

## HECS - HELP Benefit 2009

The HECS-HELP benefit aims to encourage graduates of maths or science undergraduate courses of study to take up employment in specified occupations and to encourage early childhood education teachers to work in specified locations including rural and regional areas, Indigenous Australian communities and areas of socio-economic disadvantage.

The benefit is not a cash payment. It is a benefit which you need to apply for annually to reduce your compulsory HELP repayment or accumulated HELP debt.

For eligible maths or science graduates, the benefit of up to \$1500 in the 2008-09 income year will reduce:

- The amount of your compulsory HELP repayment as shown on your income tax notice of assessment, resulting in a reduction to your accumulated HELP debt.

For eligible early childhood teachers, the benefit of up to \$1600 in the 2008-09 income year will reduce:

- The amount of your compulsory HELP repayment as shown on your income tax notice of assessment, resulting in a reduction to your accumulated HELP debt, or
- Your accumulated HELP debt

You can apply for the benefit from 1 July 2009 for the 2008-09 income year.

You may apply for the benefit each year you are employed (up to a maximum of 52 weeks) in an eligible occupation, with a total lifetime claim of 260 weeks.

Application forms and eligibility criteria are available from this office or the Australian Taxation Office website ([www.ato.gov.au](http://www.ato.gov.au)).

### OFFICE CLOSURE

We wish to advise that our offices will be closed for the Christmas/New Year period. We will close 5pm Wednesday 23rd December and re-open Monday 4th January 2010 (Griffith re-opens January 13). The Partners and Staff of Adams Kenneally White would like to take this opportunity to wish all our clients a very happy and safe festive season.

## Personal Insurance

**When did you last review your personal insurance policies?**

**Are they still appropriate for your personal situation?**

Quite often people establish personal insurances such as Life Insurance or Trauma Insurance to meet their needs at that time, but they do not revisit their requirements for many years. Insurance premiums can be expensive, so make sure what you are paying for is appropriate for your needs!

Your circumstances can change. You might get married, have children, buy a home or pay off all your debt. These are key times to have an insurance review. This should be done with your adviser to make sure that all bases are covered.



**When did your adviser last check your insurance needs?**

**Do you have regular contact with your adviser?**

**Are you paying for cover that is not suitable for your circumstances?**

**Is your insurance set up in a tax effective manner?**

Call our office to make a no obligation free appointment to review your current insurance, and Peter Hastie will provide you with an assessment and any recommendations we feel may be of benefit to you and your family.



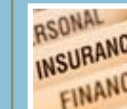
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**AKW**  
CHARTERED ACCOUNTANTS

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### Interest free ATO payment arrangements

Businesses with an annual turnover of less than \$2m and an activity statement debt can apply for an interest free payment arrangement from now until 30 June 2010.

Interest will be remitted for a maximum period of 12 months, provided the payment arrangement is maintained.

There is no limit on the amount of debt under arrangement.

#### Who is eligible?

To be eligible a business must:

- have an annual turnover of less than \$2 million;
- have an activity statement debt; and
- negotiate a mutually acceptable and sustainable payment arrangement with the Tax Office that is entered into between 1 June 2009 and 30 June 2010.

Please contact us to discuss this further if you think this would be of benefit to you.

## Christmas/year end parties and gifts

The year end is on the way and many employers will be planning to celebrate Christmas with their annual year end "bash". In addition, many businesses will be considering what gifts, if any, they will provide to clients and employees.



An important issue to consider is the possible FBT and income tax implications of providing "entertainment" to staff and clients.

One major consideration is the "less than \$300" minor benefit exemption and the fact that the Tax Office now accepts that different benefits provided at (or about) the same time are not added together when applying this threshold.

This means that a Christmas party and gift may be exempt from FBT, even if provided at the same time, as long as each costs less than \$300!

#### Gifts which ARE NOT entertainment – generally include:

- A Christmas hamper, a bottle of whisky, wine, etc.; and
- Gift vouchers, a bottle of perfume, flowers, a pen set, etc.

#### Gifts which ARE entertainment – generally include:

- Tickets to attend a theatre, live play, sporting event, movie or the like; and
- A holiday airline ticket or admission ticket to an amusement centre.

If you would like further information please contact us.

**AKW** wishes all our clients a very Merry Christmas and a prosperous 2010



## Reforms To Income Tax

From 1 July 2009 new income tests have applied for certain tax offsets and government benefits. These new income tests will not affect your taxable income, however, they may affect the amount of tax you pay, benefits you receive from Centrelink or child support payments.



There are a number of new income tests. In general, amounts such as reportable superannuation contributions, net investment losses and tax free pensions will be added to your taxable income. This new 'Adjusted Taxable Income' will be used to determine your eligibility for tax offsets and government benefits.

