

CARDELL NEWSLETTER

CARDELL ACCOUNTANTS OFFICE HOURS

From 8 August 2011 we are changing our office hours to 9.00 to 5.00 Monday to Friday.

This is in line with other professional offices in Wonthaggi and professional

partners with which we liaise.

To maintain our service to you, reception will be manned from 8.45am for the entire day. Evening appointments on Tuesdays until 7.00pm and on Satur-

day mornings will be available this year until 23 September.

If you require an appointment at some other time, please contact us so a mutually convenient time can be arranged.

CARDELL ACCOUNTANTS CHARITY DAY

Help us to raise \$3,000 for famine relief.

Our staff are trying to raise at least \$3,000 for the World Vision Multiplying Gift Appeal. Every year, World Vision partners with the United Nations World Food

Programme to deliver food aid, and other relief essentials to countries where people are in desperate need of assistance.

Please make appointments for individual taxpayers only, or encourage others to

do so, on Saturday 20 August 2011. Our staff are volunteering their services and all proceeds will be donated to the Appeal.

We will let you know how successful we were in the next newsletter.

LATE LODGMENT PENALTIES

We note that the ATO is becoming more stringent in applying late lodgement penalties.

If we request further information to complete your returns, please respond as quickly as possible. It may help avoid such a penalty being incurred.

PAYMENT ARRANGEMENTS

If you have entered into a payment arrangement with the ATO you must:

- Make the payments regularly as agreed.
- Lodge your BAS/IAS on time.
- Pay other tax obligations as they fall due.

Failure to do any of these negates the arrangement.



Chartered Accountants

Accountants

- Barry Hughes, CA
- Marcus Bond, CA
- Lyndal McKenzie, CA
- Rebecca Bond, CA
- Lynne Nicholas, MNIA
- Tracey McFee, B.Com
- Stacey Sargant, B.Bus
- Amanda Davis

Staff

- Connie Butterfield, Practice Manager
- Celina Roberts
- Glenda Davis
- Trudi Fouché

SUPER DATES—ATO FOCUS

The ATO have sent letters to a number of businesses reminding them of their requirement to pay staff superannuation on time.

These letters are part of an education campaign launched by the ATO and

will be followed up with a compliance program. Below is a table of the payment cut-off dates for super guarantee payments.

If a super contribution is paid after the cut-off date a super guarantee charge

Quarter	Period	Payment cut-off date
1	1 July - 30 Sept	28 Oct
2	1 Oct - 31 Dec	28 Jan
3	1 Jan - 31 March	28 April
4	1 April - 30 June	28 July

statement must be lodged with the ATO and interest paid on overdue amounts at 10 per cent, per annum, plus an administration fee of \$20 per employee per quarter.

DEBTORS

In lean economic times, cash flow is king. There are small but important steps which can be put in place to improve cash flow starting from when the invoice is produced.

When it comes to your invoice, it is worth considering:

- Does your invoice properly detail your credit terms?
- Do you require payment within a certain timeframe such as 7 or 14 days?
- Does your invoice include the following note so you can start to chase an outstanding payment immediately if it falls due,

for example,

TERMS

Please note that our terms are 14 days from this invoice.

By providing your customers details for both the means of payment and your payment address you are more likely to receive payment in a timely fashion.

Include your BSB, bank name and bank account details and, if appropriate, your BPAY information. Additionally, if securing timely payments have been difficult in the past, you may consider offering a discounted rate should pay-

ment be received within your designated payment period.

It is always best practice with debt recovery to adopt a proactive approach. While letters may be effective to show a paper trail of the work undertaken on your part for debt recovery purposes, it is more expedient if you pick up the phone and speak to the person concerned.

Do not pester clients, but ensure you are vigilant. Keep records of conversation or attempts to contact the debtor by letter, email or telephone.



Are you affected by cash flow problems?

If all else fails, consider engaging the services of a debt recovery agency. If further work is required by the debtor, either negotiate an upfront payment or secure instalment payments during the course of your services.

For more information to improve your cash flow please contact us.

Finally—avoid “work in progress”. Once completed—raise and send the invoice.

REPORTABLE EMPLOYER SUPERANNUATION CONTRIBUTIONS

The addition of Reportable Employer Superannuation Contributions on the PAYG Payment Summaries have caused some confusion among employers.

Last financial year a lot of businesses incorrectly completed the reportable employer superannuation contributions section of the PAYG payment summary by including superannuation guarantee contributions (SGC).

Reportable superannuation contributions are superannuation contributions where your employee influenced

the rate or amount of super you contribute for them (normally through salary sacrifice). They are additional to the amounts you must pay under SGC or an industrial agreement.

Whether an employee has the capacity to influence the amount of contributions made is shown by considering:

- Your relationship with the employee
- The employee’s involvement in negotiations regarding super contributions

- The size of the amount contributed compared to the SGC required
- Arrangements you have in place for other employees
- Non-arm’s length dealings.

Example 1: XYZ Pty Ltd has a sole director John. John’s wife and children are the only employees of the company. An industrial agreement was negotiated internally that requires XYZ Pty Ltd to pay 15 per cent of each employee’s salary into super.

In this example the six per

cent superannuation paid (above the nine per cent SGC) is a reportable employer superannuation contribution as the agreement was not negotiated at arm’s length.

Example 2: John asks his employer to salary sacrifice \$15,000 per annum into superannuation, therefore the \$15,000 is a reportable employer superannuation contribution.

If you are unsure about your reportable employer superannuation contributions, please contact us.

