductible contributions can be made up to the member's age-based limit by both an employer(s) and the member (subject to satisfying an eligibility test). The age-based limit for deductible contributions applies per employer. Multiple employers (who are not associates of each other) can make deductible contributions up to the age-based limit. In addition, the member can make their own deductible contributions (subject to the eligibility rules in S.82AAT ITAA 1936). From 1 July 2007, the age-based limit will be replaced with a new concessional deductible contribution limit of \$50,000 (indexed) per person per annum (or \$100,000 per annum for persons aged 50 and over from 1 July 2007 to 30 June 2012). The proposed new limit will apply per person, irrespective of the number of employers contributing on behalf of the person, and will be grouped with personal deductible contributions made by the member. Consequently, the 'double-dip' (discussed below) will only apply up until 30 June 2007.

The double dip—a window of opportunity

A 'double-dip' refers to employer(s) and the member making deductible contributions under S.82AAC for the employer and S.82AAT for a person who qualifies. Each employer (assuming not associates) can access the member's age-based limit irrespective of how much any other employer and the member have contributed. Where the double-dip is available, it is an effective means of superannuation savings. However, to be effective, it is extremely important that all the technicalities are complied with.

Example—Double dip opportunity

Dr Don is 56 and works for a private hospital, a consulting firm and has his own medical practice. The private hospital and consulting firm are not associates and each pay Dr Don a salary of \$90,000 each per annum plus SG contributions. Dr Don is ineligible to make deductible contributions because his assessable income, exempt income and reportable fringe benefits from employment exceed 10% of his total assessable income and reportable fringe benefits. As each employer is unrelated, they can each claim a deduction in respect of superannuation made up to Dr Don's age-based limit.



A New Arrival

Brooke has a daughter!

She was born on 9 September at 12.45pm and she weighed in at 7lb 3oz.

Congratulations to both Brooke and Eric on the safe arrival of Olivia Ruby, and we wish them lots of happiness with their beautiful little girl.



Farewell to Michelle....

Many of you will be sad to learn that Michelle resigned and left on Friday 15 September, and is now working at the Uni in the Law Department. We would like to thank her for being such a great part of our team, and for all she has done for us.

.....and, welcome Suzie Loveless

Suzie has taken over Michelle's position and we would like to welcome her to our office and hope she enjoys her new role.

Felicity's Married

Felicity (Flic) and Craig were married on Saturday and, as you can see by the photo, she looked gorgeous!

They will be sunning themselves in Bali for their honeymoon.

Thanks for the great night, and we would like to wish you both lots of happiness for your future together..



Pete, Matthew, Felicity, Helen, Daina, Lauren, Brooke & Rachel.