

# Rental Properties – Travel Expenses

What travel expenses can taxpayers with a rental property claim?

Taxpayers can claim:

- ✓ Preparing the property for new tenants (except for the first tenants);
- ✓ Inspecting the property during or at the conclusion of tenancy;
- ✓ Undertaking repairs, where those repairs are a consequence of the damage or wear and tear incurred while the property is rented;
- ✓ Maintenance of the property, such as cleaning and gardening, while it is rented or available for rent;
- ✓ Collecting the rent; and
- ✓ Visiting their agent to discuss their rental property.



## Domestic travel requiring an overnight stay

A rental property may be located so far from where a taxpayer lives that it would be unreasonable to expect them not to stay overnight near the property when making an inspection.

Where an overnight stay is involved, they would be entitled to claim for meals and accommodation.

If this is the sole reason for the trip, they are entitled to claim a deduction for travel expenses incurred in travelling to the rental property.

## TUMUT REGION BUSINESS AWARDS

The Tumut Regional Chamber of Commerce will hold its Business Awards dinner May 25th. We suggest you save this date as the evening will prove an excellent networking event and provide valuable recognition for the businesses nominated. If interested in nominating, please phone the Chamber on 0488 111 617.

# Varying Your Pay As You Go (PAYG) Instalments

Many of our clients who have businesses and/or investment income are subject to the ATO's pay as you go instalment system. This system is a way for the ATO to collect tax throughout the year instead of a lump sum at the end.

Generally these instalments are based on the last assessed income tax return, however this may not always be a fair indication of the current year's business and investment activities. Do you have the ability to vary these instalments?

The answer to this question is YES. Your instalments can be varied either up or down depending on the circumstances. There are a couple of items to note regarding variations of instalments.

- Once an instalment is varied the remaining instalments will be at the revised rate. If this is not appropriate the instalments can be varied again.
- If you do vary your instalment and at the end of the financial year you have paid less than 85% of your tax liability in instalments the ATO can charge you interest. If you consider it appropriate to vary your next instalment, please contact our office for assistance.



**Phishing Scam**  
Don't get caught out

Page 2



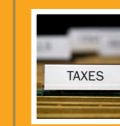
**Income Protection**  
Are you covered?

Page 3



**Travel Expenses**  
What taxpayers with a rental property can claim

Page 4



**PAYG**  
How to vary your instalments?

Page 4



# Newsletter

April, 2010

Issue 3

## Contributions Caps

### Superannuation Concessional Contributions Cap

Employers and certain individual taxpayers are entitled to a full deduction for contributions made to a complying superannuation fund if certain conditions are met.

Employer contributions and deductible personal contributions are assessable income of the recipient fund and are "concessional contributions".

A person is liable to pay excess contributions tax if the concessional contributions made by or for the person exceed the concessional contributions cap for the year.

Currently this cap is \$25,000. A higher transitional cap applies to persons aged 50 or over.

### Transitional Concessional Contributions Cap

Until the 2011/12 financial year, a taxpayer who is aged 50 or over on the last day of a financial year is eligible for a transitional concessional contributions cap of \$50,000p.a.

### Non-Concessional Contributions Cap

Non-concessional contributions are generally personal superannuation contributions for which no tax deduction is claimed and which are not included in the assessable income of the recipient superannuation fund.

Currently this cap is \$150,000. In some circumstances

this can be increased by 'bringing forward' 3 years so increasing the cap to \$450,000. A person is liable to pay excess contributions tax at the rate of 46.5% if the person's non-concessional contributions exceed the cap for the year.

Please contact us if you are making large contributions to Superannuation to ensure these CAPS are not breached.

## Extension to Interest Rate Subsidy

The Federal Government has extended the Exceptional Circumstances assistance which was due to expire on 31 March 2010 in the Braidwood, Condobolin, Condobolin-Narrandera, Dubbo, Forbes, Goulburn, Yass, Gundagai, Hay, Western Division, Molong, Nyngan, Riverina, South West Slopes and Plains areas to 31 March 2011.

The area of Hume (including the towns of Khancoban and Tumbarumba) was not extended past 31 March 2010 due to improved conditions.

Applications for Interest Subsidy for the period ended 31 March 2010 should be completed urgently. The final date for lodgement of these applications is 28 April 2010.

For all your AKW news visit  
[akw.net.au](http://akw.net.au)



## Sophisticated 'Phishing' Scam Promises Tax Refunds

The Assistant Treasurer has warned Australians of a new email phishing\* scam using the lure of a tax refund to try to steal private information.

