

Newsletter



PROFESSIONAL ACCOUNTING AND BUSINESS CONSULTANTS ■ JULY/AUGUST 2010

Welcome to the July/August Edition of our corporate newsletter.
Thank you for all the feedback sent to us in relation to our previous edition.

Tax Diary July/August 2010

21 July

2010 FBT returns due date for lodgment and payment if required.

21 July

June 2010 Monthly Activity Statements due date for lodgment and payment (if required)

21 July

2010 Payroll Tax Reconciliation due for lodgment and payment (if required)

28 July

June 2010 Quarterly PAYG Instalments due date for payment (or variation if required)

28 July

June 2010 Superannuation guarantee contributions due date for payment

14 August

PAYG withholding payment summary annual report due for lodgment with the tax office

21 August

July 2010 Monthly Activity Statements due date for lodgment and payment (if required)

25 August

June 2010 Quarterly Activity Statements due date for lodgment and payment (if required)

21 September

August 2010 Monthly Activity Statements due date for lodgment and payment (if required)

A NEW WEBSITE FOR CASEY PARTNERS!

Over the coming weeks, we will be launching a new website which will provide another way for client communication as well as providing you with more information to help your business.

There will be a new function available where client files will be able to be sent in a secure manner using the website as our gateway between their computer and our office.

We will also be introducing some new items including all past newsletters as well as some of the latest information relevant to you.

In this Issue

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- Reportable Employer Super Contributions
- The Cooper Review
- IT Tips for loading Payroll Tax Tables
- Casey Partners Charity Golf Day
- ASIC Fee Changes
- Genesys Wealth Advisors Article

Regular Features

- Pete's in a pickle
- Meet the Team - staff member profile
- Freaky Facts!

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Reportable Employer Super Contributions

- a fairer way of defining taxable income

The government has broadened the definition of income that is used when determining an individual's eligibility for certain super and government benefits. These changes are designed to create fairness across the board by having an 'Adjusted Taxable Income' for individual taxpayers. With these changes, there are new labels on the 2010 Payment Summaries for Reportable Employer Super Contributions (RESG) which are now required to be reported to assist the Tax Office in determining Adjusted Taxable Income.

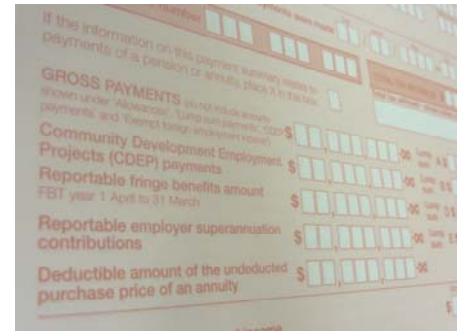
This has caused some employers headaches, but the amount of RESG that is recorded on the payment summary is the amount of superannuation that an employee has salary sacrificed from their salary, **NOT** the 9% Superannuation Guarantee Charge.

Consideration also needs to be given to, what you are currently calculating the 9% SGC on, the base salary or the salary after the RESG has been taken. An example is shown below.

If an employer pays 9% on a salary sacrificed amount and the employee can influence that decision it will need to be shown as a RESG on the payment summary.

Example: Salary	\$100,000
Salary Sacrifice	\$ 30,000
Salary Adjusted	<u>\$ 70,000</u>
Super paid (Based on \$100,000 Salary)	\$ 9,000

What is required to be reported on payment summary is \$32,700. (\$30,000 plus \$2,700 of SGC above the new salary figure).



There is an example on the ATO website of how paying 9% on the Salary before a Salary Sacrifice is calculated.

www.ato.gov.au/businesses/content.asp?doc=/content/00189411.htm&page=19&H19

Should you be paying employees above the 9% SGC, it would be best to document that the employees did not influence the contributions. If employees do have the power to vary their employer contribution rate, the amounts over any compulsory contributions made will be reportable employer superannuation contributions.

Note: Employers may choose to pay SGC on an amount greater than the base required to simplify administration.

Casey Partners 16th Make A Wish

Charity Golf Day



A Big Thank You to all our sponsors and players who supported our charity golf day.

We raised over \$34,000 for the Make-A-Wish Foundation who grants wishes to children with life threatening illnesses.

Pictured left is Peter Cousins with 6 year old Zoe Bear who received her wish to be a Zookeeper at the Australia Zoo.



Cooper Review

Implement or Ignore?

2010 appears to be the year of the “review” in terms of the Australian tax system. The Cooper Review on the Australian Superannuation system was released in July and will have a significant impact on those clients with Self-Managed Superannuation Funds (SMSFs).

The Cooper Review involved many recommendations put forward to the government on which areas of Superannuation need to be improved in the future, both immediate and more long-term. The government has not yet responded to the recommendations, but have instead released certain parts of the review which they appear to be considering implementing. Some of the findings likely to have the most impact if implemented are:

No more in-house assets – Currently a SMSF can invest up to 5% of the total assets in a related-party or in-house asset. Common in house investments are a loan to a related company or the purchase of an asset used in a related business. The Review calls for an end to all such investments and recommends a five year transitional period to give SMSFs time to dispose of these assets.

