



EAGAR EXTRA

March Newsletter 2009

Hello and welcome to your March newsletter. This newsletter is sent to keep you updated with news in the industry and within FWA Eagar&Co. Please forward this newsletter to your staff, colleagues and friends.

IN THE NEWS

ATO REVIEWS AND AUDITS by Phillip Browne

It is interesting to observe that there is increased review and audit activity by the Australian Taxation Office. My wife was reviewed for rental property expenses recently and whilst no adjustment was required the process was long, time consuming and unsettling for me. The ATO inspector wanted original documents even down to the receipts for an agent's purchase of light bulbs. One could presume there might be less review and audit activity in tough times.

However there is more, significantly so in fact. It appears to us that the reduced economic activity may have freed up staff within the ATO allowing reassignment to other roles like review, audit and investigation. We are finding review activity increasing in all sorts of areas where it was not previously present. An example is superannuation contributions, individual BAS returns, High Wealth investigations, and Liquidation Taxation Clearance to name a few. In the case of Liquidation Taxation Clearance the effect has been a blow out in liquidation costs and time with many now running well over the normal period we advise of six months.

On the positive side we are finding an increased acceptance by taxpayer clients for obtaining a Reasonably Arguable Position and if needed a Private Tax Ruling from the ATO before entering into transactions. This gives certainty. The trade off is upfront cost versus certainty against no initial cost versus risk and, if audited, much higher cost.

FRINGE BENEFITS TAX

We had an Institute of Chartered Accountants In House Seminar on FBT recently, to fine tune our knowledge on FBT changes and rules. FBT is one of those taxes that can be forgotten. It is a separate tax return lodged annually in respect of a year end of 31st March. FBT is payable on employee benefits and the concept of benefit and who it applies to is very widely defined. FBT was introduced in 1985, when Capital Gains Tax was also introduced, so it has been around a long time. Procedure is very important with FBT as is establishing benefits which might be taxed.

Salary packaging is partly about finding benefits which are exempt from FBT. There are some.

Areas to watch this year are mobile phones (primarily for work), brief cases (don't include computer bags), Living Away from Home Allowance (LAFHA Tax Case in ATO favour), loans to people who are also employees, employees includes where you are an unpaid director, meal entertainment rules, car parking and taxi travel to name just a small few.

RECENT TAX DEVELOPMENTS

We could send you more information on the following matters if you wish, please call Nikita at the office:-

- Incentives for Landlords
 - Low Emissions Plan
 - Solar Hot Water Rebate
- \$900 Tax Bonus (what about your Children - do they need to lodge a Tax Return - be careful, there is a trap!)
- GST whilst company is in Liquidation (PM Developments P/L Case)
- \$10 Bucket donations to emergency relief appeals
- Salaries to international air crew (Overseas Air Basing Ltd v FCofT)
- Person assessable on company's income (Taneja v FCofT)
- Residential premises (South Steyne Hotel P/L Case)
- Main residence exemption for absentee owners (Couch v FCofT)
- Superfunds owning block of units; is it entitled to the business real property benefits?

SMALL CHANGE IN LOCATION AND IT 9 - 17 April 2009

Ian Ryall and Nikita Naidoo of FWA Eagar&Co, will be spending more time in the North Sydney office from the 14 April 2009. This will allow Phil to have more time with all our people together in the one place. Most importantly it will provide a solid infrastructure of resources and support enabling us to better service your needs.

The Manly office will remain open and the Super Return team, our backpacker tax and super company will move to the Eagar end of the office to give them more space. If you would like to see Ian or Phil, it would be best to call and make an appointment.

During the week of the 9 - 17 April we will be upgrading all of our IT systems, to the latest APS version of accounting software, our phone systems, and our internal processes. Your understanding would be appreciated if we are not readily available during this time. We are looking forward to providing you with a more structured and solid solution of services, to you, your business and your families.

THE AUSTRALIAN GOVERNMENT TAX BONUS PAYMENT

As you may be aware the Australian Government is rolling out a \$10.4 billion stimulus package to help strengthen the Australian economy. If you earned less than \$100,000 in the 2007-08 financial year and paid tax you could be eligible to receive a bonus payment of up to \$900. Payments start from March 2009 and are tax free.

What do you need to do?

If you have already lodged your 2007-08 tax return the Tax Office will automatically calculate your eligibility and entitlements and send your payment to you.

Your payment will be deposited into the bank account you nominated in your 2007-08 tax return or sent as a cheque to the address on that return. **If FWA Eagar&Co is your nominated address as tax agent, we will forward you cheque to you. There will be no charge.**

The Tax Office **does not** send emails asking for personal information such as your tax file number, bank account or credit card details. If you have any queries please contact Ian at the office. 9977 3622.

INVESTMENT ALLOWANCE – “Small Business and General Business Tax Break”

We have recently experienced the use of this tax break, which is in draft legislation and not yet presented to parliament as a rebate on purchases in small business. The tax break was marketed to us as a saving we would make on purchase. It is important to remember that this is a tax deduction of 10-30% which can be claimed in the following tax year. There are limits that depend on your turnover and the date of installation and other important information that must be considered. So don't get caught out on this with suppliers giving you the wrong information.

DID YOU GET TO MANLY'S INFLATABLE BOAT RACE?

An annual event, the inflatable boat race from manly to Shelley beach is a great fun event. Make sure you catch it next year! Check out <http://manlyboatrace.hsufotball.com.au/news.php> for details.



THE TEAM at FWA EAGAR & CO

Our vision is to be the Company that people look to for financial, business and community success. We value accountability, leadership, quality, integrity, transparency, diversity and care for our clients.

MANAGEMENT CONSULTING and AUDIT	Phillip Browne CEO phillip@browne.cm.au Peter Adams Manager - Specialist Tax Advice peter@browne.com.au Venkat Iyer – Auditor and Accountant Venkat@browne.com.au
TAX & ACCOUNTING	Ian Ryall Manager – Tax & Accounting (Manly) ian@eagar.com.au John Hensley Manager-Tax & Accounting (NS) john@browne.com.au Charles Berkeley Accountant-Tax & Accounting (NS) charles@browne.com.au David Su Assistant Accountant davids@browne.com.au
BUSINESS SUPPORT	Anna Donaghy Business Manager anna@browne.com.au Heesoo Lee Office Coordinator heesoo@browne.com.au Nikita Naidoo Office Assistant nikita@eagar.com.au Suet Mandic Bookkeeper suet@browne.com.au
BEX FINANCIAL	Joel Xuereb Director and Financial Planner Joel@bexfinancial.com.au

