

# Hales Douglass Herald

## Increase and Extension of Investment Allowance

To encourage important capital investment by Australian Businesses the Treasurer has announced three important changes to the 10% temporary investment allowance (tax deduction) that was announced in December 2008.

- Tax Deduction Increase from 10% to 30% on assets ordered by 30 June 2009

The Investment allowance rate has been increased from 10% to 30% on assets that are acquired, or construction commenced after 13th December 2008 and before 1st July 2009.

- 10% investment allowance extended to 31st December 2009

There has also been an extension to the end date of the allowance from 30th June 2009

to 31st December 2009 (and installed ready for use by 31st December 2010) but the rate of the allowance for assets acquired or commenced construction in this extended period will remain at 10%.

- Small Business asset threshold decreased from \$10,000 to \$1,000

To be eligible for the investment allowance assets you previously had to have a value of over \$10,000. This has been reduced to \$1,000 and up, per asset for small businesses (turnover \$2 million or less).

For larger businesses the threshold remains at over \$10,000 per asset.

**Please contact Juanita for more details**

## An income protection insurance case study:

*“\$293,500 Total & Permanent Disablement Insurance Payout, Plus Income Protection Insurance”*

Most people will insure their home or car without even thinking, however many people fail to insure their income! Whether it is through Income Protection, Life Insurance, Total & Permanent Disability or Trauma Cover, there is always a need for Personal Insurances.

Recently a client received a lump sum Life Insurance payout of \$293,500 from a Total & Permanent Disablement (TPD) policy. On top of the TPD insurance payment they have also received \$60,000 (so far) in Income Protection insurance payments. As the client is likely to be on the Income Protection insurance for the remainder of their normal working life, with a benefit period to age 65, the Income Protection of \$25,000 pa indexed to inflation will likely

continue for the next 12 years. That is a total potential payout from the Income Protection of just over \$500,000.

Whilst no one wishes to get seriously ill and not be able to work, especially as young as age 52. The only worse thing is getting seriously ill or dying without any Personal Life Insurance in place.

As this client has confirmed, not only would they have been extremely stressed out with the mounting bills which delays recovery, but they would have been forced to sell their home. As compared to now having paid off the home mortgage and have \$100,000 left in superannuation savings.

## IMPORTANT DATES

### Superannuation

Your 9% Super for the March quarter must be received by your superfund no later than 28th April 2009. Don't get caught trying to pay this at the last minute. You must also advise your employees in writing the amount you are paying for them. Failure to comply can incur \$3300 per employee penalty.

### BAS #3

Business activity Statements are due for the March quarter on the 12th May 2009.

### Fringe Benefits Tax

Record Keeping –All businesses where a motor vehicle is provided to employees should record their odometer reading at 31st March for FBT calculations.

### Easter Operating Hours

Hales Douglass will be closed for the Easter break from 5pm Thursday 9th April and reopen on Tuesday 14th April at 8.30am.

We would all like to wish you all a Happy and safe Easter!

## How would you survive or keep your home without your Income?

*For most, the ability to earn an income is your biggest asset!*

Can't afford insurance in these tough economic times? We often advise clients to move their Life insurances to be held within their superannuation and then use the Government Co-Contribution to pay your insurance premiums for you. Not only can you get the \$1,500 from the government to pay the insurance premiums, these premiums are tax deductible to your super fund and you also get access to wholesale insurance rates. With these two advantages we usually find clients save 50% on their premiums in super as compared to being held outside super.



I have Workers' Compensation? Only around 10% of all Income Protection claims paid would also be eligible for workers' compensation. Put it another way, that's 9 out of 10 Income Protection claims are not covered by workers compensation.

At Hales Douglass Financial Services we ensure that our clients are adequately covered based on their individual needs. If you have any questions regarding your Personal Insurances, contact Andrew Clegg on 4455 5333.

## Tax Bonus for Workers

The tax bonus for workers has now been passed by the senate as part of the governments \$42 Billion Stimulus Plan. Here is a reminder of the eligibility criteria of the proposals as they stand.

- You have lodged your 2007-08 income tax return before 30th June 2009
- Your 2007-08 taxable income is not more than \$80,000 to receive the full \$900 payment
- Your adjusted tax liability for 2007-08 is greater than nil and
- You are an Australian resident for tax purposes (or were an Australian resident at some stage during 2007-08)

If you are in a net refund position before taking your tax withheld from wages into account **you will not qualify** for the bonus.

This last point is very important and explains why the Government has termed this a "Tax Bonus for **workers**".

There are also payments for single income families, school students and farmers, so many families may receive multiple payments



## Planning for success

Planning for the year ahead is the best way to keep on top of what you need to do. Below you will find 3 months of planning for your business.

