



Business Update in Brief



The benefits of tax planning



Can you afford to retire?



Beware of 'Super' sting!



Pays to check on land deals



■ Helping you legally reduce the amount of tax you pay!

Nothing like starting this issue off on a positive note. With the end of this tax year rapidly approaching, there's no better time to consider tax planning.

Alison & Associates have a wealth of expertise to help you reduce your tax and protect your assets through our effective tax planning services.

We invite you to make an appointment with one of our client service managers to help determine whether or not you have done everything you can to minimise tax for the current year.

We recommend to clients the value of having interim financial statements

prepared for the end of March or April each year for two very important reasons. Firstly, to confirm how your business is going, and secondly to check to see what may be done to minimise or defer tax.

Asset protection is also important. It's worth the time to review the types of structures you work within and to see what changes should possibly be made to further safeguard current and future assets.

Again we suggest you consider an appointment to review this matter.

An investment of your time and our expertise can result in more dollars in your pocket instead of the Taxman's.

■ Planning for retirement ... putting a value on your Golden Years.

New research commissioned by Westpac from the Association of Superannuation Funds of Australia has identified approximately how much it could cost Australians to have a reasonably comfortable lifestyle in retirement.

The results of the research suggest the following 'modest' and 'comfortable' budgets:

- ❖ to achieve a *comfortable* retirement lifestyle, a couple needs an annual income of \$43,350 and a single person needs \$32,800; and
- ❖ to achieve a *modest* retirement lifestyle, a couple will need \$23,550 each year and singles \$16,930.

The items allowed for in the comfortable budget include eating out from time to time, private health insurance at the top

rate, a better quality (but still mid-range second-hand) car, a few alcoholic drinks per week, including wine, etc.

Naturally, there are many variables for each client, but this provides a good general starting point in determining how much needs to be set aside to earn that kind of income in retirement.

Should any client wish to discuss this matter further, we would be pleased to arrange an interview with our associate Mr Danny Mattsson. Alison & Associates offers collaborative services in association with Professional Investment Services Pty Ltd where Danny is a financial planner.



CLAIMING FOR YOUR CAR

Per km car rates for 2003/04

The Tax Office has announced the per km rates under which taxpayers can claim for "business" car expenses in the 2003/04 income year where the taxpayer's income producing use of the car does not exceed 5,000 kilometres.

Engine capacity (cc)

Ordinary car	Rotary km	Rate per km
Up to 1600	Up to 800	51.0
1601 to 2600	801 to 1300	61.0
2601 +	1301 +	62.0

EVERY BUSINESS SHOULD HAVE ONE!



GST warning to clients who buy real estate

If you've been entertaining ideas of getting into the property market, it would pay to take note of this sad tale.

Our professional association recently related the following story about the pitfalls of buying real estate and handling GST.

A client of another accountant was basically "ripped off" when buying land because he failed to get a tax invoice when the settlement went through.

Afterwards, it was too late so he lost out on his claim for the input tax credit.

This is how the situation played out:

- ▶ a taxpayer buys land and the contract quotes a GST-inclusive price;
- ▶ property settles with no hitches, except that the vendors fail to supply the tax invoice;
- ▶ the taxpayer lodges the BAS and claims the input tax credit as the vendor's

- solicitor advised that the tax invoice was on the way;
- ▶ the ATO reviews the taxpayer's BAS and asks to see the tax invoice;
- ▶ the ATO accepts that the supply was a taxable supply, but as there's no tax invoice, it has to disallow the claim for the input tax credit;
- ▶ the taxpayer finds that the vendor has applied the margin scheme and the taxpayer will never be able to claim the input tax credit.

Clearly clients should be aware that there is a difference between a contract (for the sale of land) and a tax invoice for GST purposes.



Clients acquiring a n y property are urged to contact our office

Change on the horizon for company loans?

Treasury has issued a discussion paper dealing with the tax treatment of loans made by shareholders to their own private companies - usually described as 'at call' loans.

After 30 June 2004, under proposed new debt/equity rules, such loans may be classified as equity in the business rather than as just a loan to it.

These 'at call' loans generally don't have a fixed term and are payable on demand. Interest payments are determined between the parties from time to time.

"Commonly a shareholder controlling a small company will make an 'at-call' loan to provide funds to the company, on the basis that the funds will be repaid if and when the company is able to," Senator Coonan said.

Editor: Small business should be concerned about this because, with 'at call' loans, interest paid on the loan is usually deductible to the company.

On the other hand, if it is treated as equity, then any return is a non-deductible dividend not deductible interest.

★ QUICK COMPUTER BUYING TIPS ★

Computer technology is in a constant state of evolution. If you are in the market for a new PC, making an educated choice means answering some basic consumer questions.

1. How complex are my tasks? Surfing the Internet requires less computing power than running a multimedia program. If you know the types of programs you will be using, check out their requirements.



Most systems easily accept memory, video, sound, modem and storage space

upgrades.

2. Do you require portability? A "notebook" computer may be preferable to a "desktop" computer. "On board battery capacity" is an important factor in notebook selection.
3. Do you prefer to buy your unit locally or mail order? This choice often dictates what kind of product support you will receive.
4. How much can I afford? If your computing needs outstrip your resources, be aware many large manufacturers offer late model factory refurbished machines or closed product lines with variable warranties. A quality electrical surge protector is a must.

WARNING

Early access to super a SCAM!!!

Avoid schemes offering early access to superannuation benefits ASIC and the ATO have issued a joint statement warning the public against using the new schemes which promise early access to their superannuation before retirement.

"These schemes ... may falsely claim you can withdraw your super, or use a self managed fund, to pay off debts, make a deposit on a home, or buy a car or holiday.

In the worst cases, promoters of these schemes have stolen their clients' superannuation money."



Deputy Commissioner of Taxation, Mr Mark Jackson, said that under the scam, promoters urge people to set up a Self Managed Superannuation Fund (SMSF) into which they roll their preserved superannuation. The client is told that as trustee of the SMSF they can decide how its assets are spent.

"The promoter then charges a commission, usually 20% or more of the fund's assets, for their services."

Editor: The statement says that anyone offered early access to their superannuation through an SMSF should immediately contact the Tax Office Superannuation Infoline toll free on 13 10 20 or the ASIC Infoline on 1300 300 630 to report any concerns. Alternatively, clients should contact our office immediately.

Just for laughs...

A lady goes to see her doctor with some worrying symptoms and he examines her. "I'm sorry," he says "but it's bad news. You have only six months to live." The patient says, "Oh Doctor. That's terrible. What should I do?" The doctor says, "I advise you to marry an accountant." "Will that make me live longer?" "No," says the doctor. "But it will seem longer."

