

CARDELL NEWSLETTER

CARDELL ACCOUNTANTS

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Cardell Accountants - new structure, same faces.

We are pleased to announce that Barry Hughes and Marcus Bond have joined Bob Cardell as partners of Cardell Accountants effective 1st January, 2009.

Most of you will already be familiar with Barry and Marcus as your accountants and indeed this announcement is merely formalising the transition we have been undertaking for some time.

As part of this transition, we have established a new entity, Cardell Assurance & Audit. Professional independence regulations require us to separate our accounting and audit functions for clients.

Clients with self-managed superannuation funds will have noted that Marcus is managing the preparation of the tax returns and Barry will be auditing the entities as required by the Australian Taxation Office. This will ensure the independence between our accounting and auditing work.



Marcus Bond, Bob Cardell and Barry Hughes

Both Bob and Barry are Registered Company Auditors within Cardell Assurance & Audit, and their services are accompanied by Lyndal McKenzie who brings 5 years of audit experience with Deloitte.

We would like to take this opportunity to thank all our clients for their continued support.



**Chartered
Accountants**

Accountants

- Bob Cardell, FCA
- Barry Hughes, CA
- Marcus Bond, CA
- Lyndal McKenzie, CA
- Rebecca Bond, CA
- Lynne Nicholas, MNIA
- Tracey Hunt, BComm
- Stacey Sargent, BComm
- Amanda Davis

Staff

- Connie Butterfield
- Glenda Davis
- Celina Roberts

NOTE for SMSF

All expenses incurred by your self managed super fund should be paid from the super fund's bank account.

Under no circumstances should you pay for any private expenditure from your super funds bank account. This will contravene the super rules and your entire fund could be taxed at 46.5%.

BUSINESS TAX BREAK

Government support for business investments.

In an effort to support small businesses in Australia, the Australian Government has announced a temporary tax break in the form of an investment allowance. The allowance comes as an additional tax deduction for assets acquired from 13th December, 2008 to 30th June, 2009, where the asset is also ready for use before 30th June, 2010.

The rate of the additional deduction will be 30% of the asset's cost. For assets acquired between 1st July, 2009 and 31st December, 2009, ready for use before 30th June, 2010, the rate of deduction will be 10% of the asset's cost.

The deduction is claimable in the income year in which the assets is installed ready for use and is claimed as part of the taxpayer's income tax return.

Assets that will qualify for the deduction are tangible depreciating assets used in carrying on a business. Generally

speaking the types of assets you may already be depreciating in your tax return. Also new expenditure on existing assets will qualify for the deduction. This means that investment in e.g. new forks for a tractor (existing asset) will qualify for the deduction.

Although all businesses are able to take advantage of this tax deduction, the cost of the asset must exceed \$1,000 for small businesses (annual turnover of less than \$2 million) but for all other businesses the cost of the investment must exceed \$10,000.

Here is an example:

A landscaping business entered into a binding contract to acquire a new backhoe on 20th May, 2009 at an all inclusive cost of \$60,000. The backhoe is delivered and ready for use on 20th June, 2009 and has an effective life of 9 years.

The business will be entitled to claim the 30% deduction because:

1) a backhoe is a depreciating asset for which the business would be entitled to claim a



deduction;

2) the asset exceeds the expenditure threshold of \$10,000 (for small business the threshold is \$1,000);

3) the business started to hold the asset between 13th December, 2008 and the end of June 2009; and

4) the asset was ready for use before the end of June 2010.

The deduction will be 30% of the asset's cost - that is, \$18,000. When lodging its 2008-09 income tax return the business will be able to claim this deduction **in addition to the usual depreciation deduction** in respect of the asset.

If the business had delayed this investment until after 30 June 2009 - for example, until 1 September 2009 - and had it ready for use before the end of December 2010, the 10% rate would apply. It would be able to claim an additional deduction of \$6,000 in its 2009-10 income tax return.

GOVERNMENT STIMULUS PACKAGE

The Government stimulus package is now a reality.

The passing of the Government Stimulus Package in the Senate will mean widespread support to low- and middle-income earners and households.

The package of measures include:

- Tax Bonus for Working Australians.
- Single-Income Family Bonus
- Farmer's Hardship Bonus
- Training and Learning Bonus
- Back to School Bonus

Most of these bonuses are administered by and paid

through Centrelink. If you are eligible for any of these payments, they will be automatically paid to you with your normal Centrelink payments. According to the Government press release; you do not need to make separate claims to Centrelink. Payments will be made from 24th March, 2009.

The Tax Bonus for Working Australians will be paid by the Australian Taxation Office (ATO).

Eligibility is calculated using the taxpayers Notice of Assessment for the financial year ended 30th June, 2008 considering their tax payable, Medicare levy and Medicare

levy surcharge and any offsets or imputation credits received.

The full \$900 bonus is paid to Australians with a taxable income up to and including \$80,000. The bonus is \$650 for Australians with taxable income between \$80,000 to \$90,000 and is \$300 for taxable income between \$90,000 to \$100,000. Taxpayers with income of more than \$100,000 will not receive a bonus.

All eligible taxpayers will receive their bonus from the ATO sent to the address on their notice of assessment or nominated bank account. All clients of Cardell Accountants will receive their bonus via our office unless they



have nominated a bank account with the ATO.

Clients who wish the bonus to be sent directly to them can update their address details or nominate a bank account with the ATO. The number to call is 1300 686 636.

Only taxpayers who have lodged their 2008 tax return will receive their bonus payment. If you have not yet lodged your 2008 tax return, please call us on 5672 3722 for an appointment.

EDUCATION TAX REFUND

The Government is introducing a 50% tax refund on education expenses.

Parents will be able to claim a 50% tax refund on eligible education expenses incurred for the period 1st July, 2008 to 30th June, 2009 in their 2009 tax return. The total education expenses able to be claimed are capped at \$750 for primary school children and \$1,500 for secondary school children.

Qualifying expenses include: laptop computers, home computers and associated costs -

including repair and running costs of computer equipment; computer-related equipment such as printers, USB flash drives; home internet connections; computer software for educational use; school textbooks and other paper based school learning material; and prescribed trade tools. Example of education expenses not included are school fees, school uniform expenses, student attendance at school-based extracurricular activities, musical instruments, sporting equipment, computer games and consoles. To receive any

benefit a parent must be eligible to receive the Family Tax Benefit (FTB) Part A for their child.

The education tax refund is a fully refundable tax offset that will be paid as part of your tax return. If you are not required to lodge a tax return, you will need to lodge a 2009 Education Tax Refund Claim. If your expenses exceed your refund limit for the year, any excess will be carried forward to your following year's refund claim, as long as you remain eligible.

Expenses must be incurred by



the child's parents to be eligible. Expenses paid by e.g. grandparents are not eligible for claim and grandparents are not eligible to claim the expense either. Note, expenses can be combined for families with more than one child and the expense limit can also be combined to maximise parents' entitlements.

Most importantly, you should keep any receipts as part of your normal record keeping, as the Australian Taxation Office may ask you to substantiate your claim.

PROFESSIONAL STAFF CHANGES

Hellos and Goodbyes.

We wish to welcome Lyndal McKenzie as a new employee in our Assurance and Audit

division. Lyndal is a Chartered Accountant with 15 years experience and will make a great addition to our team, especially given the increased complexity

of audit standards in the last few years.

Unfortunately, Elizabeth Holligan has returned to central

Victoria for family reasons. We would like to thank Elizabeth for her valued contribution and hope that she may be able to return to us one day.

Cardell Accountants

technical experts and trusted business advisors

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