

# Hales Brouglass Herald

## Business tax break - Be quick!

Businesses can claim an additional tax deduction of 50% when they buy eligible assets, and when they spend money to improve existing assets. It's called the Small Business and General Business Tax Break – 'business tax break' for short.

The deadline for this tax break is 31 December 2009. So get your orders in by 31 December and you will qualify. The assets will have to be installed by 31 December next year.

For further information go to [www.ato.gov.au/business](http://www.ato.gov.au/business)

## Apprentice incentives tripled

A substantial increase in incentives to encourage employers to sign up new young apprentices has been introduced by the Federal Government. The Government's Apprentice Kickstart program will triple the first year bonus paid to employers who sign up a traditional trade apprentice this summer.

Under the program, employers will receive:

- A total of \$4850 paid in installments during the first year for taking on a traditional trade apprentice
- The standard completion incentive of \$2500, more than tripling the amount provided in the first year.

The Apprenticeship Kickstart bonus will be available for apprentices aged 19 and under who are hired between 1 December 2009 and 28 February 2010 or until 21,000 new apprentices have been signed up.

For more info, contact **Apprenticeships Centre** on 1300 652 236

## ATO Amnesty - Declare offshore income now

The ATO have announced an amnesty for any taxpayers with omitted offshore income. They have called the initiative "The new offshore voluntary disclosure initiative (OVDI)" and it is available to all taxpayers until 30 June 2010

In addition to an anonymous question phone line the ATO have indicated reduced penalties and interest for voluntary disclosure.

The ATO have warned that if taxpayers intentionally disregard the tax law and do not voluntarily disclose their offshore income, penalties can be up to 90% of the tax shortfall. Contact us for more information.



## IMPORTANT DATES

### Christmas Trading

Our office will be closed from 5pm Tues 22/12/09 to 8.30am Wed 6/1/10.

### Superannuation

28th January 2010

9% Super guarantee due for the December quarter.

### BAS # 2

Business Activity Statements are due for the December quarter on the 1st March 2010.

### Planning Meetings

Don't forget to book an appointment with your Client Manager for business planning for the months of March and April!

## The ATO targets self-managed super funds (SMSFs)



About 30% of super assets are now held in SMSFs. Funds invested have grown from \$61 billion to around \$330 billion and clearly this is a major area of concern for the ATO. Below is a summary of an article by Stuart Forsyth, Assistant Commissioner Superannuation, ATO

“...The size and growth of self-managed super funds highlights the need for us to be alert to risks in the sector, and to ensure we use our resources in the most effective way possible.

Generally, our first response to a contravention is to further educate trustees and tax agents so they are aware of their responsibilities and obligations. The action we take when a fund breaches the law depends on the individual circumstances.”

Mr Forsyth suggests the approach they take in the case of a fund where trustees did not attempt to correct contraventions in a timely matter:

“When considering what action to take we looked at:

- the seriousness of the breach
- the behaviour of the trustee
- the tax consequences.

We advised the trustees of our intention to issue a non-complying notice.

The trustees made no effort to rectify the breach so we made the fund non-complying – cancelling their tax concessional treatment”.

Ultimately the Administrative Appeals Tribunal agreed with ATO.

A contravention is reported by the SMSF Auditor. As soon as errors within a SMSF exceed \$30,000 or 5% of the value of the funds assets there is no discretion available to the Auditor and a breach must be reported to the ATO . . . (cont page 4)

---

## ATO benefits for small business

*You may be eligible for:*

- 12 month payment arrangements, free of general interest charge
- Activity statement due date deferral.

See [www.ato.gov.au](http://www.ato.gov.au) for more info or contact Juanita on 4455 5333

## Planning for success

### January

- Cash Flow-If the Christmas period significantly increases sales, plan how you spend the cash carefully. Set aside to meet increased supplier payments through to March & your BAS payment in February. Prepare a cash flow for the balance of the year & clear any surplus borrowings. Think about the cash flow cycle and how you can improve your systems to shorten it.
- Plan the year ahead. If now is a busy time for you, buy an exercise book, call it “Planning Ideas” and every time an idea comes to you or your team members, jot them down in the book. This way all those ideas won’t get lost while you’re madly dealing with the holiday season.
- However, if now is a quiet time for you, start your planning immediately. Use this quiet time to look at the big picture. Do some working ON, not IN your business. And don’t forget to plan some holidays for you and your family too.
- A lack of forward thinking and planning is one of the major reasons why most small businesses fail. Don’t let this happen to you!

### February

- Keep an eye on your cash flow weekly or monthly. Make sure you or someone else in your business has been made responsible to do this. If you need help, call our office to discuss having your cash flow monitored.