### April

Are there new projects in the pipeline, are you meeting your budgets, is growth occurring?

Do you have enough people, the right amount of space, resources and equipment to meet your business needs and do you have enough stock to service your growth or change?

Getting the right results for your business is all about making sure you have the right match between resources and activity.

If you do not already do monthly or quarterly accounts, prepare interim Accounts to confirm your profit and tax position and indicate actions to control tax, cash flow and profitability out comes.

### May

Ensure you have these areas covered in your year-end tax planning:

- Is there an advantage to prepay property loan investments? Call us if unsure.
- Physically write off any bad debts.
- Do you want to make any further contributions to your super? Consider salary sacrifice, or spouse contributions.
- If you have franking credits available in your company – think about paying dividends before the end of June.
- Consider making advanced purchases of new assets. Especially given the investment allowance mentioned on Page 1
- Consider paying staff / team bonuses before the end of June.
- Should any of your trading stock be scrapped?
- Do you owe money to your company – how can this be addressed?

### June

Has there been any tax changes foreshadowed for the coming year, or do you need to consider any changes in the way your business reports for tax purposes?

Often when major tax changes occur, they will come with the new financial year, so be on the look out! Talk to us and see if they present you with some opportunities for the next financial year.

If you need the tax deduction make sure your employee super is paid by the 30th June 2009. It must be physically paid and the cheque presented. You must pay by the 28th July anyway.

Be aware of non commercial loss provisions and their applications to your business.

In any planning, ensure you consider both the tax and the cash flow impact. If you are spending money to reduce your tax you need to ensure that cash flow won't be a problem.

If you have any questions or would like further details on the above, please call us on 44555333.

You are invited to Hales Douglass' March seminar,  
**"How to recession-proof  
 your business"**



Learn about the three principal areas that management must focus on to survive and prosper in this time of change, and how these opportunities can help your business succeed.

Seats are limited and bookings essential, so register now at [www.halesdouglass.com.au](http://www.halesdouglass.com.au) or call 4455 5333. Be quick, the first 40 to register are free. Nibbles & drinks provided.

**Ulladulla:** Tues 24th March 2009.  
 Venue: Hales Douglass Ulladulla.  
**Batemans Bay:** Wed 25th March 2009.  
 Venue: Catalina Club, 154 Beach Road, Batemans Bay  
**Time:** 5.30 for 5.45pm start - 7.30pm

## Websites are effective in a slow economy

In the current economic climate your marketing, like most else in your business, has to achieve more with less. So, think about your website. It could be the most important marketing channel you have with much greater reach than the newspaper, radio and TV. As in past recessions, the businesses that make the right marketing moves will emerge from the economic downturn in a stronger position. One of those 'right moves' according to the experts is to keep up your marketing efforts. Your website should be playing a major role in this so business owners need to take a close look at how they can improve the effectiveness of their website to attract visitors, hold their attention and sell to them. Read full story and others here [www.halesdouglass.com.au/newsletters.htm](http://www.halesdouglass.com.au/newsletters.htm)

## Buying or selling a business?

### Are you looking to buy a business & worried you may be paying too much?

Our specialist auditors can examine the information provided to you to ensure it accurately represents the financial position of the business you are buying.

### Do you want to get the best price when selling your business?

We will work with you so you can receive the best possible price for your business. We make certain your accounts, your sales opportunities & your exit strategy are in the best position for selling. Plus we'll create a business sale plan for your prospective buyer. Call David today to find out more.

## TEAM HAPPENINGS - *Welcome Aboard Peter & Melissa!*

Hales Douglass would like to welcome two new team members! Peter Pepperell at our Ulladulla office and Melissa Miller at our Batemans Bay office. Peter will be joining our accounting team and brings with him a Bachelor of Commerce with Distinction (Accounting).

Peter has also completed a Bachelor of Applied Science (Environmental Resource Management) and has expertise in business valuation and development.

Melissa is currently studying for a Bachelor of Commerce in Accounting/Management and comes to us with a diverse background from cooking to management and everything in between in Tourism & Hospitality for 20 years including some time spent in both ski and sun resorts!



Postage  
Paid

To:

## Congratulations to Bob!

We would like to take this opportunity to congratulate Bob Richards for receiving the Dux Award for Applied Tax module of the Taxation Institute Structured Education Program of 2008! The Taxation Institute is the premier body in Australia representing tax practitioners. Well done Bob!

## New business enews!

In February, we launched our first business enews, a bi-monthly email with the latest tax and business news, plus government info, benefiting your business. If you are a business client of Hales Douglass and you haven't as yet received this email, please contact **Katrina** on **4455 5333** or email **katrina@halesdouglass.com.au**, to confirm your latest email address.

