



Newsletter

PROFESSIONAL ACCOUNTING AND BUSINESS CONSULTANTS

■ JANUARY/FEBRUARY 2012

Welcome to the January/February Edition of our corporate newsletter.

Tax Diary

21 February

January 2012 Monthly Instalment Activity Statements – Final date for lodgement and payment.

28 February

October – December 2011 Business Activity statements – final date for lodgement and payment, including electronic lodgements.

October – December 2011 PAYG instalment notices – final date for payment and if varying the instalment amount, lodgement.

Income tax return lodgement and payment due date for medium to large entities and self-managed superannuation funds that are new registrations in 2011 Financial Year.

Income Tax Return lodgement due date for medium to large business trust clients that were non-taxable in the prior year (includes new registrants).

21 March

February 2012 Monthly Instalment Activity Statements – final date for lodgement and payment.

Payment date for any individuals who have lodged a tax return prior to February who have tax payable.

31 March

Income Tax Return and payment for superannuation funds with total income in excess of \$2 million in latest year lodged (excluding large/medium business taxpayers)

Last day of the Fringe Benefits Year

21 April

March 2012 Monthly Business Activity statements – final date for lodgement and payment.

Payment date for any individuals who have lodged a tax return between 13 February 2012 and 12 March 2012 and have tax payable.

28 April

January – March 2012 Business Activity statements – final date for lodgement and payment if not lodged electronically.

Last day for superannuation guarantee contributions to be made to a superannuation provider for quarter 3 2011-2012 (1 January – 31 March 2012).

In this Issue

- Fringe Benefits Tax
- Off Market Transfers in SMSF's
- Worksafe: Employer Rights & Responsibilities
- Executors of Estates Responsibilities
- Introduction of the Personal Property Securities Register
- Passwords
- Secure Returns
- Genesys Wealth Advisors

Regular Features

- Cous's Corner
- Meet the Team - staff member profile
- Freaky Facts!

'Contact Details

www.caseypartners.com.au
67-69 High Street, Berwick Vic 3806
PO Box 393, Berwick Vic 3806
Ph: 03 9707 2788 Fax: 9707 5451
admin@caseypartners.com.au

Fringe Benefits Tax

Fringe benefits tax (FBT) is a tax paid on certain benefits employers provide to their employees or their employees' associates in place of salary or wages. Fringe Benefits tax can also apply to benefits provided to contractors if they are deemed an employee.

The FBT year is from 1 April to 31 March and the tax is usually payable in May or as an instalment on your quarterly BAS. The tax is almost the same as the value of the benefit provided.

Although most employers may not pay fringe benefits tax, most will still have fringe benefits issues that need to be addressed and treated correctly to ensure exposure to FBT is minimised. Fringe benefits can be reduced by employees making contributions towards the cost of the benefit (eg paying for the fuel in their business car).

Some examples of fringe benefits provided are:-

MOTOR VEHICLES

This is the most common fringe benefit provided and it is important to note the following:

- Utilities are exempt provided that they are over one tonne and;
- on the approved ATO list as an exempt vehicle and your employee has made a declaration that the private use is irregular and infrequent.
- Driving to and from work is allowed although all other vehicles and utilities with private use will need private use calculations and either an employee contribution paid or payment of fringe benefits tax.

With Motor Vehicles it is important to keep a logbook for the following reasons:-

- You are able to determine the business use of a vehicle. A logbook is valid when all your business and private trips over a 12 week period are recorded with details of the purpose of each trip.
- A logbook is valid for 5 years and is a source document should the ATO ever question your business use of a motor vehicle.
- You can use the same logbook when you upgrade your car provided the usage is the same.

Other details required for your Motor Vehicles:

- Accurate recording all the operating costs for each vehicle
- odometer reading taken as at 31st March, 2012.

Calculating FBT

By keeping a logbook and the odometer reading, you are eligible to use the statutory or the operation cost formula. We will do calculations to ensure the lowest taxable value is recorded.

Statutory formula method example:-

Stevie of Stevies Widget Sales Pty Ltd purchases a car for his employee, Suzie, in the company on 1 April 2010.

From information supplied by Stevie, a calculation of the taxable value of the vehicle is based on the following:

- the car's base value is \$30,000 (incl. GST)
- from 1 April 2010 to 31 March 2011 the car travelled 22,500 kilometres. We can determine that the kilometres travelled falls under the 20% statutory percentage.
- Suzie paid for fuel costs personally of \$1,000 and provides the employer with the necessary documentation and declaration of her kilometres travelled.