### March

- The FBT year ends on 31st March 2010. Gather all details about FBT provided to your employees e.g. vehicles, entertainment, phone and club memberships.
- Start your Tax Planning now. Don’t leave it until June 30 when it’s too late to minimise your tax. Talk to us about strategies that benefit your business e.g. prepayments, deferring income, stock management, financing and timing of new asset purchases, names in which to purchase new assets, and capital gains issues.

## We're loyal to you ...not to banks or financial institutions.

A recent article appeared in the Sydney Morning Herald (26/10/09) 'Finance Advisers Mostly a Sales Force'. The story (below) discusses how many financial advisers merely act as a sales force for the wealth management companies and big banks that employ them. Hales Douglass Financial Services' stand apart from the advisers referred to in this article as we are genuine advisers with no ownership conflicts from big banks or financial institutions. That benefits our clients because it means we get the best results, and we are loyal to them, without a conflict of interest. We hold our own Financial Services Licence and are therefore free from parent company preferred products. Please read the article below and contact Adam Passwell for any further information.

By Jacov Sauwick.

THE financial advice industry has been dealt a blow with evidence that some of its biggest names - AMP, Colonial, and BT - are mostly telling clients simply to buy products offered by their parent companies. A report obtained by the Herald shows that despite widespread calls for the industry to reform, financial advisers working for leading fund managers almost invariably advise clients to invest in their parent company's superannuation products.

For the industry's critics, the report demonstrates that the bulk of the financial planning industry acts as little more than a thinly disguised sales force for the wealth management companies and big banks that employ them. In the year to June, for example, 80 per cent of sales by financial planners at Westpac and its subsidiary BT went to funds owned by the bank. The in-house sales figure was up from 72 per cent a year earlier.

For financial planners working for money managers AXA and AMP, 82 per cent of their sales return to their parent company. Colonial and the Commonwealth Bank retain about 72 per cent of the sales of their financial advisers. The study was based on figures from July 2005 to June 2009 from almost 6000 superannuation products obtained from the six leading planning groups.

"When you are tied to a fund manager, your loyalty is to them, not to the client," Mr Ross from Roskow Independent Advisory, one of the country's 15 independent financial advisers said.

Customers are also confused about which financial planners are genuinely independent. For example, about 60 per cent of Garvan's clients believe Garvan is an independent financial advisor. But Garvan is in fact owned by the NAB, which also owns the wealth management firm MLC.

About half of Hillross' clients believe the financial planner Hillross is independent, while about 60 per cent of clients think Financial Wisdom is. These firms are owned by AMP and the Commonwealth Bank respectively. ..."



Do you know if your financial planner is on selling parent company products

---

## Newsletter via e-mail

If you would like to receive this newsletter and future seminar invitations via e-mail, please e-mail your name and contact details to [lesley@halesdouglass.com.au](mailto:lesley@halesdouglass.com.au)

Or if you would like to unsubscribe, please contact our office and we can arrange this for you.

## The ATO targets self managed super funds (continued from page 2)

“It has been our constant message to all SMSF trustees that they must treat their fund and any business they are involved in as being quite independent of each other. The AAT agreed with us on this issue.

We are undertaking more compliance activities than ever before and this will lead to more trustees being disqualified or prosecuted than in the past.

All big economic shifts can blow economic planning off course. They can also create the potential for new compliance risks, which will unfortunately tempt some to use super inappropriately or influence them to fail to meet their obligations.

Our compliance program for the past couple of years has largely focused on addressing SMSF regulatory compliance risks, with some success. However, our compliance program has also revealed little improvement in SMSF income tax compliance risks”.

The message is clear from the ATO. While they will show some leniency if errors are inadvertent and are corrected, they will be harsh on repeated transgressions and an ongoing disregard for the law.

Contact Juanita or Adam to ensure your fund is complying, or for any other self-managed super fund information.



Postage  
Paid

To:

## Team happenings

Peter Pepperell passed his tax module for the CA program, only missing out by 1 point to be on the Merit list, top 5% in the state. Also a big congratulations to Melissa Miller on achieving Distinctions in both Accounting & Services Marketing. After gaining a distinction in CPA module Rob Richards has made the big decision to move back to Albury to be closer to his family. Rob has been a fabulous team member for Hales Douglass for the last 6 years and we wish him great times in the future.

So, from all of us to all of you, have a fantastic and safe Christmas and prosperous and fruitful New Year.



Rob, with daughter Nicole, have returned triumphant from the Tasar World Championships held in Japan at the end of September.



ULLADULLA  
T: 4455 5333  
41 Deering St, Ulladulla  
hd@halesdouglass.com.au

BATEMANS BAY  
T: 4472 4089  
1/57 Beach Rd Batemans Bay  
www.halesdouglass.com.au

Your Super Solutions proudly part of  
Hales Douglass Pty Ltd  
[www.yoursupersolutions.com.au](http://www.yoursupersolutions.com.au)

Liability limited by a scheme approved under Professional Standards Legislation