

BUSINESS UPDATE IN

BRIEF



SPOTLIGHT ON SUPER



TAX FILES TIDY UP



RED ALERT ON PHONE & EMAIL SCAMS



USING HORSE SENSE

JUST FOR LAUGHS

A businessman on his deathbed called his friend and said, "Bill, I want you to promise me that when I die you will have my remains cremated." "And what," his friend asked, "do you want me to do with your ashes?" The businessman said, "Just put them in an envelope and mail them to the Tax Office. Write on the envelope, "Now, you have everything."



ASIC'S LATEST 'SUPER' TIPS FOR WOMEN

The Australian Securities and Investments Commission (ASIC) has issued a press release reminding women about the importance of having enough superannuation for retirement.

"Women tend to be less involved in their super, even though they probably have a greater need to ensure that their super will help them be financially secure," said ASIC Commissioner, Professor Berna Collier.

'Women can generally expect to live longer, to take time out of the workforce with carer responsibilities and, on average, working women earn 13 per cent less than men.

This means that women have a need for more super to support a longer life. Unfortunately, women generally have less in their accounts.'

Professor Collier said there were some simple things women could do to boost their super, including:

- Top up your super savings if you can afford it;
- Get interested in your super; and
- Avoid illegal schemes to access your money early.

ATO PENALISES BAD RECORD KEEPING

The ATO has advised that businesses which continue to keep poor records, despite warnings from the Tax Office, will face penalties.



The Tax Commissioner said that, under the law, penalties can be imposed for poor record keeping in recognition of the fact that without proper records, there can be no guarantee that people are meeting their tax responsibilities.

"During field visits and audits, record-keeping practices will be checked and people will be given a written report including suggestions for improvement where required," said Mr Carmody.

Generally, people will be given an opportunity to improve their record keeping before penalties are considered.

If people do not take this opportunity, then penalties of up to \$2,200 may apply.



MORE DATA MATCHING ... NOW IT'S MOTOR AUCTIONS!

The Tax Office is continuing with its data matching project to try and find those taxpayers who have managed to 'keep under the radar' and avoid paying some or all of their tax.

This project started with barristers, then moved on to architects and accountants.

The ATO has advised that it is now turning its attention to people who have bought and/or sold vehicles through motor auction houses. Specifically, it has said that it will acquire names, addresses and telephone numbers from:

- Pickles Auctions Pty. Ltd.;
- Fowles Auction Group Pty. Ltd.; and
- Auto Auction Group Pty. Ltd.

The ATO intends to electronically cross match this data with their own.

Presumably, their interest will focus on individuals or entities that don't officially exist but are buying or selling cars.

WORDS OF ECONOMIC WISDOM

"A bank is a place that will lend you money if you can prove that you don't need it." ~ Bob Hope

"Too bad the only people who know how to run the country are busy driving cabs and cutting hair." ~ George Burns

AND IF YOU CAN'T AFFORD IT - MAKE BELIEVE!



SMALL WAGE BUT HEFTY SUPER CONTRIBUTIONS

Following a recent Administrative Appeals Tribunal decision, the ATO has issued a draft ruling accepting that, in certain circumstances, superannuation contributions may be in excess of the value of the services provided by the employee.

This case (Ryan's case) involved a taxpayer who was a computer consultant and provided his services through a company that he and his wife controlled.

The company paid the taxpayer's wife a small salary for her secretarial assistance but made large super contributions on her behalf.

Those contributions exceeded the value of her work for the company but were within the age-based limits.

These are \$13,934 up to age 35, \$38,702 from 35 to 50, and \$95,980 from 55 onwards, for the 2004/05 income year.

The AAT found for the taxpayer on the grounds that, if the company had not made contributions for his wife, it would have made contributions for him - that is, no additional income would have been paid directly to either of them.

Following the AAT's decision in Ryan's case, the ATO accepts that a company or trust conducting a personal services business may pay genuine super contributions to a complying fund, up to the age-based limit, for the associate of the main service provider.

Contrary situations

The Tax Office has advised that this approach may not apply where it is clear that the associate is working for the entity solely to divert super contributions from the main service provider.

BEWARE THE HUCKSTERS - COLD CALLING SCAMS ON THE GO!



ASIC has also warned that one of the most dangerous illegal 'cold calling' frauds involves unlicensed overseas organisations posing as brokers/investment houses.

ASIC estimates that Australians alone have lost at least \$400 million to these scams. These 'cold callers' phone investors, offering you shares in offshore companies trading in foreign markets. You get left, at best, with deflated shares in small 'start up' companies that are unlikely to get off the ground or, at worst, you lose everything.

How to avoid losing your money

These fraudsters put a lot of effort into disguising themselves and appearing business-like and reputable. Here's what to look for:

Phone calls are usually followed up with glossy supporting documentation sent by mail or fax, and businesses often have impressive websites.

STUFF AND NON-CENTS

"Did You Know?" - Little known business facts...

- 23% of all photocopier faults worldwide are caused by people sitting on them and photocopying their butts.
- Every 5 seconds in the world a computer gets infected with a virus.
- The expression "to get fired" comes from ages past. When clans wanted to get rid of their unwanted people without killing them, they used to burn their houses down.

YOU THINK YOUR JOB IS THE PITS?



TAX OFFICE WARNS OF EMAIL SCAM

The Tax Office has issued a warning about a fraudulent email being circulated that claims to be from the Tax Office.

This email, which uses the Tax Office logo and has the words 'BAS payment update' in the subject line, has the potential to install a malicious software code on people's computers.

The Tax Office is advising people who receive this email to delete it immediately.

The email asks people to click on a link to view activity statement payment and deadline details. This link takes people to a Website not affiliated with the Tax Office in any way. This Website may try to gain information about people's activity statements.



K.I.S.S. - KEEP IT SIMPLE STUPID

Never discount the simple solution...

One of the trends in today's society is that this "Information Age" we find ourselves in is constantly overloading us with newer and more complicated things.

An unfortunate side effect is the build-up of a 'mind set' that prevents solid thinking on simple and logical solutions.

Business operators and decision makers would do well to remember the classic 'talcum powder story', which goes like this:

A leading make of personal products had a problem. The sales of baby powder were falling dramatically. The 'MBA/managerial mind set' ensured that numerous meetings were scheduled to discuss advertising campaigns, re-packaging, marketplace trends etc.

Then some bright spark came up with the 'simple solution' - *make the holes in the top of the can bigger.*

No matter what the business, managers should always encourage employees not to over-complicate things. We should all try using a little, plain-old, garden variety commonsense by continually asking the question "Is this the most simple and logical solution to the problem at hand?"