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2016 FINANCIAL YEAR END NEWSLETTER

By our reckoning this 2016 Year makes this Newsletter Number 32. In this Newsletter we seek to share with you some interesting things ranging from simple compliance to Year-end tax planning tips to relevant summaries from both the last State and Federal Budgets to Financial and Estate Planning matters. We have endeavoured to make it interesting and relevant and give you not only guidance but also some interesting things to ponder. Where we have your email address, you will have received this Newsletter electronically.

The Federal Government has delivered its third Budget and it was received with the usual grumblings. I do not envy any government that seeks to balance the needs of all the people. It seems that it is no longer about what we can do for the country but more what we expect the country to do for us. We have a section in this Newsletter where we seek to highlight the winners and the losers. There was some good news for small business. Also some good and bad news for Retirees and those trying to build or live off of a retirement nest egg. Investors across the board can take some solace in that Negative Gearing and Dividend Imputation were again left unscathed. However Superannuation was the honey pot that governments cannot seem to keep their paws out of.

The State Budget was also delivered in May. We are sure that directly or indirectly the bulk of us have felt the impact of a drop of revenue from Iron Ore and Gas sales. The State Government was no different with its drop in Royalty Revenues so in order to keep our social and economic systems lubricated some state taxes have increased.

We also again remind you of our website (www.lprttaylor.com.au) where you can access this Newsletter, past Newsletters as well as other riveting information. As always we are looking forward to the new financial year with keenness and enthusiasm. Our wonderful team will be rested and up to strength and we are confident that we can meet your every need.

Be mindful the field of taxation is broad and complex. This Newsletter seeks to target just a few of the taxation/financial issues that could possibly affect you. Thus we hope that you read and enjoy this Newsletter but see it as only a very small part of a very large picture.

THE OLD CHESTNUTS: FOR THOSE REALLY BUSY PEOPLE WHO ONLY READ THE FIRST PAGE - SOME REMINDERS:

Cents per kilometre method

If you are using the cents per kilometre method you need to be able to show how you arrived at your estimated number of business kilometres and have sufficient records identifying the purpose of the trips. Under this method you can claim a maximum of 5,000 kilometres per vehicle.

Motor vehicle Odometer readings

Odometer readings are required for ALL motor vehicles being claimed for tax purposes as at 30th June 2016. This is IRRESPECTIVE of the proposed method used to claim your tax deduction.

Log book method – motor vehicles

For those of you who claim motor vehicle costs using a Log book, remember that you must retain your logbook and that it cannot be older than 5 years. Thus, if you have misplaced your logbook or if your business usage has changed or if it is older than 5 years, then it is time to prepare another covering at least 3 continuous months.

Stock take

Don't forget to do a physical stock take as at 30 June 2016 setting out the stock items and cost thereof (unless you are a Small Business Entity and your stock value movement has been less than \$5,000).

Bad debts

Don't forget that bad debts are not deductible unless they are physically written off before 30th June 2016 and the debt must have been brought to account by the taxpayer as assessable income.

Superannuation contributions and timing

The rate for Super Guarantee stays the same thus for the year commencing 1st July 2016 (i.e. the 2017 year) all the employer obligation continues to be 9.5%. As a reminder these amounts need to be remitted to your employee's superannuation funds quarterly. To ensure that the final quarter complies and will qualify as a tax deduction for the 2015 / 2016 Financial Year, all contributions must actually be made by the 30th June 2016.

(e.g. a payment in cash/cheque or transfer of assets must be in the hands of the Fund Trustee and Direct Credits must actually be in the bank of the Trustee by the 30th June 2016). Employers – we urge you to get the Super dispatched from your systems nested by the 30th June 2016. (To be safe we

suggest that you dispatch by Friday 18th June 2016 to ensure that your contribution is well and truly nested by the 30th June 2016) (And do not be confused with the deadline to avoid late penalties for Super Guarantee Contributions, which this year is the 28th July 2016.)

2016 Year-end Tax Planning Thoughts

As the year end looms it is important to be aware of those year-end tax savings matters must be in place before you go to bed on the 30th June 2016 (falls on a Thursday this year) and be aware that the tax savings window of opportunity will not still be there as you wake up on the 1st July 2016.)

