

CARDELL NEWSLETTER

SUPERANNUATION CONTRIBUTIONS

There are clearly defined limits of superannuation contributions to a superannuation fund.

It is important to be aware of what the Australian Taxation Office (ATO) regards as a 'contribution'.

The ATO states the following:

- Anything that increases the capital value of the fund can be a contribution
- Contributions are more than just a deposit of money into the fund.

Set out below is the ATO table *Taxation Ruling: TR 2010/1* regarding contribution types that can be made to a fund:

Money	In-Specie Asset Transfers	Paying Fund Expenses
Increasing value of fund asset	Forgiving a fund debt	Meeting a fund liability
Providing services above market rate	Meeting an obligation as guarantor	Some discretionary trust distribution

Furthermore, the ATO has released the following table which sets out the timing of contributions (TR 2010/1):

Funds transferred by...	Contribution is made...
Cash pay-	When received
Electronic transfer	When credited to the fund's account
Money order/bank cheque	When received by the fund unless dishonoured
Personal cheque	When received by the fund so long as it is promptly presented (within a few business days) and honoured
Post dated cheque	No earlier than the date on the cheque

It is important to be aware that if you make excess contributions, you may be subject to an excess contribution tax of 46.5 per cent, or 93 per cent of the contribution.

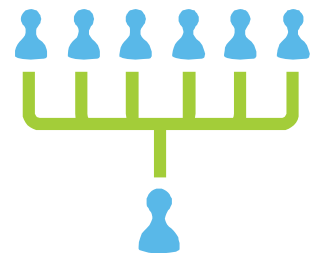
Please consult with us before you consider making significant contributions to your superannuation fund.

NEW SUPER CLEARING HOUSE

The Australian Government is offering a free superannuation clearing house service to small businesses with less than 20 employees.

You make a single payment to the clearing house and they will distribute the money to your employee's superfunds, saving you time and money.

To access the service you can register online at www.medicareaustralia.gov.au/super



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POSSIBLE SUPERANNUATION INCREASE

The Employee Superannuation Guarantee may be increased.

The Federal Labour Government has hinted at increasing the Employee Superannuation Guarantee from 9

per cent to 12 per cent.

Employers should factor in such an increase because, if it gets through, it will add further cost to your business and add to your wages bill.



Increase in super to come?

MUM'S (AND DAD'S) THE WORD!

Australia's first national paid parental leave scheme funded by the federal government started on 1 January 2011.

Paid at the national minimum wage, \$570 a week before tax, women earning less than \$150,000 (adjusted taxable income) a year can take up to 18 weeks' paid leave, transferable to their partners within the first year of a child's birth.

The onus is on employers to make parental leave payments to their long-term employees through their own payroll systems from 1 July 2011.

Eligible parents can receive paid parental leave at the same time, before or after they receive any other parental leave or entitlements from their employers. Existing commitments from employers in awards and agreements continue to also be payable.

A long-term employee's existing minimum entitlement to 12 month's unpaid maternity leave is unchanged.

Parents may qualify for both paid parental leave and the baby bonus but will need to

elect the option they would prefer.

Who is eligible?

To be eligible for parental leave, the employee must become the primary carer of the newborn child and must be an Australian resident. The parent must have received an adjusted taxable income of \$150,000 or less in the previous financial year.

Full-time, part-time, casual workers, contractors and self-employed persons may be eligible they meet the work test i.e. worked for at least one day per week for 10 of the 13 months prior to the birth or adoption of a child.

Employees who return to work before they have received their full leave entitlement, become ineligible to receive the remainder of their payment. The balance may be transferred to the employee's partner if they become the primary caregiver.

The birth mother or primary carer of an adopted child must first claim parental leave pay from FAO up to three months before their baby's due. The paid leave can only start from the day a child is born or adopted, or

later, but it must be fully paid within 52 weeks from the date of birth or adoption.

Onus On Employers

For the first six months of this year, the FAO will make parental leave payments to eligible Australians. From 1 July 2011, employers will be responsible for providing parental leave payments to employees who have a child and have worked in their business for 12 months or more immediately preceding the birth date.