The taxable value of the car fringe benefit provided is calculated as follows:

$$\text{Taxable value} = \frac{(A \times B \times C)}{D} - E$$

Where:

A = the base value of the car

B = the statutory percentage

C = the number of days in the FBT year when the car was used or available for private use of employees

D = the number of days in the FBT year (use 366 if a leap year)

E = the employee contribution

$$\text{Taxable value} = \frac{(\$30,000 \times 20\% \times 365)}{365} - \$1,000 = \$5,000$$

Example: calculation using the operating cost method

During 2012, Barrys Widget Sales Pty Ltd had operating costs of \$14,750 on the car. Suzie decided this year to keep a logbook of her travels for 12 weeks and had a logbook percentage of 85%. All fuel was paid by the company and using the formula we can calculate the taxable value of car fringe benefits under the operating cost method:

$$\text{Taxable value} = (A \times B) - C$$

A is the total operating costs

B is the percentage of private use

C is the employee contribution

$$\text{Taxable value} = (\$14,750 \times 15\%) - \$1000 = \$1,212.50$$

The operating cost method has a better outcome due to percentage of business use from the logbook.

The **tax payable** on this example would be

$$\$1,212.50 \times 2.0647 (\text{gross up rate for employees who claim GST credits}) \times 46.5\% = \$1,164.10$$

Fringe Benefits Tax (Cont'd)

Determining the statutory percentage

There have been changes to the rates applied when valuing the fringe benefit of cars.

The move to one statutory rate of 20% will be phased in over four years. There will be transitional arrangements that apply to any new commitments entered into from 10 May 2011 to 31 March 2015. Where there is a change to a pre-existing commitment these transitional arrangements will also apply. The following statutory rates should be used:

Total kms travelled in FBT year	Statutory %				
	Existing contract pre-9 May 2011	From 10 May 2011	From 1 April 2012	From 1 April 2013	From 1 April 2014
0 - 14,999	26	20	20	20	20
15,000 - 25,000	20	20	20	20	20
25,000 - 40,000	11	14	17	20	20
Over 40,000	7	10	13	17	20

MINOR BENEFITS/ENTERTAINMENT

There is no clear definition of a minor benefit in the FBT Act however it is considered to be minor if the benefit is less than \$300 (GST inclusive) and is of an irregular and infrequent occurrence. These benefits are exempt from FBT. Refer to our November/December newsletter for more detail on recording transactions in your computer file.

WHAT COULD BE A FRINGE BENEFIT?

The following list of questions may highlight possible fringe benefits issues in your business:

- Do business owners, their associates or employees have the use of a business Motor Vehicle?
- Do you pay expenses on behalf of business owners, associates or employees such as motor vehicle expenses, medical or telephone expenses?
- Do you pay Living Away from Home Allowances?
- Do you provide gifts or entertainment to clients, business owners, associates or employees?
- Do you allow employees access to personal use of business property?
- Do you provide car parking? Generally exempt from FBT if there is not a commercial car parking station within a **one-kilometre radius** of the premises on which the car is parked

We can assist you to manage any potential FBT obligations and minimise any fringe benefits tax payable. Please contact your client manager if any of the above apply to your business and we can determine your FBT obligations.

Secure Returns

- A new way of data transfer between accountant and client

As you know, we have recently launched our new website and we have our new web-based software program 'Secure Returns' up and running. Through our website you can access Secure Returns which is another way of transmitting information between us and you 'the client'.

Secure Returns is free of charge and it is a better way for us and you to send and receive data through a private folder which is linked between our office and you. Secure Returns allows us to access larger files, which tend to "bounce back" due to file size restrictions on email.

The reasons why this software is used instead of email is the ability to send large amounts of data speedier than the email system and it is a far more secure way of sending information. Our private folder with you which is fully encrypted means that your information is safe and protected.

Should you wish to use Secure Returns, please contact your client manager who can organise your account and create your private folder.



Off Market Transfers in Self Managed Super Funds

- Going....Going....Gone!