No more collectibles – Commonly, SMSFs invest in collectible assets such as vintage cars, wine and artwork. Although currently these are deemed to be legitimate investments under the right conditions, it is proposed that collectibles are phased out over a five year period also.

Borrowing of SMSF's is here to stay (at least for the short-term) – The ability to borrow in a SMSF has been around for about three years now. The review recommends that the borrowing provisions should remain in place, but should be reviewed by the government regularly to make sure borrowing does not become a focus of SMSFs in the future.

SMSF advice to be licensed – There is currently an exemption for accountants to be able to provide advice on the establishment of a SMSF. Under the proposals only those accountants with a financial services license would be qualified to provide such advice, meaning that the advice of a financial planner would be required to be sought. Given this recommendation is accepted, we will be working more closely with Lisa O'Sullivan our associated Licensed Financial Planner to ensure our taxation advice is complemented by the appropriate financial advice.

Independent valuations – Under current rules there is flexibility for the trustee to use discretion in the valuing of certain SMSF assets such as property and on some related-party transactions. It is recommended that these transactions and assets be valued by an independent third party.

MySuper low-cost Superannuation product – The most welcomed recommendation is for a low cost and low fee default Superannuation product to be created which would act as the default Fund for employees. Due to the lower fees it is claimed that this type of Fund would enhance the standard person's Super by tens of thousands of dollars upon retirement. Obviously fees are only one aspect of fund performance and the ultimate superannuation fund balance will depend upon fund performance net of fees. It would also make it more difficult to “lose” your Super given that the Fund would follow you between employees very easily.

On a separate SMSF issue, the government just announced that the 50% reduction of the minimum pension payments has been extended to the 2010/11 year. Given the continued share market volatility experienced by many SMSFs those in pension mode will have the choice to withdraw a lower pension which is great news.

So a big mix of news with some very positive and some negative. Just remember that, with the exception of the 50% pension reduction, they are all simply recommendations. The power now lays in the government to decide which, if any, of the recommendations will be implemented obviously with the election in August all is up in the air.

Freaky Facts...

Did you know....

Your thumb is the same length as your nose?

Butterflies smell with their feet

Elephants are the only mammals that can't jump!



The New Adjusted Taxable Income

Moving forward in 2010 there will be new items that are required to be reported. You may find that your client managers are asking you more questions.

To ensure that we can report your adjusted taxable income correctly, please ensure if you make any child support payments or receive any tax free government pensions you let your client manager know so these can be recorded in your tax return.

IT Tips

Loading Payroll Tax Tables in MYOB AccountRight v19 Plus

If you have purchased the latest MYOB software, you will need to update the latest tax tables for payroll. Please ensure that you register to receive updates for your software by going to Help>Updates>Register for Updates.

Once this process is complete, you can check for updates by going to Help>Updates>Check for Updates.

Follow the prompts and this will allow you to load the 2011 tax tables.

Meet the Team



Sue Hilder

Role at Casey Partners:

Prepare BAS and Financial Statements for business clients, experience with small business operations, assist clients to understand their accounting software and use it effectively. Specialist with MYOB Software, Office Administration. Runs training courses in specialist builder software 'Constructor'

Favourite TV Show: Packed to the Rafters

Favourite Food: Strawberries

Worst food: Stew

Family: Husband and two teenage daughters

Pets: My horse Don

Hobbies/Interests: Horseriding, walking, camping and holidays

CASEY PARTNERS FOOTY TIPPING COMPETITION

We are up to Round 18 and the footy tipping is looking very close at the top of the table.

We have the Catsman on 94 tips and closing in are Lyn Cousins and Bec O'Brien who are both on 90 tips with Callen O'Brien one away from the ladies on 89.

With only 5 rounds to go the 2010 Casey Partners tipping is still up for grabs! Can the Catsman reign supreme or will Lyn and Bec catch him at the final hurdle?

If you are yet to pay for the footy tipping this year, please contact Andrew at the office to organise payment.

Thanks all and happy tipping!

ASIC *Fee Changes*

There has been an increase to all ASIC Fees effective as of 1 July 2010. It is important you ensure all ASIC payments are made on time as there is no flexibility in their fee structure. Listed below are the new fees for the commonly lodged documents.

Document Type	Fee prior to 1 July 2010	Fee from 1 July 2010
Annual review fee for a proprietary company	\$212	\$218
Annual review fee for a special purpose company	\$40	\$41
Application for a voluntary deregistration of a company	\$33	\$34
Late lodgement fee – received within 1 month after due date	\$65	\$67
Late lodgement fee – received after 1 month past due date	\$270	\$278
Late review fee – received within 1 month after due date	\$65	\$67
Late review fee – received after 1 month past due date	\$270	\$278

KEEP US UP TO DATE!!

Please ensure you keep us up to date with all your current details.

