

Welcome

Welcome to the May/June edition of the Casey Partners corporate newsletter. With so much going on in the world of business and tax we thought it time to get some information out to you. This newsletter will now be coming out to you every few months, so hopefully there will at least a few points in each issue that will impact on your business or your tax situation. Thanks to our associates at Genesys Wealth Advisors and Acceptance Finance for their contributions.

We would appreciate any feedback that you can provide to assist us to streamline future newsletters. Please feel free to pass on to family and friends that may be interested in any particular articles and also remember to update your email address with us to make sure you get future editions.

MAY/JUNE DATES

- ☛ **21 May** - 2010 FBT returns due date for lodgment and payment if required.
- ☛ **21 May** - April 2010 Monthly Activity Statements due date for lodgment and payment if required.
- ☛ **22 May** - 2009 Trust Returns due date for lodgment and payment if required.
- ☛ **26 May** - March 2010 Quarterly Business Activity Statements due date for lodgment and payment if required.
- ☛ **8 June** - 2009 Individual Tax Returns due date for lodgment and payment if required.
- ☛ **30 June** - End of Financial Year

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2010 Budget – What's in it for you?

This is the final budget before we go to the polls and Mr Swan is aiming to be "economically responsible" by reducing debt and with the aim of being back in the black by 2012-13.

Some of the changes which could affect you are as follows:-

50% Tax Saving on Interest Income

In response to Ken Henry's review the Government announced that for the 2012 Financial Year there will be a 50% tax discount on interest earned on deposits held with any bank, building society or credit union, as well as bonds, debentures or annuity products up to \$1,000.

FACT: As mentioned in the Budget, \$439 million will be spent on fixing the mistakes of the Insulation/Home Energy Scheme!

Senior Australian Tax Offset (SATO)

The amount that a senior Australian (over the age of 65) can earn before paying income tax or Medicare Levy has increased from \$29,867 to \$30,685 for 2011 and from \$25,680 to \$26,680 for each member of a couple.

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Personal Tax Rates for 2011

These have not been changed from the previous Budget, but will be effective from 1 July 2010.

PERSONAL TAX RATES AND THRESHOLDS			
Current		From 1 July 2010	
Taxable Income	Rate	Taxable Income	Rate
(\$)	(%)	(\$)	(%)
0 - \$6,000	0	0 - \$6,000	0
\$6,001 - \$35,000	15	\$6,001 - \$37,000	15
\$35,001 - \$80,000	30	\$37,001 - \$80,000	30
\$80,001 - \$180,000	38	\$80,001 - \$180,000	37
\$180,000 and over	45	\$180,000 and over	45
Low Income tax Offset	1,350	Low Income Tax Offset	1500

Note: the top tax marginal rate of 45% plus medicare levy has not changed.

Standard Deductions

From 1 July 2012 the Government will provide individual taxpayers the option of a standard deduction of \$500 in lieu of claiming work-related expenses and the cost of managing their tax affairs. The standard deduction will be increased to \$1,000 from 1 July 2013. This is the Governments strategy of simplifying tax returns for individuals. Should your work related expenses be over the \$500, taxpayers will be able to continue to claim those expenses over and above when lodging their tax return under the existing rules.

Child Care Rebate

The annual rebate will now be capped at the 2009 level of \$7,500. The reduction in the rebate will not alter the percentage of out of pocket expenses reimbursed by the Government.

Casey Partners 16th Make-A-Wish Charity Golf Day Thursday 3 June 2010

In conjunction with Andrew Gray & Associates Pty Ltd, Active Display Group and Central Star Mercedes, we will again be holding our Make-A-Wish Charity Golf Day. Over the past 15 years the day has raised well in excess of \$340,000 for the Make-A-Wish Foundation.

Last year through the generous support of sponsors and players we were able to raise \$41,608 on the day.

The format of the day is an 'Ambrose Event' at the Keysborough Golf Club. Hit off is at 8am, with a sit down lunch afterwards where we will be entertained by one of Australia's most popular comedians, Marty Fields, in addition to hearing about the work of the Make-A-Wish Foundation. The day offers the opportunity for lots of fun and networking, whilst contributing to this fantastic cause.

We would welcome any donations to be made to 'Make a Wish' and forwarded care of our office.



On 2 May 2010 the Commonwealth Government released the much anticipated 'Australia's Future Tax System Report', more commonly known as the 'Henry Review', together with its response. In all there were 138 recommendations from Dr. Henry, but only a handful were taken up by the Government. The recommendations were classified in three different ways:-

- be implemented (over time);
- never be implemented; and
- be subject to further consideration and consultation in 'a decade long process of reform'.