A few months ago the federal government put in place a ban on off-market transfers in SMSFs as we know them. Until now, SMSFs have been able to transfer a listed share from their personal name into their SMSF without the need to use a broker to sell the existing share and then re-buy in the name of the SMSF. This made contributions into Super much more flexible as it could be in the form of cash or listed shares. There was also some flexibility in the share price that could be used on transfer, with a choice of using a price from up to 60 days prior to the actual transfer date. Obviously this led to some misuse of the system and some illegal benefits provided to members of the SMSF.

From the 1st July 2012 the ban will take effect. This will bring to an end the use of related party transactions using off market transfers. From that time the open market will have to be used to achieve the same result. As an example, if a member holds 100 BHP shares personally that they want to contribute into the SMSF, these shares will need to be sold through a broker, the money contributed into the SMSF and then that money used to purchase BHP shares in the SMSF name. This leads to brokerage fees being incurred on each transaction and potential changes in share price due to the time lag which may not necessarily correlate to 100 BHP being ultimately owned in the SMSF.

Other investments may be able to be transferred into a SMSF from a related party. Unlisted securities and unlisted property, for instance, can be transferred in under the new rules but as no underlying market exists to determine a "market" price these transfers must be supported by a valuation from a suitably qualified independent valuer.

The new rules are designed to increase transparency in transactions between related parties and SMSFs and minimise the manipulation allowed in such transactions.

Given the above, it may be a good opportunity to utilise the old rules prior to the 30th June 2012 if you are considering transferring listed shares into Super. If you would like to go over the tax consequences of doing so please contact your account manager.

Freaky Facts...

Did you know....

Hippo Milk is Pink

Cows can sleep standing up, but they can only dream lying down

The African Cicada fly spends 17 years sleeping, then wakes up for two weeks, mates and then dies.

Meet the Team



Haley Dore

Role at Casey Partners:

Haley started at Casey Financial Planning in August 2009 and is responsible for all client service functions, including data maintenance and portfolio reporting. She assists our planner, Lisa O'Sullivan with client reviews and portfolio updates. Haley is currently studying the Diploma of Financial Planning and recently completed Certificate IV in Business Administration.

Favourite TV Show: Scrubs, Nip/Tuck, The Mighty Boosh, The IT Crowd and Black Books.

Favourite Food: Connoisseur Cookies and Cream Ice Cream and Thai Food.

Worst food: Broad beans

Favourite Holiday Destination: I haven't travelled a lot, but went to Argentina & Brazil in 2010 & loved it. I'm hoping to travel again once I can save the pennies!

Interests: Spending time with friends, going to music gigs and watching movies.

Family: I'm the youngest of six and live at home with Mum and Dad.

You have been made an Executor of an Estate

- What are your Responsibilities?

It's a position we all dread. A loved one has passed away and you have the responsibility of being the Executor of their estate. It can make a difficult time more stressful, especially when you are uncertain of your role and responsibilities. Here we have outlined the main duties of an Executor to an estate as well as a timeframe in which these duties need to be performed.



The first three to four months from the deceased's date of death is the most active. First thing that needs to be done is to obtain the last Will left by the deceased and review its contents so you can contact any known beneficiaries. The beneficiaries of the estate then have to organise proof of their identity so that later, proceeds of the estate can be distributed. As well as this, the executor is required to be given a Grant of Probate from the Supreme Court. This is a document formally authorizing the Executor to administer the deceased's estate. However, before this application is sent a Notice of Intention, giving 14 days notice that an application for a Grant of Probate will be made, needs to be publically advertised in the appropriate newspaper. During this time a complete list of the estate assets and liabilities needs to be compiled. To achieve this, the executor will have to make contact with various professional service providers such as lawyers, accountants and financial advisors. Depending on the type of assets held by the deceased, a Notice to Creditors may need to be advertised in the appropriate newspaper giving any potential creditors 2 months to make a claim on the estate.

The next step is to get instructions from the beneficiaries of the estate in regards to whether their assets in the estate are to be sold or transferred. There are different steps that need to be taken with regards to the transfer or sale to an estate's assets. These are set out below:-

SHARES	Transfer of shares requires evidence of ownership and executor status. Upon death, bank accounts of the deceased will be frozen. The executor will need to approach the bank to prove their executorship and arrange the transfer of funds to an estate account. The executor may establish a new account in the name of the estate however generally we would work together with a solicitor and transact the estate through the solicitors trust account. Be sure that dividends are paid into the estate account.
PROPERTY	The transfer of property requires an application to the Land Title Office. The estate will be responsible for all costs.