Political Donations

We are going to enjoy both a Federal and a State Election this coming financial year. Chances are you will be tapped for a Political donation. As an individual, in your personal capacity (ie not a company or Trust nor in your business) you can claim a tax deduction as follows;

\$1,500 for contributions and gifts to political parties
\$1,500 for contributions and gifts to independent candidates and members.

Other Donations

You will recall that when preparing your annual tax returns we ask to see the receipts. It is not that we do not trust you, rather it is that we are checking to ensure the gift recipient is a Deductible Gift Recipient (DGR).

The reason is that to be eligible to claim a tax deduction for a gift, the ATO stipulates that the gift must meet the following four conditions:

- the gift must “truly be a gift”; that is, a voluntary transfer of money or property where the giver receives no material benefit or advantage
- the gift must be made to a deductible gift recipient (DGR)
- the gift must be money or property
- the gift must comply with any relevant conditions. For some DGRs, (the income tax law adds extra conditions affecting the types of deductible gifts they can receive.)

What Gifts you can claim

The amount an individual can claim for a gift or donation depends on the type of gift given. For gifts of money, individuals can claim the total amount of the gift, as long as it is \$2 or more.

Different rules exist for gifts of property, and the amount of the tax deduction depends on the value and type of property.

Tax deductions for the majority of gifts can be claimed in the tax return for the income year when the gift is made. However, individuals can also spread the tax deduction over five income years under certain circumstances.

What Gifts you can't claim

Individuals cannot claim a tax deduction for gifts or donation items that provide some personal benefit. For example raffle tickets, The cost of attending fundraising dinners (unless

certain conditions are met), membership fees, nor payments to school building funds. Also struck out are payments where there is an understanding between the giver and recipient that the payments will be used to provide a substantial benefit for the giver.

Some things for your End of Year Checklist

Review fixed assets useful life and determine if there are any benefits in scrapping or trading in assets.

As part of our year end work we send out a prior year depreciation schedule. Take the time to review the schedule as we can often get you a tax deduction for any remaining book value of scrapped assets.

Capital Losses

Selling poor performing assets may enable you to bring forward a tax loss that can be offset against any capital gains made throughout the financial year.

Accept and write off Bad Debts

Painful as it is, some debts are going to be bad. A bad debt can be used to offset assessable income if they are written off before the 30th June and provided they have previously been included as assessable income.

Write off obsolete inventory

The year-end stock-take should involve a review of all inventories. Obsolete stock may be scrapped or valued below cost subject to **specific** guidelines.

Prepay some expenses

Small business entities and individuals may bring forward deductible expenses such as rent, repairs and office supplies that cover a period of no more than 12 months.

Trust Distribution Resolutions

For all of you Trustees of Discretionary Trusts, we have sent to you our suggested draft distribution resolutions. Ensure they are reviewed, signed and sent back to us (or safely tucked into your file) before the 30th June 2016.

Capital expenditure vs repairs

Without breaking the law, where you can, ensure that where Capital expenditures verses Repairs that you favour repairs. First step is to test is if the asset was mended with the same materials and only taken back to its original condition. If yes then it is normally a repair and not capital. So review all spending during the year to identify all repaired items that are deductible. Remember capital purchases can often be depreciated.

Instant Asset write-off

The 2016 Federal Budget kept in place the \$20,000 deduction claim where a small business purchases a business asset.

Further the concession has been extended an extra year to include the 30th June 2017.

Primary producers

A reminder especially for you farmers that as from the 12th May 2015, Primary Producers are able to immediately deduct the costs of fencing and water facilities. The cost of fodder storage assets can also be deducted over three years.

Review unpaid expenses (your business Creditors)

For those in Businesses who account on an accruals basis and have fallen behind in paying their rent and other expenses, you may still claim the arrears amount as a tax deduction.

Deferring some Income

Businesses that return income on a cash basis may benefit from deferring the receipt of the income until after the 30th June. This can be as simple as deferring the issue of invoices.

Exemption from FBT for work related devices

From the 1st April 2016 an FBT exemption has been allowed for small business providing their employees with multiple portable work related electronic devices (eg laptops) (even where the devices have similar functions.)

Just started your business?

