

Specialising in:



# PERRY URE news

Accounting

June  
2004

Taxation

## -AUDIT COVER-

Business today is confronted by a wide range of potential audits or investigations related to statutory returns - income tax, fringe benefits tax, goods and service tax(BAS), payroll tax, stamp duty, withholding tax, workers compensation, superannuation surcharge levy, land tax...the list goes on. Audit investigation activity is on the rise, and businesses previously remote or untouched are experiencing investigation, in both metropolitan and country areas.

Business & Management Advice

Through collaboration with Auscover Audit, we can now offer our clients audit insurance that will cover any professional costs that may be incurred, if you are selected for an audit. The policy covers our fees in the event that an audit is initiated by the Australian Taxation Office or any other Federal, State, or Local Government Body or Department. Cover is retrospective, so all previous years returns that have been lodged that may be subject to audit or investigation are covered. The policy carries no excess, just an annual fee to ensure cover.

Cash Flow Budgeting & Control

The fee itself is tax deductible, and gives you the peace of mind that should you receive notification of audit, you won't have to worry about paying our fees, since these are covered under the policy. As accountants, we strongly recommend that this policy to all those carrying on a business, and anyone managing their own superfund. Policies for individuals are available as well as shorter terms, for example six or three months.

Self Managed Superannuation Fund Compliance

For those clients we believe will benefit from this cover we enclose with this issue of Perry Ure News a letter further outlining this topic along with some frequently asked questions and answers. To ensure maximum cover, we would urge you to take up this offer as soon as possible, and in any case by **30 June 2004**. Should you wish to discuss this issue further, please contact John Ure or Jeanette Nimmo at this office.

Business Development

Training

## -WELCOME-

Welcome to another issue of Perry Ure News. We hope that the articles included are of interest to you.

Please take note of our articles regarding Audit Cover and Year End Tax Planning, which may assist you in the coming weeks.

Please forward any questions or comments regarding topics in our newsletter, or any items you would like covered in future issues to Jeanette Nimmo on 4926 4522 or via e-mail, [jnimmo@vperryure.com.au](mailto:jnimmo@vperryure.com.au).

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**Perry Ure ... Your Partner in Business**

## -YEAR END TAX PLANNING-

With the end of the financial year almost upon us, here are some year end tax tips for business and individual taxpayers.

### Defer income & accelerate deductions

One fundamental rule of tax planning is the timing rule that can be advantageously applied to income and expenses, i.e. considering ways of legitimately deferring receipt of income and bringing forward deductible expenditure.

Is it possible for you to defer income by the timing of contracts or when sales are actually made? Conversely, there may be benefits in crystallising some of your capital losses now to offset against capital gains made during the year. As for expenses, consider bringing forward expenditure on deductible items that would be incurred in the near future to before 30 June, but watch out for the prepayment rules, briefly outlined below.

### Prepayments

Most business taxpayers must pro rata the deduction for prepaid expenses over the period to which the expenditure relates. However, individual non-business and Simplified Tax System taxpayers can repay some expenses up to 12 months in advance.

**Bad Debts** must be written off before the end of the financial year, if being claimed. To do this the debt must be generally have been brought to account

as assessable income and you must have given up all hope, and more importantly, all action for recovery.

**Non-Commercial Losses:** these rules are designed to restrict the extent to which individuals can offset losses for non-commercial business activities against income from other sources. To qualify, a business must be deemed commercial, in that it must satisfy at least one of the four tests relating to assessable income, real property, other assets or profits respectively. Otherwise, losses will be carried forward to be potentially offset against future year profits.

**Superannuation Contributions** must have been made by **30 June 2004** to be tax deductible and employers must ensure they have made sufficient (9%) superannuation contributions for each employee. Tax deductions are limited to contributions for employees based on age-based limits. Even if you miss the deadline for deductibility, you must make the last quarterly super payments by **28 July 2004** to avoid penalties.

Self-employed taxpayers can make tax deductible contributions on their own behalf.



Any contributions above the fully tax deductible amount of \$5,000 are 75% deductible to the age-based limit.

Contributions can be made for low-income or non working spouses. A rebate of 18% is allowed for post-tax contributions up to \$3,000, providing a maximum rebate of \$540.

The government will match contributions of up to a maximum of \$1,000 made by low income employees earning less than \$27,500 per annum. This phases out by 8c per \$1 up to an income of \$40,000.



**Rebates** can reduce your tax bill. What you can claim depends on the level of income and family circumstances. Examples subject to certain satisfying criteria, include medical expenses, dependent spouse rebate and the low-income earner rebate.

### Record keeping

Detailed records are normally required to be retained for tax purposes for at least five years but special requirements apply in some areas such as capital gains tax.

If you would like to discuss any of the above further, please contact John, Karl or Anne at this office.

## -CLIENT PROFILE- HealthInc Pty Ltd



HealthInc Pty Ltd is a registered Australian company based in Mona Vale on Sydney's Northern Beaches.

HealthInc was established in 2002 by its two directors, Michael Beck and Terry Callaghan. They pooled their backgrounds of clinical services, sales and marketing with technical service and software development with the aim of providing a new

and fresh approach to health IT solutions to a medical market.

