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Newsletter

March, 2011

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Paid parental leave scheme

The Government's Paid Parental Leave scheme started on 1 January 2011. Employees with a child born or adopted on or after 1 January 2011 can take 18 weeks of paid parental leave at the national minimum wage, which is currently \$570 a week before tax.

Full-time, part-time, casual, seasonal, contract and self-employed workers may be eligible.

Employers' participation in the scheme is voluntary until 30 June 2011 (if an employer does not agree to participate, the employee will receive the payment from the Family Assistance Office (FAO)).

From 1 July 2011, employers must provide parental leave pay to their eligible employees who have been with their

business for at least 12 months before the expected date of birth or adoption of their child.

The FAO will provide employers with funds to pay parental leave to their employees. They will also contact employers to start this process.

Employers just have to provide the parental leave pay to their employee with the usual tax deducted.

Employers will not need to make super contributions on parental leave pay. Also, it will not increase employers':

- payroll tax liabilities; or
- workers compensation premium liabilities.

Clients requiring assistance should contact our office.

Tax Office data matching program – building industries

The Tax Office has commenced another data-matching program. The ATO will request and collect names and addresses of entities within the building, construction and ceiling insulation industries.

It will collect the information from a range of government departments, such as the Department of Education and Training, as well as the following businesses:

- Richard Crookes Constructions Pty Ltd;
- Abigroup Limited and Abigroup Contractors;
- Bovis Lend Lease;
- Brookfield Multiplex;
- Hansen Yuncken Pty. Ltd.;
- Laing O'Rourke; and
- The Reed Group.

The information will be electronically matched with ATO data holdings to identify non-compliance with lodgement and payment options.

www.akw.com.au

Flood Relief for affected businesses

The Rural Assistance Authority has details of natural disaster relief on its website. Clients are able to access grants of to \$15,000 and loans of up to \$130,000 to assist after the Nov/Dec storm and flood damage in the area. Below are closing dates for this area.

December 2010	Floods	Mid-Western Region, Weddin, Wellington, Warrumbungle, Cootamundra, Coonamble, Harden, Young, Gundagai, Cabonne, Dubbo, Wagga Wagga, Parkes, Warren, Upper Lachlan, Narromine, Gilgandra, Narrabri, Walgett, Upper Hunter, Yass, Lithgow, Muswellbrook, Cooma-Monaro, Boorowa, Gunnedah, Bathurst, Forbes, Queanbeyan, Palerang, Orange, Tumut, Liverpool Plains, Goulburn Mulwaree, Cowra, Coolamon, Tamworth, Moree Plains, Bogan, Corowra, Urana, Greater Hume, Wentworth, Wakool, Snowy River, Tumbarumba, Balranald, Blayney, Narrandera, Bourke, Brewarrina, Murrumbidgee	30 June 2011
2 December 2010	Hailstorm	Tumbarumba (Willigobung)	2 June 2011
19 November 2010	Hailstorm	Tumut (Adelong, Batlow)	19 May 2011

More details can be found at <http://www.raa.nsw.gov.au/assistance/natural-disaster-relief/declarations>

Flood Levy proposed

The Government intends to introduce a temporary flood levy in the 2011/12 financial year, to assist with part of the costs of rebuilding infrastructure following the recent floods.

It is proposed that the levy will not be paid by those affected by the floods or by lower income earners, and will apply only in the 2011/12 financial year.

The rate of the levy will depend on a taxpayer's taxable income (TI) as follows:

- anyone with a TI under \$50,000 will not pay the levy;
- those with a TI between \$50,000 and \$100,000 will pay 0.5 per cent of TI in excess of \$50,000; and
- those with a TI over \$100,000 will pay 0.5 per cent of TI in excess of \$50,000 and 1% of TI in excess of \$100,000.

Examples

An individual taxpayer on average annual adult full-time total earnings and TI of \$68,125 will pay an extra \$90.63 in tax (i.e., $(\$68,125 - \$50,000) \times 0.5\%$).

An individual taxpayer with TI of \$120,000 in 2011/12 will pay an extra \$450 in tax (i.e., $(\$120,000 - \$100,000) \times 1.0\% + (\$100,000 - \$50,000) \times 0.5\%$).

Super Funds: ATO targets loans and in-house assets

In selecting cases for audit this year, the ATO will focus on superannuation funds with repeated contraventions of the rules regarding loans and in house assets (IHA) (i.e., related party assets).