The FAO will transfer the required money to employers to pay parental leave. Employers can receive these funds fortnightly or in three instalments, depending on which they prefer. Payments are made through the normal pay cycle to eligible employees, with the usual tax deducted.

Parental leave does not qualify for superannuation contributions or workers compensation premiums.

Under the scheme, employers can opt out of making parental leave payments for those employees who have worked with them for less than 12 months or if they are accessing less than eight

weeks of parental leave pay. The FAO will make the payments instead.

Employers' Obligations

To meet your obligations to pay parental leave to eligible employees, you need to:

- Provide your bank account details, employee's usual pay cycle and pay cut-off details to the FAO to ensure you receive funds to pay parental leave.
- Provide parental leave pay to your employee for their paid parental leave period.
- Provide parental leave pay as part of your employee's usual pay cycle.
- Withhold tax from parental leave pay under the usual PAYG withholding arrangements.
- Provide a record of parental leave pay for your employee (usually a payslip).
- Keep written financial records of receipt of paid parental leave funds received from the FAO and of the parental leave pay provided to your employee.

Source: Charter, March 2011

ARE YOU THINKING OF A COMPUTER UPGRADE?

Did you know upgrading or replacing your computer could affect your accounting software?

Clients should be aware that upgrading to a new computer may cause their old QuickBooks program to not function properly.

Older versions of QuickBooks (7.5, 8.0, 2002 - 2008) and Quicken (8.0, 2002 - 2008) are compatible with Windows XP. They are not compatible with the

newer operating systems such as Windows Vista and Windows 7.0 which have been released since, and these older versions are no longer supported by the software provider Quicken.

We have found that clients using these older versions, who have loaded them onto new computers with operating systems other than Windows XP, have experienced a variety of different compatibility issues including inability to print invoices,

run reports, restore backup files etc.

Clients who are looking to upgrade their computers should consider this issue carefully. To avoid potential problems, there are two options:

1. Computers with Windows XP are still available and some computers even have both Windows XP and Windows 7.0 capabilities.

2. Clients would have to buy the latest version of QuickBooks and upgrade their company file before loading the program and file to the new computer. The process of upgrading to the latest version of QuickBooks will depend on how old the original version of QuickBooks is. We recommend that clients seek technical advice before upgrading their company file.



SMALL ERRORS CAN EQUAL BIG MONEY

Did you know that errors in goods and services tax (GST) reporting can cost your business money? Small or even simple errors on transactions can add up over time, particularly if you are not getting all the GST credits that you are entitled to.

Incorrect GST reporting is common when the systems you use to capture and record GST information are inadequate, or are out of date because they have not received attention for some time.

Small-to-medium enterprise (SME) clients with outdated

systems or inadequate control points are more likely to:

- Report incorrectly, resulting in the need to review and amend activity statements
- Have debt and lodgement difficulties
- Have an increased chance of review.

It is also important that you keep your systems up-to-date with changes to GST, so that you can avoid common mistakes.

To minimise the risk of making repetitive errors, we

recommend that you check that your systems:

- Are accurate
- Correctly interpret GST legislation
- Correctly classify all your sales and purchases
- Correctly classify mixed supplies
- Do not record incomplete information on your activity statements.

Whether you are a new or established business, we encourage you to review your business systems, processes and controls – they could be costing you time and money!

CONSIDERATION WHEN SETTING UP A WEB PAGE

As a small business owner wanting to gain new customers and market your business, you should consider setting up a web page.

Before undertaking this activity there are several issues you should raise with your web designer:

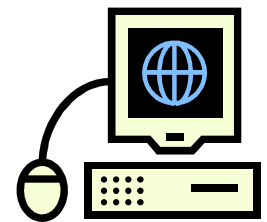
- Does your business own the intellectual property

rights to your website, including the design, and content?

- How easy is it to add new details to the site and change existing content to keep the website up to date?
- Does the web designer have support in case they are unable to continue

working for you? Are they easily accessible to attend to any rectification issues or updates?