This can be easily done by contacting your client manager or emailing us at admin@caseypartners.com.au.

For further information regarding ASIC fees please visit www.asic.gov.au

PETE'S IN A PICKLE...



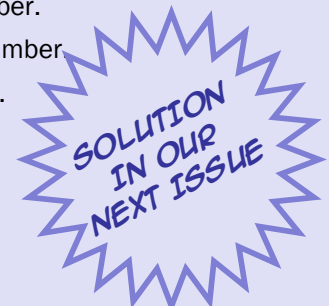
Peter wanted to get into Casey Partners, but he had forgotten his security access. However, he did remember five clues. These are what those clues were:-

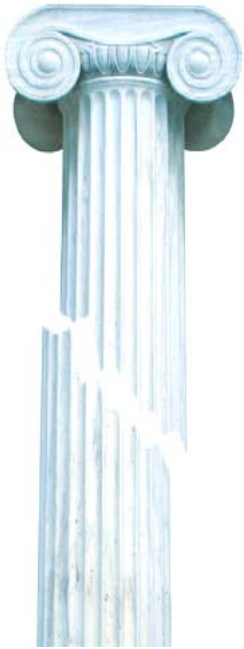
1. The fifth number plus the third number equals fourteen.
2. The fourth number is one more than the second number.
3. The first number is one less than twice the second number.
4. The second number plus the third number equals ten.
5. The sum of all five numbers is 30.

What were the five numbers and in what order?

Last Issues solution:

\$90 (\$45 + \$5 = \$50, \$40 left; \$20 + \$4 = \$24, \$16 left; \$8 + 3 = \$11, \$5 left)





The Greek crisis

A real drama for Australians, or a non-event?

Until recently Greece was a Mediterranean playground where the world flocked to enjoy blue skies, sparkling seas and white beaches. Now it has become a monetary war zone with the threat of national bankruptcy poised to destroy the Euro and the fiscal credibility of the European Union (EU), and damage the world economy. Somewhere between these two extremes lies the truth and the all important answer to the question of how the Greek crisis could affect Australian investors.

It all started in 1968, with France and Germany determined to create a single European community, a strategy to make themselves and Europe more competitive against the economic superpowers. The European Union (EU) began with six members – France, Germany, Belgium, Italy, Netherlands and Luxembourg – but by 2007 the group had grown to 27 countries, including less robust economies such as Greece, Slovakia, Cyprus and Bulgaria. In 1999 the Euro was introduced as the common currency in all member countries, except the UK which kept the pound sterling.

The EU was never a group of equals. Its member nations included the large and small, the rich and poor, all sharing a common currency and customs union. None of that seemed a problem while times were good and Europeans prospered from a common market. But the 2008 financial crisis has mercilessly exposed flaws in the union as more and more European countries – from once mighty Britain to recently prosperous and newly poor Ireland – faced rising unemployment, stagnant growth, and a slow road to recovery. However, it took focus on the Greek debt crisis to bring Europe to the brink of disaster.

Why? Because Greece threatened to cross the line into national bankruptcy and default on its foreign loans. An

economy under pressure with growth at zero or going backwards is one thing; it is quite another if that country can no longer cover its debts. Greece was the first EU member to pose this threat, but is by no means the only one or even the largest.

Thirteen of the 27 EU countries have debt levels above the agreed limit of 60% of gross domestic product, including Britain and France. Estimates based on International Monetary Fund (IMF) data suggest German banks alone hold €28 billion in Greek bonds, half held by banks newly owned by the German taxpayer. Greece does not have the resources to service these and many other foreign loans.

But Greece also owes Portugal US\$10 billion, Portugal owes Spain US\$86 billion, Spain owes German and French banks upwards of US\$550 billion, and so on. If Greece defaulted there would be repercussions not only in the lending countries, but all over the world. Not surprisingly, international markets went into shock as investors feared Greece would trigger yet another major financial meltdown.

Clearly, Germany and France could not allow Greece to fall – there was too much at stake. The future of the battered Euro and of the EU itself were threatened. The result was an IMF-sponsored €110 billion bailout package to get Greece back on its feet and pull other struggling European

economies, and the Euro, back from the brink.

This package, announced on 2 May 2010, seems to have averted the immediate danger of a worldwide financial implosion, but is it a bandaid or a long-term solution? This is the question economists are asking, for there is no doubt that Greece's problems were in part caused by its inability to cut infrastructure spending and its notoriously inefficient tax system.

Understandably, these problems will not simply be fixed with a bailout package. Fortunately for Australian investors, the Greek crisis has so far not meant another market meltdown, largely because of one dominating reality: Australia's economic future is linked to China, not Europe, and the Chinese economy continues to forge ahead and purchase mountains of Australian resources, irrespective of events in Europe. Unlike Greece, we have succeeded in moving away from debt, not into it. We saw proof of this in the Budget projections that the borrowings to finance the stimulus package last year would be repaid within three years instead of six, and the Australian economy would be back in the black by 2013.

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