Some of the tax offsets that will be affected will be Senior Australians Offset, Mature Age Workers Offset and Spouse Offset. Other payments and liabilities affected are HELP and SFSS repayments, eligibility for the Superannuation co-contribution, Medicare Levy Surcharge, Family Tax Benefit Payments as well as other Centrelink benefits.

If you think you might be affected by the new income tests you should contact us to discuss the changes.

## Investing in Index Funds....What are they, and where do they fit in your investment portfolio?

An index fund is a group of securities that represent a portion of a market. For example the ASX200 index is the top 200 stocks by market capitalisation on the Australian Stock Exchange.



One way to obtain a diversified portfolio of shares is to invest in an index fund such as the ASX200. By using this type of fund your investment return will be similar to the performance of the ASX200 because your investments are very similar to the shares that make up the ASX200 index.

There are many advantages to using this type of approach to investing:

1. Compared to many other managed funds they are significantly cheaper to operate because they have very low transaction costs due to lower turnover of share trades, this in turn makes them more tax efficient from a capital gains perspective.
  2. Simplicity – Index funds take the guesswork out of investing because you are following the broad market with one diversified low cost investment.
  3. Reduced Manager Risk – Index funds rely more on a process rather than relying on the skill of a fund manager to constantly select stocks to outperform the market, therefore reducing the risk of poor stock selection.
- Although index funds should not make up your entire portfolio, they are an excellent way of providing low cost diversification to your investments. Call our office to make a free, no obligation appointment to discuss your investments.

This advice has been prepared without taking account of your objectives, financial situation or needs. Before you act on the advice, you should consider whether it is appropriate to you, having regard to your objectives, financial situation and needs

AKW Financial Services Pty Ltd is a Corporate Authorised Representative of Meritum Financial Group Pty Ltd (Australian Financial Services Number 245569).

## Lodgement Deadlines

Lodgement deadlines for the majority of our clients are in May 2010. It would be appreciated if you could please keep this in mind when dropping in your 2009 work for preparation, particularly if you have a self managed superannuation fund.

It would be much appreciated if clients with SMSF's could get their work in as early as possible in the New Year to ensure there is enough time available for both the preparation of the financial statements and the audit. If you have any concerns regarding deadlines please do not hesitate to call.

## Legislative Update - BAS Agent Registration

*Are you a bookkeeper? Do you use the services of a bookkeeper?*

If you answered yes to either of these questions we have some important news for you. In the past fortnight a package of legislation titled the Tax Agent Services Regulations 2009 has been made law. In brief these regulations establish new laws regarding registration and regulation of those who provide BAS services for a fee.

*How will these new regulations affect you?*

Below is some information to assist you to determine if these new laws will affect you or someone who provides you with bookkeeping services.

- If you do bookkeeping solely for your employer as an employee these new regulations do not capture you. Therefore those who employ people who perform bookkeeping as part of their employment have no need to register these employees as BAS agents.
- If you perform bookkeeping duties for a client and they rely on someone else for advice and assistance to fulfil their BAS obligations, for example AKW; then you are not required to register under these new laws.
- If your bookkeeping duties involve only data entry and you DO NOT complete the BAS form or provide the information that is used to complete the form or lodge the BAS; you do not need to register.

You will more than likely be required to register if you:

- Charge a fee for providing BAS services.
- Prepare the BAS form for your client.
- Provide the information that goes onto the BAS form.
- Lodge the BAS to the ATO.
- If you at all advise your client about GST, BAS's or tax related topics.
- If you create tax invoices or apply GST settings in client's software packages.

BAS agent registration is due to become effective in early 2010, therefore if after reading this you feel that you may need to register or you would like some more information; logon to [www.tpb.gov.au](http://www.tpb.gov.au), the Tax Practitioner Board's website. The Tax Practitioners Board has been established to enforce these new regulations.

## Don't miss the Small Business and General Tax Break Deadline

Business need to act by 31 December 2009 if they wish to take advantage of the small business tax break.

Do I qualify for the tax break?

To qualify for the 50% tax break, you must:

- be a small business (have an annual turnover of less than \$2 million);
- buy an eligible asset between 13 December 2008 and 31 December 2009;
- meet the \$1,000 minimum threshold;
- use or install or improve the asset by 31 December 2010;
- use the asset principally for business in Australia, and be able to claim a deduction for the asset's decline in value.

You will qualify for the 10% tax break if you:

- are a business with an annual turnover of \$2 million or more;
- buy an eligible asset between 1 July 2009 and 31 December 2009;
- meet the \$10,000 minimum threshold use or install or improve the asset by 31 December 2010;
- use the asset principally in Australia for business; and
- can claim a deduction for the asset's decline in value.

If you are contemplating the purchase of new equipment or vehicles to take advantage of this incentive you should contact us to discuss your individual circumstances.

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.

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