

June 2008

NEWSLETTER**THE YEAR IN REVIEW**

This has been a year of change, with the amendments to the superannuation laws post 1 July 2007 and post budget May 2008. The ATO together with CPA Australia have also made life busy with Self Managed Superannuation increasing our compliance workload and the continuing professional development required in this area.

TCC has recently taken its senior staff to the CPA Public Practitioners Conference in the Hunter Valley amongst the wine and grapes. Did you know that red wine matures over 120 years to be at its best??

UPCOMING DATES TO REMEMBER

- **30 June 2008** - last date for payment of superannuation guarantee to qualify for tax deduction for 2007/2008.
- **14 July 2008** - If you withhold amounts from payments to your employees and other payees during the 2007/2008 financial year, you must give each employee a copy of the PAYG Payment Summary.
- **21 July 2008** - lodgement and payment deadline for Instalment Activity Statements for clients who are on monthly reporting for Pay As You Go Withholding for employees.

- **21 July 2008** - lodgement and payment deadline for Business Activity Statements for clients reporting for the month of June 2008.
- **28 July 2008** - super guarantee - next quarterly 9% superannuation payment due for the April to June 2008 quarter.
- **28 July 2008** - lodgement and payment deadline for Quarterly PAYG Instalments for the April to June 2008 quarter.
- **14 August 2008** - PAYG Payment Summary Annual Statement and PAYG Payment Summaries must be received by ATO.
- **21 August 2008** - lodgement and payment deadline for Instalment Activity Statement for clients who are on monthly reporting for Pay As You Go Withholding for employees.
- **21 August 2008** - lodgement and payment deadline for Business Activity Statements for clients reporting for the month of July 2008.
- **25 August 2008** - lodgement and payment deadline for Business Activity Statement for the April to June 2008 quarter.

DATE FOR 2008/2009 FINANCIAL YEAR

TCC Accounting Services will be scheduling Business clients with an approximate date to bring in their taxation information. Clients will receive a Business Calendar outlining critical dates and highlighting when we would like you to come in. In addition to this, we will be sending out a checklist for you to fill in prior to the schedule date to assist you in compiling your end of year paperwork.

SUPERANNUATION

The 30 June 2008 deadline is fast approaching. To achieve a tax deduction for your business you must contribute before this date. For the 2008 financial year, Self Employed taxpayers can contribute a maximum of \$50,000 if under 50 years of age. If over 50 years of age you can contribute up to \$100,000 and reduce the amount of taxation you have to pay. To be eligible, income from employment as an employee must be less than 10% of your total assessable income.

TAX PLANNING FOR 2008

Client should carefully consider any opportunities to reduce their tax for 2008. Depending on cash flow, clients may reduce their exposure to tax by considering -

- Contributing to Superannuation
- Prepaying some expenses, for example Vehicle registration
- Not invoicing jobs partially completed until after 30 June 2008
- Being alert for obsolete items when completing your end of year stocktake.

PRE 30 JUNE CHECKLISTS FOR LANDLORDS

To claim a tax deduction in the 2008 financial year, you must pay all your rental expenses prior to 30 June 2008.

- You could prepay your interest up to 12 months in advance and claim a tax deduction for this interest on your investment property for the 2007/2008 financial year.

Landlords can receive a 2.5% deduction on the building cost of residential buildings and can claim depreciation on items of plant and equipment such as carpet, curtains, light fittings and hot water elements. Items acquired under \$300.00 will be 100% tax deductible.

You should also consider paying a qualified surveyor or registered builder to update the value of depreciable assets of your rental property. This may save you thousands of dollars in tax. The fees incurred are tax deductible.

Also be careful of the timing of signing contracts for the sale of your investment property. If you commit and sign prior to 30 June 2008, you will have to pay Capital Gains Tax in the 2008 financial year. If you hold the property for more than 12 months you will receive 50% discount on the capital gain received.

PERSONAL INCOME TAX CUTS

The Government will deliver in full the tax cuts announced in its 2007 election campaign. The cuts included deferring the previously budgeted reduction in the top marginal tax rate for taxpayers on income of more than \$180,000 per annum until beyond 2010-11.

The new income tax rates also apply to non-residents.

Current		From 1 July 2008		From 1 July 2009	
Taxable Income \$	Rate %	Taxable Income \$	Rate %	Taxable Income \$	Rate %
0-6000	0	0-6000	0	0-6000	0
6,001-30,000	15	6,001-34,000	15	6,001-35,000	15
30,001-75,000	30	34,001-80,000	30	35,001-80,000	30
75,001-150,000	40	80,001-80,000	40	80,001-180,000	38
150,001+	45	180,001+	45	180,001+	45

Please note: The changes are marked in bold.

YEAR END TAX PLANNING

Stocktake

Undertake a full stock count unless in STS.

Obsolete Stock

Part of year end planning should involve a review of all stock and a determination of the appropriate valuation to be used. If, for special reasons including obsolescence, the value of stock is less than either its cost, market value or replacement value, the taxpayer can bring that stock to account at a lower value. For further information, please contact Peter on 4455 1388.

STAFF UPDATES

Peter has recently been to the Hunter Valley to attend the CPA Public Practitioners Conference to keep up to date with all the tax changes relating to Capital Gains, Super and other complex areas. Claire and Melody also attended. Peter will be away on holidays visiting family in Brisbane and Bundaberg for the last 2 weeks in June. Peter will be back in the office on Monday, 30 June 2008. For any tax planning help while he is away please email Claire at Claire@tcc-accounting.com.au.

Claire recently attended the CPA Public Practitioners Conference in the Hunter and picked up some useful tips for the office. She is still busy planning her wedding and is looking forward to getting the results of her CPA exams this week.

Paul has achieved distinctions for his UNE subjects so far. He is continuing to swot for the rest of the year. He is looking forward to a break after his November exams.

Melody also attended the CPA Conference in the Hunter which was then complimented with a further week away to catch up with family and friends. She is now back in the office ready for the new tax season.

Janelle will be taking a few weeks leave in June and July and will be refreshed and ready for the busy tax time ahead and for relieving Kim.

Kim is enjoying the winter weather and will shortly be taking 4 weeks leave.