Reminder from the 1st July 2015, small business entities starting up a business became entitled to immediately deduct a range of expenses associated with starting a new business. The deductible expenses include professional, legal and accounting advice, and government fees and charges.

Self-Managed Superannuation Fund (SMSF) - End of Financial Year (some important things)

The compliance requirements for SMSFs are extremely stringent. The sole purpose (goal) of the super fund is to provide for your retirement and the ATO is determined to ensure that this purpose is not circumvented.

Read your Trust Deed

Although you are never alone when you are with us, it is important that as a Trustee you are aware of your responsibilities. We hold an electronic copy of all client Superannuation Trust Deeds and we know that you have read all your Deeds. But should you wish to have a refresher read, just contact us and we will email you a copy. As the 30th June 2016 approaches, as a minimum you need to focus on the following;

Withdrawing minimum pension (this is important)

The Government does not see nor accept Superannuation as a inter-generational wealth transfer vehicle. SMSFs that do not distribute minimum pension amounts to members who are in pension phase may find that the fund's tax exempt status for the prior year is lost. What that means is that the income within the fund would face a 15% tax rate (i.e. instead of it being nil). Depending on your age, each year a set minimum percentage needs to be withdrawn. For the 2016 year this percentage is based on your 1st July 2015 members' balance and has been advised to you by us as part of our 30th June 2015 year end work.

If you have misplaced our advice or if you are a member of a SMSF that has recently entered pension phase or you are at all unsure as to what your minimum pension amount is or unsure whether you meet the Minimum Annual Pension Payments requirement for year 2016, please do not hesitate to contact our office. Once you are reminded of the minimum percentage please do your sums and ensure that the amount you have withdrawn equals or exceeds the minimum requirements.

<u>Age</u>	<u>Standard Percentage Factor</u>
Under age 65	4%
65 - 74	5%
75 - 79	6%
80 - 84	7%
85 - 89	9%
90 - 94	11%
Age 95 and over	14%

Valuations of Fund Assets at 30th June 2016

The Trustee needs to ensure that all assets are valued/appraised as at 30th June. Listed Shares are easy but for other assets such as real estate it is a touch more tedious. (But if need be we can help you organise an online property valuation).

Individuals claiming a tax deduction

If you are a self-employed contractor making a tax deductible contribution into your superannuation fund, remember that you must also lodge a Notice of Intention to Claim a tax deduction with your Trustee before you lodge your Tax return.

Some useful thoughts about Capital Gains

Timing and planning are everything when it comes to minimising your CGT bill and making the most out of your investment returns.

Capital gains tax (CGT) is incurred when a taxpayer enters a contract to dispose of an asset, for example, commercial and residential rental property, shares, units in unit trusts or collectables. Where the asset is sold for a price that is greater than the cost base the Capital Gain is enjoyed.

Where the asset is sold at a loss (for a lesser amount than it was originally purchased for), a capital loss may be incurred. To ease some of the pain, Capital losses can be used to offset capital gains in a financial year. It is also possible for you to carry capital losses forward to a later date if you do not have capital gains to offset against (but CGT losses can never be offset against other income).

Here are some strategies to reduce your CGT liability:

Use the CGT concessions

There are a number of CGT concessions that are available to small businesses and their application normally relates to the sale of an Active Asset such as Goodwill or other property utilised in small business. The CGT concessions can be quite tax effective and when used in conjunction with retirement planning may even reduce your otherwise CGT to nil.

But the taxation system is about taking your money and not giving it to you so as you would expect there are considerable fine print obstacles to wade thru.

Dispose of assets before June 30

If in the 2016 year, if you have enjoyed a significant capital gain, you may care to consider disposing of another asset that will result in a capital loss.

Basically you draft off an underperforming asset you believe will never have a positive turn around and dispose of it before the end of financial year. The capital loss then can be used to offset the otherwise tax liability arising from any capital gains you have triggered during the year.

Defer disposal to a lower-income year

Instead of disposing of an asset that you expect to make a capital gain in this year, you may care to consider postponing the disposal to a later year if you can plan or expect to have a lower taxable income in that later year.

Plan for CGT events in advance

Planning is everything: If you are planning on making any new investments or disposing of assets, it always pays to plan your CGT strategy in advance. Careless planning and careless timing can cost you!

