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Business June 2008

Tax Saving Strategies

Although company tax rates will stay the same for the 2008/9 income year, (the current rate is 30%) there are still timing benefits to be had by accelerating any income tax deductions to the current income year, if you have a profit situation. However, as individual tax rates have decreased for 2008/09, there is a definite benefit of claiming tax deductions before 30 June 2008.



Prepayments

Prepayments will be fully deductible in the year they are paid where they cover a period of no more than 12 months.

Expenses that may be prepaid:

- ❑ **Rent on business premises or equipment**
- ❑ **Lease payments** on business items such as cars and office equipment.
- ❑ **Interest** – check with your financier to determine if it's possible to prepay up to 12 months interest in advance
- ❑ **Insurance**
- ❑ **Business trips**
- ❑ **Training Courses** – consider booking and prepaying courses that run on or after 1 July 2008.
- ❑ **Business Subscriptions.**
- ❑ **Cleaning**

Accelerated Claims Prior to 30 June

This is where a business taxpayer brings forward the expenditure on regular, on-going deductible items. It could also apply to the purchase of plant costing less than \$1,000.

The following may act as a checklist of possible accelerated expenditure:

- ❑ **Repairs** – repairs to office premises, equipment, cars or other business items.
- ❑ **Plant (less than \$1,000)** – items of plant costing less than \$1,000 can be written off in full.
- ❑ **Software (costing less than \$1,000)** – Business software costing less than \$1,000 can be written off immediately.
- ❑ **Consumables/spare parts**
- ❑ **Client gifts**
- ❑ **Donations**
- ❑ **Advertising**
- ❑ **Superannuation** contributions to a complying superannuation fund, up to the age based limit. However, deductions can only be claimed to the extent that contributions are actually **paid** by 30 June.

2007/08 Aged Based Limits

Age of Employee	Deduction Limit
Under 50	\$50,000
50 & Over	\$100,000

Delay Income

If it is possible, it can also help to postpone income until July so it falls in the next tax year. So delay issuing invoices until July. The down side is that it may limit cashflow and cause a problem. So be careful.

MYOB Backups

Just a reminder. For all of you who use MYOB it is important to keep a back up copy of your data file on a CD for each financial year. This has to be done before you rollover. This is because if the ATO decide to audit you, they will want to have a look at your MYOB detailed reports. We recommend you keep the CD with your copy of the tax return, in a very safe spot.



Tax Rate Changes 1 July 2008

From 1 July 2008 the income tax rates have changed again. For all businesses with employees, you will have to adjust their net pay.

If you use MYOB you must upgrade your file to include the new tax tables. This can only be done through an update to **version 17** or Premier V11. For all of those who have purchased MYOB cover, you will receive this update automatically from MYOB. For everyone else, you will have to purchase this upgrade from MYOB. (The cost of the upgrade will also include the upgrade to version 18, due for release in September 08.)

Fuel Tax Credits

From 1 July 2008 fuel used in plant & machinery for business activities is eligible for a credit of 19.0715 cents per litre. This is claimed on your BAS, so if you are not currently registered for Fuel Tax Credits please contact us so that we can register you. It is important that you keep records of the LITRES used, to claim on each BAS. If unsure of eligibility please contact us & we can send you an information sheet.

Superannuation Changes

- From 1 July 2007, the full contribution amount is tax deductible up to **\$50,000, or \$100,000 if over 50 years old**
- Contributions may also be eligible for the government co-contribution, if total income under \$58,980.

Quarterly Super Guarantee

Remember!! Employers need to pay superannuation contributions (9%) for their employees at least quarterly. If they fail to do so **Penalties** will apply.

Employers need to:

- Calculate and pay their eligible employees super at least quarterly
- Keep records of all contributions made

The due date for the contributions is **28 days** after the end of the quarter.

PAYG Payment Summaries

Just a reminder that PAYG payment summaries (old group certificates) are due at the Tax Office by 14 August 2008. When completing them please make sure the total wages and PAYG reported on your **payment summaries matches the total reported on your BAS for the 2008 financial year.**

The group certificates should be given to employees by 14 July 2008.

For those of you who use MYOB to lodge your PAYG Payment Summaries electronically with the ATO you must install the compliance upgrade for MYOB v17 or Premier V11 first. (This is the same upgrade as mentioned above for the tax tables) Otherwise the ATO will not accept your information.

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