

DFK ANZ BUSINESS & TAXATION BULLETIN

keeping you informed winter 2011

We make it happen!



SUPERANNUATION CLEARING HOUSE FOR SMALL BUSINESSES WITH LESS THAN 20 EMPLOYEES

If you are a small business with less than 20 employees you may be spending valuable time each quarter completing superannuation contribution forms for each of your employees, particularly if each employee has a different fund. To assist small businesses reduce time in this area the government has introduced a superannuation Clearing House, which is administrated by Medicare.

Once setup the Clearing House saves time by allowing the employer to quickly update contribution amounts for each employee online and to make a single payment to the Clearing House for the combined super contribution for all employees for the quarter. The Clearing House then pays the contribution for each employee to their own super fund and also transmits the relevant payment information to each fund.

For further information or to register go to: www.medicareaustralia.gov.au/super/

PAYG WITHHOLDING RATES TO CHANGE FROM 1 JULY 2011

PAYG withholding rates and tax tables for employees will change from 1 July 2011 due to the introduction of the flood levy and other matters announced in the Federal Budget. For the first time in many years there will be no cuts to personal income tax rates from 1 July.

LAUNCH OF MONEYSMART WEBSITE BY ASIC

The government has launched a new website, MoneySmart, to help people manage their personal finances. The site provides:

- Information on a range of topics including budgeting, saving, credit cards and loans.
- Information for specific groups such as under 25s and families.
- Numerous calculators and tools.

To visit the site go to: <http://www.moneysmart.gov.au/>

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GST GROUPING FOR RELATED ENTITIES MAY SAVE YOU TIME

When related entities undertake transactions such as the sale and purchase of stock GST usually needs to be included in the transaction and a tax invoice issued. When there are many related party transactions this can create additional administrative work and can also have cash flow implications related to GST timing differences in the group.

Businesses with related party transactions may be able to overcome these challenges by forming a GST group, which has these benefits:

- No GST charged on transactions between group members.
- No need to create invoices for group transactions.
- GST for all members of the group is combined each period and included on a single activity statement.

Subject to eligibility requirements it may be possible to group individuals, trusts, partnerships, companies and super funds. In broad terms eligibility rules are predominantly based around common ownership or family relationships.

To discuss GST grouping further, please contact us.

REMINDER: PAID PARENTAL LEAVE SCHEME COMMENCED ON 1 JANUARY 2011

As covered in our Spring 2010 newsletter the government's paid parental leave scheme commenced on 1 January 2011. The scheme covers births and certain adoptions from 1 January 2011. From 1 July 2011 employers will generally be required to provide parental leave pay to eligible long-term employees with funding being provided to the employer by the Family Assistance Office.

ATO TARGETING PROPERTY DEVELOPERS TAX COMPLIANCE

The ATO has announced that they will be undertaking a dedicated program over the next 4 years to ensure property developers of all sizes are reporting all tax obligations on property sales.

The ATO will be data matching information provided on Business Activity Statements and income tax returns with information from the Office of State Revenue and Land Titles Office to ensure property developers are correctly reporting income tax (including capital gains tax) and GST on property sales.

INCREASED ATO FOCUS ON SME'S WITH REVENUE LOSSES

The ATO has announced that they will be writing to a number of small-to-medium size businesses ('SME' = \$2m-\$100m turnover) in relation to tax losses.

There are a number of issues that could affect the ability to utilise carried forward tax losses including a change in ownership in a company or insufficient records. It is important to note that when losses exist records need to be maintained for a period of 5 years after which all the losses were generated over a 7 year period and recouped over a 3 year period, it would be necessary to keep records for a 15 year period, starting from when the losses first commenced. A number of these SME entities which carried forward tax losses in the 2009 year will be provided with letters with educational guidance about common issues associated with losses.

A number of other SME entities that generated, deducted or carried forward significant tax losses in the 2008 or 2009 years will receive letters in which the ATO will seek to verify those amounts through a questionnaire. If you receive such a letter directly, please contact us.

WARNING: NEW SCAM EMAIL DELIVERS VIRUS

The ATO issued a warning of fake emails which claim to offer refunds from the ATO. The email asks for information such as debit card or credit card details to allow the ATO to issue the refund.

If you receive any such emails delete them immediately as the ATO will never send an email asking people for their personal information or credit card details.

2011 FEDERAL BUDGET

The 2011 Federal Budget was handed down by Treasury Wayne Swan on 10th May 2011. For a summary of the key budget measures please visit our website.

FEATURE ARTICLE: ARTWORK IN SMSFS

– BY DAVID FARGIE SUPERANNUATION SPECIALIST

Recently released draft regulations that describe how self managed superannuation funds invest, hold and trade artwork could see the end of self managed superannuation funds being used as investment vehicles for exotic investments.

As part of the Cooper Review into the Australian superannuation system comments were made that a number of self managed superannuation funds were investing in exotic assets, the most common being artwork, in order to utilise a member's superannuation entitlements to pay for the acquisitions of these assets, while still being able to enjoy these investments prior to retirement. This is in contrast to the purpose of the superannuation system which is to maintain benefits to be able to support a member through their retirement.