Losses lose value over time

Losses lose value over time. You can carry forward capital losses from previous years (until you die) to offset capital gains in the current year. But be mindful that the real offset value of capital losses diminishes over time. So if you have incurred a significant capital loss you may consider bringing forward the sale of an asset that you expect to make a capital gain on.

Timing is everything (this is really important)

Remember the date of a CGT disposal is the date of the contract and not the date of the Settlement. So if you sign the contract on the 28th June 2016 even if Settlement is 6 months down the track, you sold in the 2016 financial year.

Who & what and are in the ATO crosshairs this year

Who are being watched!

The ATO has expressed the view that businesses in the supermarket, bakery, computer system design and car retailing industries often need “more help” meeting their tax and super obligations.

Employee Super Guarantee Obligations

From July 2016, the ATO will be undertaking audits of employers who continually fail to meet their obligations, particularly those who do not correctly meet their superannuation obligations. In this regard, the Tax Office will be examining:

- how much employers are required to pay
- if employers are meeting their quarterly deadlines
- if employers pay super for contractors
- if employers are keeping accurate records

- if employers pass on an employee’s TFN to their super fund within 14 days of receiving it.

Reminder: Employers must pay their employee’s superannuation if all of the following apply:

- the employee is aged 18 years old or over
- the employee is paid \$450 (before tax) or more in a calendar month
- the employee works on a full-time, part-time or casual basis

If you are subject to an audit and found to have failed your obligations, expect to pay not only catch up superannuation but also interest and an administration fee. Just to add salt to the wound when you pay late, the superannuation it is not tax deductible.

Superannuation and Contractors

The ATO has also reminded employers that they must pay superannuation contributions for contractors who they employ under a contract that is “wholly or principally” for the labour of that person. Do not be fooled nor complacent, it is not enough that your contractor presents you with an ABN. The reasoning behind this is because the contractor is considered to be an employee for the purpose of the Super Guarantee.

Don’t forget the Standard Choice Form

Another area where employers make mistakes is regarding the choice of employee super funds. All employees are eligible to choose which super fund their super contributions are paid into, therefore employers must provide them with a Standard Choice form within 28 days of the employee commencing work. While employees do not have to complete the form if they don’t want to nominate a fund, employers must give them a choice just the same.

A Capital Gains Tax target (Collectables)

Collectables are items that individuals use or keep mainly for the personal use or enjoyment by them or their associates and include items such as paintings, sculptures, drawings, engravings or photographs, reproductions of these items or property of a similar description or use, jewellery,

You would think these would be safe from the Taxman but in difficult economic times and when tax revenue is hard to come by, the ATO looks far and wide.

The Tax Office is making use of Insurance Company records to identify those who pay significant insurance premiums to cover such things as artwork and jewellery.

There is not an issue with your owning collectables but when you sell and make a gain and the asset has cost you more than \$500., the ATO will want to share in your good fortune.

The bad news is that when you sell at a loss that loss can only be used against a gain that you made on another Collectable asset.

Collectables and Self-Managed Superannuation Funds

You can hold such assets as Artwork and Jewellery in your SMSF; however from the 1st July 2016 some new and rather mean spirited rules apply.

- You cannot store the collectable at home ie no superfund paintings on the wall,
- You cannot use nor let anyone else use the Collectable (ie no wearing of the diamond earrings)
- The item must be insured under its own policy,
- You must document /minute the storage decision.

Owners of rental Properties – You're in the spotlight

The ATO has begun issuing letters to owners of rental properties in popular holiday locations who receive rental income lower than is expected. Be reminded that you can only claim deductions for the periods when the property was either rented or genuinely available for rent. In short you cannot claim deductions for expenses such as;

- Costs you do not pay for example water or electricity charges paid by your tenant
- Acquisition and disposal costs, including the purchase cost, conveyancing costs, advertising for sale costs and Stamp Duty.
- Initial repairs and improvement costs to the property (these can be added to the cost base).

Private usage attracts special rules and requires apportionment of expenses between deductible and none deductible. Private usage extends to any usage that you are not paid for (ie includes family and friends).

Also remember in some cases you will need to apportion your expenses on a timed basis for example where;

- The property is available to rent for only part of the year
- Only part of the property is used for rent
- The property is rented at non-commercial rates.