Also around this time any creditor's claims or disputes against the estate become known. Within 6 months of the Grant of Probate, a person can make a claim seeking a share (or a greater share) of the estate based on whether the deceased had a responsibility to include them in the Will. This is called Testator Family Maintenance (TFM). The executor must deal with these issues and arrange any legal defence against such claims made against the estate. This is so the executor can pay any creditors to the estate and confirm the entitlements of each beneficiary.

After the 6 month TFM period has expired the executor can begin the finalisation process. This includes transferring assets to beneficiaries, lodgment of any final estate tax returns and distributing the beneficiaries their entitlement to the estate.

Being appointed as an Executor of an estate is not a decision that should be taken lightly. The role often involves lots of your time and may put you in the middle of family arguments. It is important to be aware of your obligations which may make the process much less daunting and lead to a result much sooner. If you have been approached to become an executor or have become one, feel free to contact our office and we can provide you with suitable support to make your job easier.

Introduction of the Personal Property Securities Register

The Personal Property Securities (PPS) Register went live on 30 January and is a national online register that can help to protect consumers when they are buying personal property, particularly valuable second hand goods.

By searching the PPS Register, consumers will be able to find out whether personal property they may be planning to buy has a security interest registered against it, however it does not apply to land or buildings.

Through the PPS register you are able to, for example, search for a motor vehicle that you are looking at purchasing and search the vehicle identification number to see whether there is a security interest before purchasing. Also, you are able to search serial numbers on machinery that you may be looking at purchasing.

This government initiative is in place to protect consumers and businesses to manage credit risk and to simplify how consumers can search for personal property. This legislation has particular implications for business, particularly where a business sells stock on the basis that they retain title until the goods are paid for.

There is a small fee (currently \$3.70) for each search conducted and there are other fees should you require any certificates that you wish to obtain on a particular piece of equipment. These fees and other details relating to the PPS Register can be found at www.ppsr.gov.au.

PASSWORDS

Let's be honest, passwords are annoying and these days we need a password or PIN for almost everything. As annoying as passwords are, they are very important to protect your identity, particularly online. So they should be taken seriously.

Below are the top 25 most communally used passwords for 2011. This list was compiled from files containing millions of stolen passwords posted online by hackers.

1. password	14. master
2. 123456	15. sunshine
3. 12345678	16. ashley
4. qwerty	17. bailey
5. abc123	18. passwOrd
6. monkey	19. shadow
7. 1234567	20. 123123
8. letmein	21. 654321
9. trustno1	22. superman
10. dragon	23. qazwsx
11. baseball	24. michael
12. 111111	25. football
13. iloveyou	

TIPS TO MAKING YOUR PASSWORDS MORE SECURE:

- never use patterns based on the layout of the keyboard. eg. qwerty or qazwsx
- create passwords using eight characters or more
- use a combination of letters, numbers, spaces and underscores.
- avoid using the same username/password combination for multiple websites.
- if you are having trouble remembering all your different passwords try using a password manager application. Password manager applications organise and protect your passwords and can automatically log you into websites.



Superannuation Checklist Leading up to 30 June 2012

It's still only February and the weather is still a typical Melbourne Summer, but before you know it the temperature will be cooling down and 30 June will be upon us!! So there's no time like the present to start planning for it and making sure your business has met all of it's Superannuation obligations for 2012.

Here's a checklist with some brief explanation to make things easier:-

1. Contributions:

- a. Ensure that 9% Superannuation Guarantee is being paid at least quarterly for each staff member into their complying Superannuation Fund. Due dates for payment are the 28th October, 28th January, 28th April and the 28th June each year, so make sure you bring obligations up-to-date.
- b. There may be eligible contractors that you need to pay Superannuation for, so make sure these payments are made as if they were an employee.
- c. Are your total concessional (tax deductible) Super contributions within the designated maximum of \$25,000 (under 50 year olds) or \$50,000 (50 year old or older) for the 2012 tax year? If not you may have excess contributions tax to pay.
- d. Are your total non-concessional (non-tax deductible) Super contributions within the designated maximum of \$150,000 for the 2012 tax year? Are you eligible to bring forward an additional two years of caps and utilize a \$450,000 maximum for the year?
- e. Have you met the condition of "gainful employment" if you are between 65 and 75 years of age to be eligible to contribute into Super?
- f. If you hope to receive the Government Co-Contribution, make sure you have contributed into Superannuation and meet the income threshold and eligibility criteria.
- g. If you were self-employed and want to contribute into Super, make sure you meet the 10% Rule whereby less than 10% of your income is from employment (salary and wage) income.