AGE DISCRIMINATION

There is an old adage that states ‘you can’t teach an old dog new tricks’ yet there is a great deal of anecdotal evidence to suggest this assertion is incorrect.

Studies consistently demonstrate that older employees are **perceived** as being rela-

tively inflexible, resistant to change and less trainable than their younger counterparts – particularly with respect to information technology. These perceptions are wrong.

Older workers, typically aged 50 and over, want to

learn and are just as capable of learning as any other employee group. Once trained, older workers are able to perform at comparable levels to younger workers.

Evidence indicates there are differences between

people based on individual factors such as ability, motivation, and personality. These traits do influence learning and training outcomes. Age however, has not been found to influence these outcomes.

BUDGET SUMMARY

The Government announced a number of measures in the 2011-2012 budget that will impact small/medium enterprises and their employees.

An outline of these measures is provided below. It is, however, important to note they have not yet been passed into law and are subject to change.

Minimum pensions

During the global financial crisis the government reduced the minimum pension required to be drawn down for account-based, allocated and market linked pensions. This relief will be

reduced 25% to 75% of legislated levels for 2011-12 and removed in 2012-13.

Low income tax offset for minors

From 1 July 2011 minors receiving non-work income, such as dividends, interest or family trust distributions, will not be entitled to the low income tax offset. This will reduce their tax free threshold to \$416.

Accelerated depreciation for small business enterprises

Any motor vehicle purchased from 2012-13 will be eligible for an instant tax write-off for the first \$5,000

of its purchase price. The remainder of the purchase value is then depreciated.

Depreciating assets acquired from 2013, valued under \$5,000 may be written off immediately.

Log books may help reduce FBT

The 2011 Federal budget also announced changes to the calculation of FBT on motor vehicles. The FBT payable will increase if an employer provided car travels over 25,000 kilometres in the FBT year. The table included here provides a concise breakdown of the current and proposed FBT



Are you affected by cash flow problems?

rates based on kilometres travelled.

If you are registered for FBT, please contact our office to determine the most effective strategy.

Kilometres travelled	Current FBT rate	Budget proposed FBT rate
Less than 15,000	26%	20%
15,000 – 24,999	20%	20%
25,000 – 40,000	11%	20%
Over 40,000	7%	20%

RETIRING SMALL BUSINESS OWNERS

Greater contributions into superannuation.

We have previously advised clients about the concessional and non-concessional caps on contributions into superannuation. You should also be aware that a further contri-

bution category is available – CGT cap. The CGT cap enables a person to exclude certain contributions (arising from a capital gains event), up to the CGT cap amount, as non-concessional contributions during the person's lifetime.

For the 2010/11 year the cap amount is \$1,155,000. The cap is indexed annually.

If a small business owner sells their business or farm, there is scope to contribute more to a superannuation fund thereby effectively managing the tax impact on



retirement incomes and pensions. Contact us if you need information or a review of your circumstances and how this may help.

Would you like to receive our newsletter by email?

Email us: contact@cardell.com.au

EDUCATION TAX REFUND—ETR

Are you eligible for the ETR?

The broad rules are that you can claim the Education Tax Refund (ETR) if you had eligible education expenses during the financial year for a child who meets the schooling requirement, and you received Family Tax Benefit (FTB) Part A for the child.

Clothing expenses can now also be claimed.

The Government has changed the ETR to include school-approved uniforms, purchased from 1 July 2011. Items of clothing including hats, footwear and sports uniforms approved by a school as its uniform may be claimed from 1 July 2011. School uniform items

purchased need to be distinctive and recognised by the school - but are not limited to items bearing a school emblem. Purchases based on dress codes which set out a certain colour scheme can be claimed regardless of whether the dress code is compulsory or merely encouraged. Eligible purchases may be made

from stores unaffiliated with the school.

So from 1 July 2011 keep receipts for school uniform items as well as the other eligible items, so you can claim them next year. If you have questions about your eligibility or whether specific expenses qualify, please contact us.

Source: ATO

NEW SYSTEM OFFERS BUSINESS GREATER SECURITY



Single registry of security interests will offer greater security for businesses.

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; one such example is before a final invoice is paid.

The single registry of security interests, effective from October 2011, will not just provide a much-needed simplification of the system, but will also expand the assets that can be included on the register. This will provide 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 *Personal Property Securities Act 2009* (Cwlth) reform, 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 such as a car 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. 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 they are administrat-

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

In the short term, however, the changes will create some paperwork for businesses. They will need to redraft their terms of trade to take into account the single register.

It is 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.

For more information on these changes and how they may affect you—contact us.

TIME SAVING STRATEGIES

Trying to juggle too many things at once? Never seem to get any task finished? Multitasking might be the problem.

Try timing yourself as you write the numbers 1-26 and letters a-z down, but write one number then one letter - 1 a 2 b 3 c... Once that is done, time yourself writing the numbers 1-26 and letters a-z. How much faster

were you when you focused on one task at a time?

When running a business it is hard to avoid interruptions but try these easy ideas:

- Turn off your email message notification and instead check your emails once an hour.
- Set aside time each day to return calls. That could be

30 minutes before lunch and another 30 minutes in the afternoon.

- Take breaks – get out of the office at least twice a day – go for a walk to clear your head. It may take five minutes. The break will de-stress you and make you more focused.
- Eat lunch away from your desk. Use your lunch break as an opportunity to

interact with staff in the lunchroom.

- Close your office door and ask for no interruptions if you are working on a difficult task
- Try to handle each piece of paper only once.

Taking these suggestions will save you time and help bring order to your day.

Cardell Accountants

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