2016/ 2017 Federal Budget

Budgetary Small Business Changes

Although it seems that most of the chatter has been negative to add to do with Superannuation, the Federal Government had some treats in store for small business.

This year's Federal Budget is said to be based on a ten-year enterprise tax plan designed to stimulate more small business activity by boosting new investment, creating jobs and increasing real wages.

One of the key features of the plan is that the small business entity annual turnover threshold will be increased from \$2 million to \$10 million from the 1st July 2016. The bad news is that the increased threshold will not apply for the purpose of accessing existing small business capital gains tax concessions.

The Government will also reduce the corporate tax rate for businesses with a turnover of less than \$10 million per year to 27.5% per cent from 1 July 2016. This lower rate will be progressively reduced to 25 per cent over 10 years.

An 8% unincorporated tax discount will be provided to unincorporated businesses with turnover less than \$5 million per annum capped at \$1,000 per year from 1 July 2016 for the following eight years. The discount will increase to 16% in increments from 2024 to 2026 to coincide with the staggered reductions in the corporate rate.

All Australian small businesses from 1 July 2016 with an annual turnover of less than \$10 million will have access to:

Simplified depreciation rules

These include immediate tax deductibility for asset purchases costing less than \$20,000 now until 30th June 2017. (ie an extra year).

Simplified trading stock rules

New rules will give businesses the option to avoid end of year stocktake if the value of their stock has changed by less than \$5,000.

Simpler PAYG instalments

Instalments will be calculated by the ATO, removing the risk of under or overestimating PAYG and the resulting penalties that may be applied.

The option to account for GST

Small businesses will have the option to account for GST on a cash basis and pay GST instalments as calculated by the ATO.

Other tax concessions

Other tax concessions that are currently available to small businesses, such as Fringe Benefits Tax (FBT) exemptions (from 1st April 2017 to align with the FBT year).

A trial of simpler BAS

The trial is intended to reduce GST compliance costs, with a full roll-out from 1 July 2017. (watch this space)

Budgetary Superannuation Changes

The Budget has introduced a series of changes to superannuation tax arrangements that are intended to align superannuation with its well documented sole purpose of providing income in retirement.

Introducing a transfer balance cap

There will be a \$1.6 million superannuation transfer balance cap on the total amount of super that individuals can transfer into retirement phase accounts. Earnings on the excess will be taxed at 15%. While this limits taxpayer balance that can earn tax-free income, it does not restrict the savings that can accumulate inside (nor outside) of superannuation.

Increasing the 15 per cent tax rate on concessional contributions

Those with combined incomes and super contributions greater than \$250,000 will now be required to pay 30 per cent tax on their Concessional Contributions. Note the current threshold catches people with combined incomes and superannuation contributions over \$300,000.

Lowering the superannuation concessional contributions cap

From the 1st July 2017, the superannuation Concessional Contributions Cap will be lowered to \$25,000 per annum to provide more flexibility and accommodate modern working arrangements. Thus for the 2016 and 2017 year end the Cap will continue to be \$30,000 for those under age 50 and \$35,000 for those over age 50.

\$500,000 lifetime cap for nonconcessional contributions:

The lifetime non-concessional cap limit of \$500,000 has caused more angst than any other proposed super change. The \$500k cap signals that one will not be able to park large amounts of capital in a tax free or tax concessional super zone.

Low Income Superannuation Tax Offset:

The Low Income Superannuation Tax Offset (LISTO) will replace the Low Income Superannuation Contribution when it expires on 30 June 2017. The goal is to continue to support the accumulation of superannuation for low-income earners. The LISTO will allow individuals with an adjusted taxable income of \$37,000 or less to receive a refund of the tax paid on their concessional contributions, up to a cap of \$500. The LISTO will, in particular, assist women to build their superannuation savings.

Some Positive Superannuation Budgetary changes

The Federal Budget was not all bad and the midnight thinkers came up with some good ideas and did introduce some more flexibility;

Concessional contributions

Individuals under the age of 75 can claim a tax deduction for personal superannuation contributions. From 1 July 2017, individuals can make concessional super contributions up to the concessional cap. This will benefit partially self-employed individuals and partially wage and salary earners whose employers do not offer salary sacrificing.

