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# The Integral Report

## June 2009



Welcome to another edition of the Integral Report,

### YEAR END TAX PLANNING

As another financial year comes to a close on 30 June 2009; you should take the time to consider tax planning for the coming financial year.

Below is a list of some tax planning opportunities and general year end issues?

#### Superannuation

##### 1) Super Contributions

- \$50,000 deduction cap, transitional measures for the over 50's apply to allow up to \$100,000 deductible contributions. Last month's Labour Budget has halved this from 1/7/09 to \$25,000 (\$50,000 for the over 50's)
- Personal (non-deductible) contributions are limited to \$150,000 per year, or \$450,000 per three year period

##### 2) Super Co-Contribution

To be eligible to receive the government co-contribution, your total income must be less than \$58,980 and at least 10% of that income must be from eligible employment or business activities. Upon making a personal (non-deductible) contribution of \$1,000 into your super fund before 30/6/09, the co-contribution can be up to \$1,500 paid directly into your super fund.

## General Year End Tax Planning

The following points should be considered for any tax planning opportunities, before 30 June 2009:

- 1) Deferral of income until after 1 July 2009
- 2) Prepayments of deductible expenses where the expenditure provides benefits over the next 12 months or less
- 3) Repairs, that are not 'initial repairs' or an improvement
- 4) Gifts and donations before 30 June 2009. Check with the ATO that they are a 'deductible gift recipient'
- 5) Bad Debts
- 6) Trading Stock, physical stocktake to be taken on 30/6/09 and an appropriate valuation method to be decided
- 7) Superannuation
- 8) Directors' & Employees' Entitlements
- 9) Sale of investments and the capital gains implications
- 10) Year end tax effective investments. Does the investment have a 'product ruling' from the ATO? Is the investment the subject of an ATO 'Taxpayer Alert'?
- 11) Negatively geared rental properties - Consideration of applying for a PAYG Withholding variation to have your PAYG varied during the tax year, rather than having the tax benefit of negative gearing at the end of the tax year when your return is lodged. If you would like to consider a PAYG variation, please contact our office on (03) 8415-1112.
- 12) The small business and general business tax break (investment allowance) received Royal Assent on 22/5/09. This means a 50% bonus deduction for eligible assets purchased between 13/12/08 and 31/12/09 and installed ready for use by 31/12/10, by a small business with a turnover less than \$2m. The 30% and 10% allowances for large businesses remain unchanged. Eligible assets are new tangible depreciating assets costing more than \$1,000 for small businesses or \$10,000 for large businesses. Second-hand goods, land, trading stock and software are not eligible assets. The deduction is claimed in the year the eligible asset is first used or installed ready for use

### **ATO DEADLINES:**

**21<sup>ST</sup> June**

- **Monthly IAS:- PAYG for May due to lodged and paid**

## NEW EDUCATION TAX REFUND:

Families will be able to claim an Education Tax refund of 50% of 'eligible expenses from 1 July 2008 as follows:

- \$750 for each primary student (maximum tax refund of \$375 per child, per year); and
- \$1500 for each secondary student (maximum tax refund of \$750 per child, per year).

Parents entitled to Family Tax benefit (FTB) Part A in respect of children undertaking primary or secondary school studies are eligible for the Education Tax refund. Eligibility is also extended to parents who would be eligible to FTB Part A, but for the fact that the child receives certain payments or allowances from Centrelink.

For the purposes of the ETR, eligible educational expenses are:

- Laptops, home computers and associated costs (including repair and running costs of computer equipment and lease costs), home internet connection and printers and paper;
- Education software
- School textbooks and material (including prescribed textbooks, associated learning materials, study guides and stationery); and
- Prescribed trade tools

As the tax rebate applies to the current financial year, eligible parents are reminded to keep receipts for those items listed above.

### **Quote of the Month:**

“When love and skill work together, expect a masterpiece.”

John Ruskin