2. Pensions:

- a. If you draw a pension, ensure you have abided by the minimum and maximum thresholds for the 2012 year. Keep in mind that for the 2012 year the minimum payment for pensions is 75% of the usual amount – Up from 50% in 2011 – so don't get caught out by automatically drawing out what you have in the past.

3. Succession Planning:

- a. Do you have a Binding Death Benefit Nomination (BDBN) in place? Put simply, this is a Will for your Superannuation entitlements. This is often a tax effective way to streamline how benefits are paid out upon death, which is not dealt with by a standard Will.
- b. Are there Auto-Reversionary pensions in place? If these are not documented correctly then a pension may cease upon death and trigger a tax liability, rather than automatically revert to a spouse and maintain the same tax concessions.
- c. If you have a SMSF with In-House Assets, ensure that the value is below 5% of the total Fund assets. In a time when market values may be down you need to be particularly careful that a reduction in other investments held does not breach the In-House Asset Rules of the Fund.

Worksafe: Employer Rights & Responsibilities

- Reporting an Incident

Employers must report the following types of incidents to Worksafe as soon as possible after the event:

Health & Safety Incidents

- Death
- Employees that require medical treatment by a doctor (ie. fracture, admin of drug or medical treatment)
- Immediate treatment as an in-patient in a hospital
- Incidents involving high risk equipment or plant listed in the Equipment (Public Safety) Regulations 2007

Explosives

- Theft of explosives
- Injuries caused by explosives

Dangerous Goods

- Any release of dangerous goods (ie. Gas leaks, spills of liquids)

Penalties may include fines, enforceable undertakings for not complying

YOUR LEGAL DUTIES

- Assist injured worker to seek medical treatment
- Contact Worksafe Incident Notification Unit on 132360
- Ensure Incident Scene is not disturbed until inspector arrives.
- Complete and send an incident notification form to worksafe within 48 hours (available from www.worksafe.vic.gov.au)
- Ensure the injury is recorded in Register of Injuries

If you are Injured Poster must be displayed in every workplace otherwise you could be liable for a penalty of up to \$35,835 for a body corporate or \$7167 for an individual

A guide for employers: What to do if your worker is injured. This will explain process of what to do regarding reporting the injury and claiming of medical expenses and wages.

Cous' s Corner...



IRISH LOGIC

Murphy arrived at the London underground from Stanstead, he gets off the train at 11.30pm and heads for the escalator. When he gets there, there's a sign saying "DOGS MUST BE CARRIED ON THE ESCALATOR". He says "My god where am I going to find a dog at this hour of the night!".

Power of Attorney

Taking the First Step

Giving your power of attorney to someone is a major step. It means giving them the right to make financial and other decisions for you if you are not able to do so.

While their names and specific rules vary among the Australian states, there are four different types of power of attorney.

General: gives your financial decision-making powers to someone else until a specific date. It lapses on that date or if you become incapable of making your own decisions.

Enduring: gives another person (or persons) the power to make your financial and legal decisions, and continues to apply even when you are no longer capable of decision making.

Enduring Medical: appoints a person or persons to make decisions regarding your medical treatment on your behalf if you are not capable of doing so. (This is not a 'Living Will', which is a document recording your express wishes regarding resuscitation and other important medical decisions).

Guardianship: empowers someone to act for you in all areas of your life should you be incapable of making decisions. It is not strictly a power of attorney but it works like one.

To sign over power of attorney you must be capable of appointing someone and understand the implications of your action.

But what happens if you haven't signed a power of attorney and an accident or medical condition removes your option?

In that case, a statutory official – a Public Advocate or Guardian – appoints a guardian for you. The appointee may or may not be a family member or close friend, and as a result, decisions regarding your life and finances could possibly be left to the Public Trustee.



Most states also have a body which can review enduring powers of attorney, remove an attorney, or substitute one if the original person is no longer able to fulfill that role; or require the attorney to provide accounts or submit a financial management plan.

You can buy or download a standard Power of Attorney form, but if your financial affairs are complex or cross state borders, or you have estate planning issues, you should discuss the details with your financial adviser who may recommend that you also need legal advice.

Take action now, because by the time you need it, it may be too late