Spouse Contributions

The Budget will improve the superannuation balances of low-income spouses as the current spouse tax offset is extended to assist more families in accumulating superannuation. The current income threshold for the receiving spouse (whether married or de facto) will be lifted from \$10,800 to \$37,000. A contributing spouse will be eligible for an 18 per cent offset worth up to \$540 for contributions made to an eligible spouse's superannuation account.

Catch-up concessional superannuation contributions will be introduced to allow those with lower contributions and interrupted work patterns to make 'catch-up' payments to boost their nest egg. This will apply to those with account balances of \$500,000 or less and includes allowing unused

concessional contribution caps to be carried forward on a rolling basis for up to five years.

Contribution rules removed for older Australians

Australians aged 65 to 74 will be able to access the bring-forward of non-concessional contributions, minimum work requirements for voluntary superannuation contributions and restrictions on spouse contribution from 1 July 2017. The incentive is to assist older Australians to make superannuation contributions.

Retirement income products

Barriers are being removed to encourage innovation in the creation of retirement income products. These income products are intended to enhance the flexibility and choice for retirees to better manage risk and improve their standard of living in retirement.

From 1 July 2017, the tax exemption on earnings in the retirement phase will be extended to products such as deferred lifetime annuities and group self-annuitisation products.

Death and Taxes

It has been said that "Nothing is certain but death and taxes." We have shared information about taxes so here are some things to ponder about Death.

Reversionary Pensions and Death

The bulk of drawings from superannuation is in the form of Account based pensions and not lump sums. Basically this means that the member reaches say 60 and requests of the Trustee that their members balance be moved into Pension phase and thus a pension commences. The earning on the monies within the fund used to pay the pension (which may soon be limited to \$1.6M) are tax free, as is the pension itself.

At some stage the member will die. Ever wonder what happens to that pension and the funds being used to pay that Pension?

One of the possibilities is that it can be redirected (reverted) to a Dependant (say a spouse) who becomes a Reversionary Beneficiary.

The good news is that the tax free status of the Pension continues to be enjoyed by the Reversionary Beneficiary and the Superfund itself.

It would be a logical step to nominate the Reversionary Beneficiary at the time the original pension commences. However it can be done after the pension has commenced if done correctly and in compliance with the SIS Act.

The fate of the pension's Income earning Tax free status on death

Here is some good news!

Assume a situation where the fund is paying the Tax free Pension from tax free earnings and the Pensioner dies leaving no Reversionary Pension Beneficiary.

Providing your Trustee is able to get organised and ensures that the member's funds are paid out within 6 months the superfund continues to earn income tax free.

Matter of Death and Wills

Estate Planning

Part of your life planning should include death planning. Death planning is more comfortably defined as Estate Planning. A standard stock tool of Estate Planning is the Will. To capture your interest in this topic we have included some contemplations;

- For something as certain as death we plan for it so badly.
- Live your life like you will never die, but plan as though you will pass tomorrow.
- Part of your role as a parent is to leave a united family, to die without a Will is to invite family conflict and disintegration.
- Dying is something you need to do right the first time.
- Your Will allows you to communicate from the grave, why miss the opportunity?

As you would guess, having had close to 40 years in this profession, I have witnessed some unpleasant family outcomes in estate administration for which there was no need. I thought I would share of some tips with you to help ensure your final message from the grave is both valid and clear.

- It is best that your Will be drafted by a suitably qualified Solicitor but it need not be.
- The Will must appoint an Executor
- The Will must dispose of your property
- You must have the capacity to make a Will which includes being at least 18 years of age and have the mental capacity to make a Will. (there is no point in making a Will once you been diagnosed with Dementia)
- You must demonstrate your intension to make the Will and this intention needs to be evidenced by your compliance with the formalities in the Wills Act (1970).
- The Will must be in writing, have been witnessed in your presence by two witnesses who in turn sign the Will in your presence.
- Remember the making of a new Will revokes any earlier Will.

- Getting married or divorced after making your Will automatically revokes a Will.
- You can use your Will to establish a Testamentary Trust, where an entitlement can be held by a Trustee until a beneficiary of your Estate becomes entitled (say reaches the age of 18) .