*Note(\*): Phishing: To request confidential information over the Internet under false pretences to fraudulently obtain credit card numbers, passwords, or other personal data.*

"This particular scam is quite sophisticated and uses convincing fakes of what could be easily mistaken for Australian Tax Office web pages," he said.

"The email claims to be from the ATO and shows a fake Tax Office email address as the sender."

The email uses the Tax Office logo and includes the words 'Tax refund' in the subject heading.

The email asks people to enter their email, name and date of birth to search for any refund owing, which then directs them to a bogus Tax Office website and asks for personal and credit card details.

"Anyone who has already entered their credit card information into the bogus site should immediately report it to their credit card provider."

## Tax Planning Time

As the end of the Financial Year is only a few months away it is appropriate to review your financial situation so that there is time to take any necessary action to manage your tax position before year end. It would be advisable to discuss this with us after the completion of your March BAS.

## Support For Adult Australian Apprentices

From 1 January 2010 the Australian Government is offering support for adult apprentices. The support is available to apprentices aged 25 years or more at commencement who are completing a Certificate III or IV level course in an industry identified on the National Skills Needs list.

The list includes a range of industries from Carpentry and Plumbing through to Hairdressing and Sign-writing. The maximum support available is \$7,800 in the first year and \$5,200 in the second year. For further information please do not hesitate to contact us.

## Fair Work Act

From 1 January 2010 new National Employment Standards apply, as well as the commencement of "modern awards".

### **What does this mean for your business?**

It means that sole traders and partnerships in NSW are now covered by this national system rather than their own specific state system that applied previously.

There have been a number of changes in regard to the Fair Work Act and we suggest you contact us to discuss how the changes impact your business.

## Motor Vehicle Expenses Log Book Method

For many clients it may have been some years since a log book has been completed to substantiate the business or work related use of their car.

If it has been over five years since you have completed a log book, or your business use has varied significantly, please complete a new logbook.

You need only record the use for 12 weeks, so if you commence on 1 April 2010 this logbook will be effective for this current financial year.

For more information on the log book requirements please contact us or visit <http://www.ato.gov.au/individuals/content.asp?doc=/Content/33886.htm>

## You Insure Your Car, But What About Your Income?

If you are age 40, earn an annual income of \$80,000 and are looking to retire at age 60 you will earn approximately \$1.6 million in that time.



Have you had your policy reviewed in line with your current level of income? Peter from AKW Financial Services Pty Ltd offers a no obligation review of your insurance policies. Make an appointment to see Peter by phoning 02 6937 7900.

*The information provided above is general in nature and has been prepared without taking into account your personal objectives, financial situation or needs. Before you act on any of the above information, you should consider whether it is appropriate for 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).*

If you are husband and wife with a similar scenario, that's an income in excess of \$3 million.

### **THAT IS WORTH INSURING!**

Income Protection can provide you with an income until you reach age 65 should you become ill or injured.

Insuring your capacity to earn an income is also **Tax Deductible**.

If you have an Income Protection policy, when was it last reviewed?

## ATO SuperSeeker

People changing jobs, addresses and names without notifying their super fund has led to a large volume of funds within the superannuation system which is referred to as 'Lost Super'.

The ATO keeps a database of lost super accounts and has developed a tool for the public to use which allows them to perform a search for any 'lost super' that may be in their name.

There are 3 ways that you can search for Lost Super:

- ONLINE – [www.ato.gov.au](http://www.ato.gov.au)
- PHONE – 13 28 65 (have your tax file number handy)
- PAPER – please contact our office for a copy of the form

The quickest and most effective way of searching is using the SuperSeeker tool on the ATO's website. So have a look today, you may find that you have some 'Lost Super'.

## News in Brief...

### **Wages Tax Withholding Tables**

The Australian Taxation Office will no longer be sending out paper copies of the tax tables used for calculating withholding tax from wages paid. The tables are available from:

- [www.ato.gov.au](http://www.ato.gov.au)
- From newsagents
- By mail (when ordered by phone or web)
- Or contact us

### **Interest Free Payment Arrangements**

Businesses with an annual turnover less than \$2 million have until 30 June 2010 to request a 12 month general interest charge (GIC) free payment arrangement for Australian Taxation Office debts.

Please note that conditions apply and if you would like us to establish this arrangement please contact us.

### **Reportable Super Contributions**

Employers are now required to include reportable superannuation contributions at the new label on PAYG payment summaries for employees.

Reportable super contributions are employer contributions that exceed the 9% Super Guarantee contributions. This will include salary sacrificed amounts and any self employed contributions that are claimed as a tax deduction.

From 1 July 2009, any reportable superannuation contributions will be included as income for Centrelink purposes and used to work out family assistance benefits.

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