After the official documentation was handed to the Government in December 2009 it's disappointing that so few of the recommendations are to be taken up. The review took place over an 18 month period and reported on many different aspects of the Australian taxation system. The media release has been well publicised with the following specific implementations to take effect over the next decade:-

Resource Super Profits Tax (RSPT)

The RSPT (40%) will be introduced on 1 July 2012 on profits from exploration of Australia's non-renewable resources and will apply to all legal entities directly involved in resource extraction activities.

Superannuation Guarantee Rate

The rate will increase from the current 9% to 12%, phasing in from 1 July 2013 to 1 July 2020.

Year	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Rate	9.25%	9.5%	10%	10.5%	11%	11.5%	12%

Superannuation Guarantee age limit increased to 75

From 1 July 2013 the Superannuation Guarantee age limit will be raised from 70 to 75.

Concessional Contribution Caps for over 50s to continue

From 1 July 2012 individuals aged 50 and over with total superannuation balances below \$500,000 will be able to make up to \$50,000 in concessional (or tax deductible) superannuation contributions. This will maintain the current contribution limits for the over 50s that were due to revert to \$25,000 from 1 July 2012.

Reduction in the Company tax rate to 28%

The timing of this will depend on whether an entity qualifies as an 'eligible small business company'. If so the reduction will be effective from the 2013 income year. Otherwise the rate will be phased in (29% for 2014 and 28% from 2015).

Small Business Asset write-off

From 1 July 2012, small businesses will be able to immediately write-off assets valued under \$5,000, (currently \$1,000) and all other assets (except buildings) will be written off in a single depreciation pool at a rate of 30%. This will remove the need for small business to monitor two different depreciation pools and so, simplify their tax affairs.

Pete's in a Pickle!

Peter went out to buy some golf equipment for the golf day. He spent half of what he had plus \$5 at the first store. He spent half of what was left plus \$4 at the second store. At the third store he spent half of the remainder plus \$3. He then had \$5 left to buy golf balls. How much money did Peter start with?

Solution to this will be in our next issue.

Keeping Up To Date

Please let us know if your address, email, or contact details change so we can update your contact information.

Need a Bookkeeper?

At Casey Partners, we have many bookkeepers that we can recommend to help you.

Should you require a bookkeeper please contact your Client Manager who will be able to recommend one tailored to your business needs.



What's New In I.T. ?

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MYOB have changed the branding of the software to bring the version numbers in line across the board with all of their software.

The new MYOB Accounting software moving forward from v18.5 will now be known as MYOB AccountRight Standard. MYOB Accounting will now be known as AccountRight v19 and MYOB Premier will be now known as MYOB AccountRight Premier v19.

To find out more about the new versions of the MYOB software, visit:-

www.myob.com.au/business/products-1258090781431

There are free trials available of the new software to discover some of the changes from previous MYOB Accounting Packages.

If you do require a newest version of any MYOB software, please contact our office and we can order you a copy.

"Working Towards The Paperless Office"

Many people who use computers whether it's for their home or business are moving toward a "paperless" office. Simply, they are tired and overwhelmed by scraps of paper, clunky old file folders, envelopes and they want to reduce the clutter.



Here are some great tips to reduce the paper usage in your office:-

- ✓ Share documents electronically
- ✓ Avoid sending faxes and letters instead scan and email documents in PDF form
- ✓ Scan and file documents electronically rather than in the old fashioned filing cabinet
- ✓ Don't print emails unnecessarily, if you need to keep them, save them in an electronic folder
- ✓ Default to double-sided copying and printing – this can immediately cut your paper use in half!
- ✓ Online statements – investigate whether your suppliers and your financial institutions will allow you to download online statements, and ask them to stop mailing them to you.

Referrals

Casey Partners seek to service the local community. All of our clients are very important to us and if you know any businesses who may require the services of our office, we are more than happy to assist with their needs. Should they wish to contact us, feel free to forward them our newsletter and our contact details. We can then arrange for them to speak to one of our Accountants.

Casey Partners Footy Tipping Competition

At Round 8 the 2010 Footy Tipping is very close with Rebecca O'Brien the leader on 46 followed closely by Chippa O'Sullivan and Lyn Cousins who are both on 44. Strangely enough, there have been no tip 8's this year!