To conclude on this, make it your new financial year resolution to make a Will. If you already have a Will revisit it to make sure it reflects your current intentions.

Additional Estate Planning Documents

Your Will "kicks in" on your death. Often there is a period in one's life between being mentally and physically fully functional and our demise. During this period, some useful documents can make life much easier for not only yourself but also those who will care for you.

The Enduring Power of Attorney: this document allows your Attorney the authority to make legal and financial decisions on your behalf even after you have lost the capacity to make these decisions regarding your own affairs.

Enduring Power of Guardianship: this document grants the Guardian the authority to make personal, lifestyle and treatment decisions on your behalf for any period in which you are incapacitated.

Advance Health Directive: this document contains treatment decisions in respect of your future treatment. This document can be very specific in terms of the types of medical treatment and care to which a person does or does not consent. It is interesting to note that when it comes into play it over rides the Enduring Power of Attorney and Guardianship

Mutual Wills Agreement: this agreement is a contract where a couple have agreed not to revoke their Wills or not to substantially alter the way in which they distribute their joint assets. This agreement is useful in the case of blended families and stipulates that the survivor has use and enjoyment of the joint assets during their life but on their death, must deal with the joint assets as agreed. As a safe guard, once the first party dies the mutual Wills agreement becomes irrevocable.

Binding Death Benefit Nomination: the money you have in superannuation is an asset which is outside of your estate. A Binding Death Benefit Nomination directs that your death benefits be paid to a person of your choice or to your estate to be dealt with in accordance with your Will.

Companies: Division 7A Loans and Deemed Dividends (this one is important and is included every year lest you forget!)

Where you carry on your business in a company structure you enjoy a 30% company tax rate (soon to be 28.5%). As long as you leave the net after tax profits in the company there is no further tax to pay. If you draw the money out as a franked dividend then it comes with a 30% tax credit and you pay the difference between the 30% and whatever your tax rate is. If your tax rate is less than 30% then you get a refund of some of the tax the company has paid. All good. But if you just reach in and take those company profits without recognising the amount as a dividend, then you are in effect borrowing company funds without having paid any extra tax.

Thus before you take this money you need to ensure that you have in place a complying loan agreement where you agree to pay the money back to the company. In the absence of that complying loan agreement you are deemed to have taken an unfranked dividend and you have lost your 30% Franking Credit (i.e. the 30% tax the company has paid). The moral of the story is company profits are not your profits and should only ever be taken as a Dividend (preferably franked), as wages or under a properly structured loan agreement. If you have broken the rules contact us and we will assist to make it right.

CHECKLIST & HOW CAN WE HELP YOU

There was so much to tell and so little space to tell it. So by popular demand, we included an extra page for the checklist. We also set out a new page on the reverse of the checklist, headed "HOW CAN WE HELP YOU".

If you wake up in the middle of night in cold sweat and say to yourself "I wish I could talk to someone about this commercial problem", jot it down on the form and share it with us.

FINANCIAL PLANNING

There are items in this Newsletter that are of the nature of Financial Planning but none of which should be seen other than as General Advice. Just for completion and compliance the following should be noted;

Lane Taylor is a Director of L.P.R. Taylor Financial Services Pty Ltd of 5 Sayer Street, Midland WA 6056 and is an Individual Authorised Representative (No. 346050) of Dover Financial Advisers Pty Ltd (AFSL No. 307248) of 71 Tulip St, Cheltenham VIC 3192

CONCLUSION

This Newsletter as with the operation of the office itself is made possible by the combined efforts the whole Team. For those of you who either by reading or skimming this newsletter have got to the end, well done. Thank you for sharing it with us. If there is anything on which you would like further information then please contact us either by email: info@lprtaylor.com.au or by telephone: (08) 9274 6944. Finally copies of earlier Newsletters are on our Website at www.lprtaylor.com.au

Please note this Newsletter should be taken as a guide only and none of the comments contained in this letter are intended to be taken as advice and this Newsletter is for the exclusive use of the clients of L.P.R Taylor & Associates Pty Ltd.

