

Winter Edition

June 2007



matthew tol + associates

## Information Update

Happy New Financial Year! We hope that you all enjoy a wonderful 2008 financial year and continue to thrive and enjoy prosperity and success.

As usual, the past year has been a busy one with a raft of changes being introduced by the government—they will continue unabated we're sure.

We are making some changes in the way we operate our business from 1 July 2007. As of that date, we are ceasing using the "dreaded" timesheets. From 1 July all our engagements with clients will be on agreed fees and will make sure that you and we know up front the investment you are making in our services—this serves to enable us to perform your job without worrying about the time spent on it and encourages you to ring us with the "silly questions" without being concerned about getting a bill for the phone call. In coming weeks, we will be in touch with all of our clients to agree our fees for the work we're doing for you over the coming 12 months (for those we haven't already spoken with).

Thank you all for a very enjoyable year—we look forward to further success with you going forward.

### Recent Tax Office Developments

#### 2007-08 Budget highlights

The 2007-08 Budget handed down by Treasurer Peter Costello has been widely supported by the business sector.

#### SMEs and the Budget

From 1 July 2007, businesses with turnover below \$75,000 need not register for the GST. Those who voluntarily register will have the option of reporting and paying GST annually. In addition, from 1 July 2008, taxpayers who voluntarily register for GST and choose to report and pay GST annually may also pay their pay-as-you-go instalments annually. Such taxpayers would only need to lodge a Business Activity Statement once a year.

#### Upcoming super changes

The superannuation system is changing from 1 July 2007. According to the Government the changes should mean most people would receive more from their super.

#### Employment termination payments

Eligible termination payments will change to new employment termination payments.

#### 30% Child Care Rebate

The 2007 financial year will be the last time

the 30% childcare rebate can be claimed through an individual income tax return. From 1 July 2007, it will be the responsibility of each individual to claim the rebate through their local Centre-Link Office.

If an individual was unable to claim the 30% child care rebate previously, it is because you are required to register with the Family Assistance Office to receive the Child Care Benefit (CCB) beforehand. Once this is done, we will be able to amend your income tax returns for the past two years to claim the 30% child care rebate.

#### Super co-contributions

The Government's superannuation co-contribution scheme was aimed to improve the retirement income of low to middle income earners. Contributions, made by those eligible were matched one-for-one match by the Government.

#### ATO crackdown on super contributions

Employers have been warned by the Australian Taxation Office Commissioner Michael D'Ascenzo to ensure they make compulsory superannuation contributions on behalf of their workers.

Click on heading for further information

### Tax Tables



Just a reminder that the tax cuts from the Federal Budget come into effect as of 1 July 2007. Don't forget to update your tax tables.....

#### Disclaimer:

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

## Small Business Taxation Concessions—Forthcoming Changes

The Government is proposing changes to the taxation laws which will (hopefully) make it easier for small business to access a number of small business concessions covering the following areas:

- capital gains tax (“CGT”);
- income tax;
- goods and services tax (“GST”);
- pay as you go instalments (“PAYGI”); and
- fringe benefits tax (“FBT”).

Small businesses that have an annual turnover of less than \$2million may be eligible for the following concessions from 1 July 2007:

- choice to account for GST on a cash basis;
- choice to pay GST by instalments;
- annual apportionment of GST input tax credits;
- simplified trading stock rules;
- simpler depreciation rules;
- entrepreneurs’ tax offset;
- CGT 15 year asset exemption;
- CGT 50 percent active asset reduction;
- CGT retirement exemption;
- CGT roll-over provisions;
- PAYG instalments based on GDP-adjusted notional tax;
- two-year period for amending assessments (exceptions may apply);
- immediate deductions for certain prepaid business expenses; and
- FBT car-parking exemption (will apply from 1 April 2007).

Eligibility for some of these concessions will be dependent on satisfying some existing additional criteria within each concession.

### Key changes

- There will only be a need to meet one threshold requirement of less than \$2million annual turnover to access a range of tax concessions.
- Input taxed supplies are now included in the annual turnover threshold.
- New aggregation rules will prevent businesses from splitting their activities to gain access to the concessions.
- The simplified tax system (“STS”) as a ‘system’ will cease to exist—although the concessions will remain available to businesses with less than \$2million turnover.
- Small businesses with a turnover of less than \$2million a year will be able to access CGT concessions without satisfying the net assets threshold.
- Businesses with a turnover of \$2million or more will still be able to access the small business CGT concession as long as they satisfy the net asset test.
- The net asset test under the small business CGT concession will be increased to \$6million (from \$5million).
- Roll over relief on depreciating assets will be extended to increase the circumstances in which small businesses who have chosen to pool their assets can restructure without triggering balancing adjustments.



## Small Business Taxation Concessions—Forthcoming Changes (cont)

### GST changes announced in the 2007/08 Budget

As of 1 July 2007 it is proposed that taxpayers:

- will not be required to register for GST if their GST turnover is less than \$75,000 (less than \$150,000 for non-profit organisations). Taxi operators are still required to be registered regardless of turnover.
- with turnover under these thresholds, or who are voluntarily registered for GST, have the option to:
  - cancel their GST registration
  - choose to report and pay GST annually, or
  - continue with their current GST arrangements.
- will no longer require a tax invoice to claim a GST credit for purchases under \$82.50 (including GST). This threshold will also apply to the 'no ABN withholding' arrangements.

Additionally, from 1 July 2007, the ATO will be able to offer simplified accounting methods to all taxpayers with an annual turnover of less than \$2million that make mixed (both taxable and GST free) supplies or purchases.

### Important dates

Some changes to the concessions apply sooner than others:

- from 1 April 2007 for FBT concession; and
- from 1 July 2007 for the income tax, CGT, GST and PAYGI concessions.

Taxpayers will need to notify the ATO that they are using the GST and PAYGI concessions on their first quarter BAS in 2007/08.

We would like to congratulate Daryl Turner on winning the Victorian/Tasmanian "Franchisee of the Year" award for his Wendy's stores at Central Square and Stockland Wendouree.



**A Fish Tale....** A guy who lives in Lake Macquarie saw a ball bouncing around kind of strange in the lake and went to investigate. It turned out to be a flat-head catfish who had obviously tried to swallow a basketball which became stuck in its mouth!! The fish was totally exhausted from trying to dive, but unable to because the ball would always bring him back up to the surface. The bloke tried numerous times to get the ball out, but was unsuccessful. He finally had his wife cut the ball in order to deflate it and release the hungry catfish. See following photos....