- How can the web designer provide evidence that the site is working? Are there reports available to evidence hits to the site?
- What experience do they have in, and can they pro-



vide evidence of their design work?

An effective website requires creative design and continuing support to ensure it provides a return on the investment made.

FAILURE TO MAKE REPAYMENTS

The ATO have toughened up their stance on small businesses that fail to make repayments.

They have been issuing garnishee orders which enable the ATO to directly access funds held in a client's bank account.

If you have made a payment arrangement with the ATO ensure you make your repayments on time and contact us as your tax agent



Having difficulty paying the ATO?

if you are having difficulty paying.

FBT MOTOR VEHICLE LOG BOOK REMINDER

If you use the operating cost method for calculating your motor vehicle fringe benefits tax (FBT) and you have not completed a log book, now is the time to start.

If you complete a logbook within 12 weeks from the

end of the FBT year it can be used for the preceding year.

You also need to complete a new logbook every five years.

A logbook must be maintained for a continuous pe-

riod of 12 weeks and contain the following information:

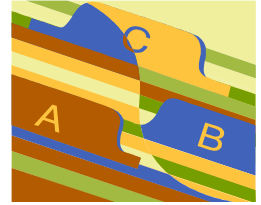
- The date your journey began and ended (multiple journeys are treated as a single entry).
- The odometer reading of the car at the start and

end of your journey.

- The number of kilometres travelled by the car.

• The purpose of the travel. The odometer readings of the car must be maintained at the start and end of the FBT year (1 April–31 March).

NEW SYSTEM OFFERS BUSINESS GREATER SECURITY



Consolidating property registers.

Consolidation of the various state and federal property security registers into a single registry of security interests will be welcomed by any business that retains an interest in an asset after it has become the property of a customer, for example before a final invoice is paid.

The initiative, effective from May 2011, will not just provide a much-needed simplification of the *Personal Property Securities Act 2009* (Cwlth) but will also expand the assets that can be included on the register, providing a greater level of security for businesses.

Under the new system, arrangements such as hire purchase agreements and

leases, and retention of title claims, will now be included on the register.

Security interests are defined as ‘an interest in property provided for by a transaction that secures payment or performance of an obligation.’

According to the Act, this may include intellectual property (such as patents), intangible property (such as contractual rights or licences) and financial property (such as investment instruments, bonds, etc). Both ‘consumer’ property (such as items used for personal purposes including a care under lease) and ‘commercial’ property (such as trading stock, plant and equipment) are covered.

Another change under the new system is that ‘fixed’ and ‘floating’ charges will no longer exist. They will instead be known as:

- Security interests which attach to a circulating asset (floating charge)
- Security interests which attach to a non-circulating asset (fixed charge).

The changes will ultimately provide a much simpler system for registering securities, as businesses that deal with customers throughout Australia will no longer need to record each customer on the relevant state-based registry. It will also make it much easier for liquidators to assess the rights of suppliers and debtors to companies that they

are administrating, and speed up the process of returning money to those businesses.

However, in the short term, the changes will create some paperwork for businesses, as they will need to redraft their terms of trade to take into account the single register.

It’s important for businesses to familiarise themselves with the changes and the new terminology, and ensure they follow procedures correctly to retain title over their property.

THE FIVE P’S OF SUCCESS IN RETAIL

Having successfully navigated the testing waters of retail business Janine Allis, founder of Boost Juice provided her definition of the traditional ‘five P’s’ of successful retailing.

According to Allis, they are:

People

Your people are your greatest asset and biggest liability.

Businesses that spend more time with their employees will be more successful 80 per cent of the time. Train your employees and the benefits will flow.

Position

It costs the same amount to build a site in a poor location as it does in good one.

Be patient while finding the best location.

Product

Make sure you understand the costs of your product, and ensure it is delivered in top quality and at a price agreed.

Price

Customers will pay more for quality. It is always a good strategy to have a variety of prices and some cheaper products. This will encour-

age new customers to try the products.

Promotion

No one goes into an empty store.

Make sure the store attracts customers. Consider giveaways and provide promotional material as a way of “getting to know us”.

Source: BRW

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