Loans

The ATO has found that many members have viewed their self managed super fund as a quick and easy source of temporary (or, in some cases, semi-permanent) funds, particularly during the global financial crisis.

Borrowing money from your super fund is a strict no-no, and is one of the contraventions that the ATO will be taking a long, hard look at this year.

Breaches of IHA rules

In relation to breaches of the IHA rules, the ATO has found that trustees have again been using their retirement benefits to support related businesses and are clearly exceeding the 5% limit.

Consequences

Trustees must be careful not to breach these rules as non complying funds lose access to concessional tax treatment: their income as well as their total assets (less any member contributions for which no tax deduction has been claimed) are taxed at the highest marginal tax rate, until the ATO reinstates their complying status.



50% Tax Break deduction under new Green Buildings scheme

The Assistant Treasurer has released a public consultation paper regarding tax breaks for redevelopments that substantially improve the energy efficiency of existing buildings.

From 1 July 2011, the Tax Breaks for Green Buildings scheme will offer businesses that invest in eligible assets or capital works to improve the energy efficiency of their existing buildings – from 2 stars or lower to 4 stars or higher – the ability to apply for a one-off bonus tax deduction of 50% of the cost of these improvements.

For further information see www.climatechange.gov.au

Changes to Trust Laws

The Assistant Treasurer has announced that the Government will update Australia's trust taxation laws as a result of the recent High Court decision in the case of Bamford, which highlighted ongoing discrepancies between the treatment of trust income by trust laws, on the one hand, and by the tax system on the other.

A public consultation process will be the first step toward updating the trust income tax provisions to ensure that the net taxable income of a trust is assessed primarily to beneficiaries.

The updates will not include the taxation of trusts as companies, which would be a major departure from the current law.

Changes for farmers with trusts

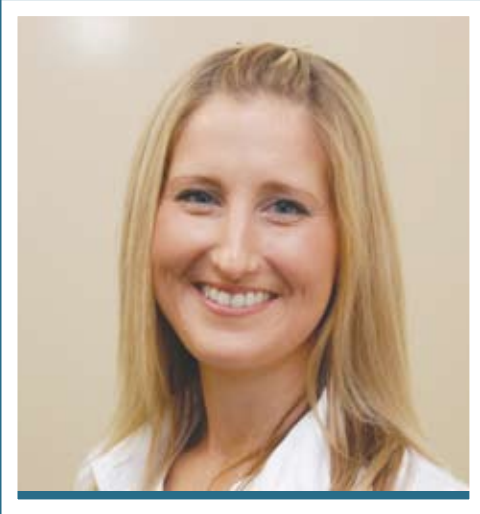
The Government also announced that it plans to introduce amendments before 30 June 2011 so that beneficiaries of trusts carrying on primary production activities can continue to use the primary production averaging and farm management deposits provisions in a loss year.



Please Note: Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances.

Staff Profile - Angela Cutler

AKW accountant, Angela Cutler, who was born and raised in Wagga Wagga, completed her Higher School Certificate at Trinity Senior High School and started her career off in sales.



However, she soon realized her passion was in accountancy and enrolled as an external student in a Bachelor of Accounting Degree at Charles Sturt University which included a joint study in Financial Planning.

Four years ago Angela took up a position with AKW working with AKW Partner, Michael Wakeling, in the company's tax and business services division.

Angela has since graduated from CSU and is now undertaking her next round of study to attain Chartered Accountancy qualifications.

Two years ago Angela married her husband, Trent, a Wagga Wagga businessman, who works in her family's business, Chambers Whyte Design and Print.

Whilst study has taken up much of Angela's time over the past few years she does enjoy a number of hobbies including cooking, reading, socializing and keeping fit.

ATO helps full-time students claim study deductions

The fact that the ATO has accepted that the High Court decision in the case of Anstis means that taxpayers may be eligible to claim a deduction for their study expenses if they received youth allowance to study full-time.



Tax Commissioner Michael D'Ascenzo said that the ATO will amend tax assessments of eligible taxpayers to include a tax deduction for study expenses for the 2007, 2008, 2009 and 2010 income years.

"We will issue amended assessments to include a deduction of \$550 for each year you are eligible. These deductions represent amounts that people who receive youth allowance would reasonably have incurred."

Where students believe they have incurred expenses of more than \$800 (the first \$250 of education expenses is not deductible), they can seek an amendment for that higher amount, if they have records to support their claim.

The ATO will be writing to eligible taxpayers between 1 March 2011 and 30 April 2011. If you don't get a letter by 30 April when you think you should, contact us and we'll try to sort it out.