Recommendations were made by the Stronger Super working group that specific legislation be drafted to provide a structure on how self managed superannuation funds invest, hold and trade collectables and personal use assets.

In response, the Federal Government has released draft regulations that detail specifically the minimum requirements that a self managed superannuation fund is to follow in order to be able to invest in these exotic investments.

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Firstly, the regulations define that a collectable or personal use asset includes artwork; jewellery; antiques; artefacts; coins or medallions; postage stamps or first day covers; rare folios, manuscripts or books; memorabilia; wine; cars; recreational boats; and memberships of sporting or social clubs.

This list covers a number of exotic investments that can be considered as unrealistic investments to base retirement on due to their lack of income producing possibilities, although there is potential for significant capital growth.

To ensure that superannuation interests are maintained for the sole benefit of a member's retirement, the draft regulations provide that:

- An investment is not leased to a related party
- An investment is not stored in the private residence of a related party
- A decision is be made in writing on how each investment is stored with supported reasoning
- An investment is insured in the name of the superannuation fund
- An investment is not used by a related party
- An investment transferred to a related party is transferred at a market price determined by a qualified independent valuer

Although these provisions are restrictive, there is a five year transitional period for superannuation funds that have currently invested in these assets. Any investment held by a self managed superannuation fund at 30 June 2011 does not have to comply with the new provisions until 1 July 2016. Any investment made from 1 July 2011 will need to comply with these provisions.

It is important to note that the Federal Government has taken this issue seriously by the fact that each of the above points is a strict liability offense, with a penalty for each offense of 10 penalty units.

Therefore, any self managed superannuation fund that intends to acquire an exotic type investment should consider the real motives of acquiring the investment and whether there will be sufficient benefit for their members' retirement after complying with these additional provisions.



DFK ANZ DONATES \$10,000 TO RONALD MCDONALD HOUSE CHARITIES

In the spirit of support and giving, DFK ANZ recently launched a combined charity support program for Ronald McDonald House Charities (RMHC). An initial donation of \$10 000 was presented to RMHC at the DFK ANZ Annual Conference Gala Dinner in Darwin. This sum will go directly towards helping seriously ill children and their families and is just the start of the contributions DFK ANZ will be making as an association.

Ronald McDonald House Charities has a wide range of programs that help seriously ill children and their families across Australia. All programs are focused on making the journey to recovery as easy as possible and on helping the child catch up again with studies, friends and family. One in eight Australians have been helped or know someone who has been helped by the charity. As you read this, as many as 260 families will be preparing to sleep at a Ronald McDonald House tonight somewhere around Australia. Chris Coulton, Chairman of DFK ANZ said "At DFK ANZ we often refer to our association members as a family and now we are, as a family, working together to help real families with real needs". He added "As individual firms we may not be able to make much of a difference, but with our 14 combined firms together we can make a significant difference".

Malcolm Coutts CEO of Ronald McDonald House Charities Australia added "2011 is a big year for RMHC as we celebrate 30 years of supporting thousands of seriously ill children and their families in Australia. We are delighted to have DFK ANZ on board at this important point in our history and want to thank all involved in making this possible and for being so committed to helping us with our mission. Although we have 30 years in our history we still have to meet the growing and ongoing needs of the families and children we support everyday and it is only with the help of organisations like DFK ANZ that we are able to continue to grow". DFK ANZ has committed to providing long term support for RMHC and looks forward to contributing towards helping families when they need it the most.

We make it happen!



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UPCOMING KEY DATES & DEADLINES

26 MAY 2011	March Quarterly Business Activity Statements via electronic lodgement due for lodgement and payment
28 MAY 2011	Fringe Benefits Tax Returns due for lodgement and payment
5 JUNE 2011	Income Tax Return lodgement and payment required for individuals, companies and trusts who were non-taxable or received a refund in a prior year
21 JUNE 2011	May Monthly Activity Statement due for lodgement and payment
30 JUNE 2011	Superannuation contribution to be paid and received by the super fund to be tax deductible for the 2011 year
30 JUNE 2011	Minimum superannuation pensions to be drawn
1 JULY 2011	New PAYG withholding rates to apply
14 JULY 2011	PAYG payment summaries to be issued to employees
21 JULY 2011	June Monthly Activity Statement due for lodgement and payment
28 JULY 2011	April – June Business Activity Statement due for paper lodgement and payment
28 JULY 2011	Payment of employee's compulsory 9% superannuation for the 1 April – 30 June quarter
14 AUGUST 2011	PAYG Annual Reconciliation forwarded to the ATO by employers
21 AUGUST 2011	July Monthly Activity Statement due for lodgement and payment
25 AUGUST 2011	April – June Business Activity Statement due for electronic lodgement and payment

FOR MORE INFORMATION & FUTURE NEWSLETTERS

For more information on anything contained in this bulletin please telephone or email to our details below.

DFK LAURENCE VARNAY – SYDNEY

For further information or enquiries about any of the latest business and taxation topics discussed in this newsletter, please contact the Partners and team at DFK Laurence Varnay.

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