HealthInc supply and install specialised hardware, software and IT products to private radiology clinics, major private hospitals, independent clinics and public healthcare providers.

In addition they offer a variety of innovative digital technology solutions to capture and distribute medical information and records.

Notable clients include Royal Prince Alfred Hospital, Mayne Health, Sonic Healthcare, NIB Private Hospital Newcastle and Newcastle University.

Their medical partners include GE Medical, AGFA Medical, Fuji Medical, Philips Medical Systems and Siemens Medical Solutions.

Innovative solutions that HealthInc are responsible for include HealthLink, Pacscube ([www.pacscube.com](http://www.pacscube.com)), and HealthScript Transcription.

For further information and details please contact Michael Beck or HealthInc at the following address:

PO Box 155  
NEWPORT BEACH NSW 2106

Tel: 02 9999 2998  
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## -INTERNET SECURITY-

Whilst the internet is a wonderful thing, security is a very real concern; especially for users conducting their banking business on-line.

Several organisations are looking at internet fraud closely, and their websites contain relevant and up-to-date information on how to approach suspected internet fraud, tips on how hoax e-mails work, and what to look for to ensure that websites are genuine. Have a look at [www.scamwatch.gov.au](http://www.scamwatch.gov.au) and [www.fido.asic.gov.au](http://www.fido.asic.gov.au). For advice on all forms of scams look at The Little Black Book of Scams, available from ASIC offices, which provides advice on how to avoid scams, and what to do if you do fall victim to a scamster!



As a rule of thumb, if it seems too good to be true, it probably is! Always read any alert that your banking institution may publish, and under no circumstances should you ever divulge your User ID or password in electronic form to anyone, even if it appears to be genuine. Act quickly and contact your bank or building society if you believe you have been affected by internet fraud in some way. Remember, scams are not restricted to banking, but credit cards and investments also.

## -TRUSTING THE INTERNET-

"Trusting the Internet" is a National Office for the Information Economy (NOIE) guidebook to help small and medium businesses understand the key issues of internet security, including browsing, sending e-mails, conducting e-commerce transactions and dealing with Government agencies online. It explains in simple, easy to understand language how to ensure that you and your business are secure in the online environment. This publication is available from the NOIE website at [www.noie.gov.au/publications/noie/trust/index.htm](http://www.noie.gov.au/publications/noie/trust/index.htm)

## -Perry Ure News-

### -PROPERTY TAX-

There have been a number of changes for NSW property owners since 1 June 2004 when the State Revenue Legislation Amendment Bill came into effect.

**First Home Plus** will be available for first home buyers purchasing homes from 4 April 2004. Homes valued up to \$500,000 will be free from stamp duty, with discounts applying between \$500,000 and \$600,000. Purchases of vacant residential land valued up to \$300,000 will be exempt, with the discount available for land valued between \$300,000-\$450,000. First Home Plus is not income or asset tested.

**Premium Property Tax** is to be abolished from 2005 so no tax will be payable on principle place of residence, regardless of value.

**Land Tax Threshold** will be abolished from 2005. Land Tax will be payable from one dollar on the unimproved value of land that does not qualify for exemption. Where a principle place of residence is also used for business purposes, then that portion is liable for land tax. (See rates in next column).

**Vendor Duty** is effective from 1 June 2004 whereby all transfers of land-related property which do not fall into an exemption category are liable for vendor duty. This duty is calculated at 2.25% of the dutiable value of the property, determined during conveyancing, and is payable before the completion of the sale settlement.

Exemption categories are:

- principle place of residence;
- primary production land;

- where the dutiable value has not increased more than 12% between the purchase and the sale of the property.

#### Revised Land Tax Rates

##### Up to \$400,000

0.4c for each \$1

##### \$400,000 to \$500,000

\$1,600 plus .6c for each \$1 over \$400,000

##### \$500,000+

\$2,200 plus 1.4c for each \$1 over \$500,000

**Example:** Land valued at \$560,000 would be liable for tax as follows:

\$500,000	\$2,200
\$60,000 x 1.4c	<u>\$ 840</u>
	\$3,040 tax

For more information on these changes please contact our office, or the Office of State Revenue via the link on our website.

### -CALENDAR-

21st June 04	May 2004 Monthly Activity Statement due
30th June 04	Superannuation contributions must be paid to qualify for tax deduction in 2004 year
14th July 04	PAYG Payment summaries must be issued to employees
28th July 04	June Quarter Superannuation Guarantee contributions due
28th July 04	June Quarter Activity Statements due

Note: All June Quarter Business Activity Statements lodged by Perry Ure qualify for a two week extension.

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### -PDF DOCS-

There are still licences available for purchase from Perry Ure. Priced at \$110.00 each. Your pdf docs licence enables you to print to a pdf format, which secures your document (e.g. quote, contract, lease, invoice) when you send it electronically, so that it cannot be tampered with or amended in any way. What you send is what the customer sees.

Documents can be collated and stored easily, reducing the amount of paper around your office. In our office we have found it to be a very useful tool in reducing the amount of paper, in emailing documents, and in storing large documents of text easily in smaller pdf files.