For the entrants who are yet to pay their tipping fee of \$25, please contact Andrew at the office to organise payment.



Freaky Facts

Did you know....

An office desk has **400 TIMES more bacteria** than a toilet

Banging your head against a wall uses **150 calories an hour**

On an average work day, a typist's fingers travel **12.6 miles**

Risk and the Andersons



Bill and Mary Anderson are both 45 this year and have decided that it's time to assess their financial affairs and ensure they are adequately insured to protect themselves and their business. Bill is a plumber and Mary works part time in the business. With the help of their financial planner, Bill and Mary were able to identify their risks and put strategies into place to avoid potential loss and hardship.

For the year ending 30 June, Bill and Mary's plumbing business earned \$80,000. Bill and Mary split their income evenly for tax purposes, resulting in assessable income of \$40,000 each and a marginal tax rate of 30%, plus the 1.5% Medicare levy.

Bill and Mary have two teenage children and a mortgage of \$250,000-00.

The following table shows how their risk insurance may be structured:-

Insurance	Description	Tax status	Risk / Reason
Income protection insurance	Provides a replacement income stream (to a maximum of 75%) if you are unable to work as a result of an accident or illness.	Fully tax-deductible	If Bill became ill, his income could be replaced allowing Bill or his business to employ someone to continue the business while he recovered.
Term life insurance†	Provides a lump sum payment on the death of the insured or if the life insured is diagnosed as terminally ill.	Fully tax-deductible if structured within super	Mary could repay the family's debts and have time to sell or re-arrange the business. Bill could pay out the debts and then have the flexibility of employing someone to assist either in the business or with the kids.
Trauma Insurance	Provides a lump sum payment if you suffer a defined major medical trauma such as a heart attack or cancer	Non - deductible	If either client suffered a major trauma the lump sum could be used to pay out the family's debts taking pressure off the need to get back to work and providing the time to fully recover

† Total and permanent disablement can also be included to provide a lump sum in the event of becoming totally and permanently disabled.

What are the chances? The chance of suffering an insured event under a trauma insurance policy, prior to age 65 is one in three for a female and one in two for a male (Source Pricing Dread Disease Insurance – Institute of Actuaries of Australia 1994 Updated 2002).

For further information, contact **Lisa O'Sullivan CFP®** Authorised Representative of Genesys Wealth Advisers Limited (Representative Number 239815), on 03 9769 9899.

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Should I choose a Fixed or Variable Loan?



Even though interest rates have started to climb, we are still experiencing a market with historically low interest rates and given this, many clients regularly ask us if they should switch their variable rate loan to a fixed rate. We understand that every client's situation is different. We can provide some clarity by discussing this with you if the need arises.

Mostly the questions are generated by the media hype surrounding rates but it is important to remember at these times that it's just that, "Hype". Bad news sells and the media is very quick to publicize concerns and focus on the negative.

Media reports should all be taken with a grain of salt. Last time interest rates started moving up, the media predicted interest rates would get up to 15%. Many people at the time quickly fixed their interest rates and ended up being stuck at rates around the 8.25% mark. The problem is the rates only got as high as 8.75% and shortly thereafter reduced back to 5.25%. All those stuck still at 8.25% are no doubt wishing they had instead waited!

That being said, there is still no guarantee as to what this rising interest rate market will do, and while we may listen to the media we should not take it as Gospel either. The motto of the story here is that the media, and in fact often even the "Experts" get it wrong. So if you are trying to "beat the market", we wish you luck!

Our suggestion, if you are considering fixing the interest rate on your mortgage is to think about a few of the following differences between a fixed and a variable interest rate loan:-

Fixed:

- Limitations on making extra repayments - usually limited to about \$5,000 - \$10,000 per annum
- No redraw facilities available
- Higher exit fees for early termination of the loan
- Rate fixed for between 1 - 5 years

Variable:

- Extra payments can be made to reduce your Interest cost
- Redraw facilities are available
- No extra penalties above the standard ones for early termination of the loan
- Your payments can be adjusted to match the movements in interest rates



Keep these points in mind before deciding to fix your interest rate and at the end of the day make sure the loan features will suit you.

For more information about fixed versus variable rates, or to discuss your current or future home loan requirements, please contact our Finance Consultants on 03 9854 3500 or check out our website www.acceptancefinance.com.au

Important: This is not advice. Clients should not act solely on the basis of the material contained in this Bulletin. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of these areas. It is issued as a helpful guide to clients and for their private information. This is confidential and must not be made available to any person without prior approval.