Kind regards,

Lane Taylor and the team

HOW CAN WE HELP YOU

Complete this form and fax / email it back to us. Our fax number is (08) 9274 3011 and email address is info@lprtaylor.com.au

Name: _____ Company: _____

Telephone: _____ Email: _____

ESTABLISH YOUR OWN BUSINESS

Business Structure (i.e. Sole Trader / Partnership / Company / Trust)

- Explain the difference of each business structure.
- Analyse the advantage and disadvantage of each structure.
- Help you to choose the best structure that suits you.
- Provide you guidance with your business plan.

Business Registration

- Company Formation and prepare all required documents that the ASIC needs.
- Business Name Registration.
- Apply for A.B.N. & T.F.N.
- GST Registration.
- Fringe Benefits Tax Registration.
- Payroll Tax Registration.

Buying an Existing Business

- Analyse Seller's Financial Statements.
- Valuation of Goodwill.
- Calculate the amount of Duty.
- Valuation of Inventory.

Other Services

- Preparing an effective business plan.
- Prepare financial reports for bank.
- Prepare budget for cash flow statement.
- Provide support on accounting systems.
- Explain what your tax and legal obligations are (including Workers Compensation Insurance, Wages, Superannuation, PAYG Withholding etc.)

I would like further information and advice on the following: (please tick)

- How I can improve my business performance and profitability.
 - Better strategic planning for the future of my business.
 - How your Company Secretarial services can offer me peace of mind.
 - Making my estate tax-efficient for my heirs.
 - Tax-efficient investments and savings.
 - How will the Government Budget affect me / my business?
 - Minimising capital gains tax legally.
 - Retirement planning.
 - I would like to know more about the following areas:
-
-

PRE-APPOINTMENT CHECKLIST 2015/2016

INDIVIDUAL DETAILS:

- PAYG Payment Summaries
- PAYG Payment Summary - Employment Termination Payment
- PAYG Payment Summary – Superannuation Income Stream / Lump Sum
- Pensions & Other Social Security Certificates / Documentation
- Bank Statements / Passbooks (*Detailing Interest Earned*)
- Dividend and Re-investment Statements
- Partnership & Trusts Taxable Distribution Statements
- Share Trading Statements (*i.e. Buy & Sell Contracts*)
- Rental Property Income & Expenses
- Rental Property Depreciation Report
- Buying or Selling Contract / Final Settlement Statements/ Offer & Acceptance Forms. Re; Purchase / Sale of Property
- Details of Personal Property Sold (if acquired for \$10,000 or more) e.g. Antiques Jewellery Art etc.
- Receipts for Work-Related Expenses
- Motor Vehicle Logbook
- Travel Diary
- Business / Private Use Diary
- Receipts for Donations
- Medical Receipts –We know this in on the way out for all but some (Note the threshold and rate now varies- Robbing the rich stuff)
- Private Health Insurance Statement
- Superannuation Contribution Documentations
- Zone & Overseas Forces Rebate
Location: _____
No. of Days: _____
- Medicare Exemption / Reduction Certificate
- HECS Statement
- Family Information (Spouse's & Child's - Name, TFN, DOB & Taxable Income)

BUSINESS DETAILS:

- Cashbook / Computer Disks / USB (e.g. MYOB or Quickbook file)
- Cheque Butts & Deposit Books
- Summary of Cash Income Not Banked
- Summary of Cash Expenses Not Recorded in accounts
- Bank Statements
- Bank Reconciliation Statements
- Loan Statements
- Loan, Lease, Chattel Mortgage & Hire Purchase Agreements
- Details of Income Invoiced, but not received at 30th June (Debtors)
- Details of Expenses Invoiced, but not yet paid at 30th June (Creditors)
- Valuation of Stock at 30th June
- Details of Livestock Numbers:
Sales: _____
Killed (Rations): _____
Deaths: _____
Closing Stock: _____
Purchases: _____
Births: _____
- PAYG Payment Summaries
- PAYG Payment Summary Reconciliation
- Superannuation Summary
- Motor Vehicle Details & Logbook(s)
- Motor Vehicle Odometer Readings at 31st March & 30th June
- Buying or Selling Contract / Final Settlement Statements/ Offer & Acceptance Forms Re: Purchase/Sale of Business
- Personal Services Income (if applicable)
- Annual GST Returns
- Insurance Invoices & Statements