



# ML | Partners Pty Ltd

COMBINING ACCOUNTING & WEALTH MANAGEMENT

## Practice Update

Please read this update and contact this office if you have any queries

SEPTEMBER 2013

Welcome to the first edition of the ML Partners Pty Ltd Practice Update.

With our recent practice restructure, and the start of the new tax season, the beginning of the 2013-14 financial year has been hectic to say the least! Thanks to all continuing and new clients for your support during this time. We thought we would begin our first newsletter by introducing the ML Partners Pty Ltd team:

### Home Hill Office



L-R: Alaina Dale, Carly Caspanello, Monica Bauman, Jenna Ryder, Tianna Previtera, Peter McKaig, Dave Catanzaro, Kim Corica, Lisa Bandiera, Susan Catanzaro, Carmel Fiamingo, Lyn Luck (Absent: Chris Holden).

### Ayr Office



Back Row L-R: Mavis Paige, Julie Botteon, Simon Davies, John Licciardello, Brett Butler, Shannon Musumeci, Sherell Lando Middle Row L-R: Melissa Boulter, Danielle Aguirre, Fiona Christensen, Bhree Jensen Front Row L-R: Cassandra Rossow, Sarah Ziliotto, Grace Mottin (Absent: Jodi Gudge).

### Staff Appointments

The Ayr office has recently welcomed Jodi Gudge to the ML Partners team. Jodi was previously working as an accountant at WHK in Townsville. Jodi has completed her degree and is currently completing her CPA program. Welcome Jodi!

### Cairns Office

We now have a visiting office at Suite 22, Second Floor, Woree Business Centre, 12 Toogood Road, Woree. For appointments at this location, please contact the Ayr or Home Hill Office.

### Townsville Office

ML Partners now has a visiting office in Townsville which conveniently is the old Land McKaig Townsville office. Since the restructure of Land McKaig, the Townsville office has been vacated and the new lessee is NQIB of which John McKaig (Peter's brother) is a director and joint shareholder.

NQIB have been kind enough to lease ML Partners Pty Ltd an office and also allow ML Partners' clients to drop off and collect information from the office situated at 2/163 Charters Towers Road, Hermit Park. We do ask if you could notify our staff if you have dropped information off to the Townsville office so we can ensure it is collected in a timely manner.

### The Election is over! What to expect from a Coalition Government

Now that Tony Abbott has given his acceptance speech, let's take a look at what was promised and what sort of impact we can expect a Coalition Government to have.

## The Coalition's Tax & Superannuation Plans

Some of the tax and superannuation policies the Coalition took to the election include:

- Reducing the company tax rate by 1.5% to a new rate of 28.5%;
- Expanding the paid parental leave scheme to provide working women their full salary for six months (*Note that they intend to partly fund this by a 1.5% levy to be imposed on businesses with taxable income exceeding \$5 million, so their tax rate will effectively remain at 30%*);
- Reject Labor's \$1.8 billion FBT "hit on cars";
- Defer by two years the increase in compulsory employer-funded superannuation;
- Protect the rights of independent contractors and the self-employed, and will not change current laws relating to the treatment of personal services income; and
- Abolish the carbon tax and mining tax and a series of related measures funded by the mining tax including:
  - The loss carry-back scheme
  - The instant asset write-off increase
  - Accelerated depreciation for motor vehicles
  - Phasing down of interest withholding tax on financial institutions
  - Schoolkids Bonus
- Small business SG payments admin - give small business the option to remit compulsory superannuation payments directly to the ATO.
- SG paid during parental leave - superannuation contributions paid while women are receiving paid parental leave.
- Low income super contribution abolished – a Government payment to low income earners into their super funds of 15% of the concessional super contributions made. Payments were supposed to start flowing through from September 2013 after income tax returns are lodged.

- Inadvertent breaches of the contribution cap - develop an appropriate process that addresses all inadvertent breaches of the contribution caps where an individual can show that their mistake was genuine and the error would result in a disproportionate penalty.
- Minimum pension payments - Review of the minimum pension payment levels

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## ATO's 2013 Compliance Program

As usual, the ATO has released its annual Compliance Program, and following are some of the main 'highlights' that will attract their attention in the coming year, including:

- High **work-related expenses claims**, particularly those made by:
  - building and construction labourers, construction supervisors and project managers; and
  - sales and marketing managers;
- **Wealthy individuals** and people who may be using secrecy jurisdictions (i.e., tax havens) to avoid paying tax;
- **Employers** who intentionally try to avoid their tax and super obligations by **improperly treating workers as contractors** rather than employees;
- Small businesses that **overclaim concessions**, attempt to hide income and operate in the **cash economy**, and **claim CGT concessions** they are not entitled to;
- **Businesses with outstanding returns**, particularly trusts, partnerships and companies and entities with privately owned groups;
- **Fraudulent phoenix activity**, particularly by property developers; and
- **SMSFs** that misuse the concessional tax environment deliberately **or unintentionally**.

The ATO has also advised that they investigate **every time** an employee tells them that their employer has not paid their superannuation guarantee entitlement. The ATO will also specifically audit employers in the cafes and restaurants, carpentry services, and real estate services industries, due to these industries presenting a higher risk of employers not

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complying with their superannuation guarantee obligations.

In addition, more than 640 million transactions are reported to the ATO annually from sources such as banks, share registries, employers, merchants, states and territories and other government departments, and the ATO uses this information to detect people trying to avoid their tax and superannuation obligations.

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### **CGT: Keep the right records**

The ATO has reminded taxpayers that they should keep all records of purchases or acquisitions of assets that may be subject to CGT, and records relating to their sale or disposal, including details of the nature of the act, transaction, event or circumstance, how it resulted in a capital gain or loss, the date it occurred, and the parties involved. The records used to work out the amount of the capital gain or capital loss should also be kept, which may include:

- receipts of a purchase or transfer;
- details of interest on money borrowed relating to the asset;
- records of agent, accountant, legal and advertising costs;
- receipts for insurance costs;
- receipts for rates, land tax and stamp duty;
- any market valuations;
- receipts for the cost of maintenance, repairs or modifications;
- accounts showing brokerage on shares; and
- records from the previous owner – for example, for inherited assets.

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### **Car depreciation limit for 2013/14**

The ATO has advised that the car depreciation limit for the 2013/14 financial year is \$57,466 (unchanged from the 2012/13 year).

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### **Reasonable Overtime Meal Allowance Amounts – 2013/14**

The reasonable amount for overtime meal allowance expenses, where an allowance is paid under an award, order, determination, industrial agreement or a Commonwealth, State or Territory law, is \$27.70 per meal for 2013/14.

An overtime meal allowance (being an allowance paid for food and drink in connection with overtime worked) which does not exceed the reasonable amount does not need to be shown on the payment summary, and the employee may not need to show it on their tax return if it has been fully spent on deductible expenses.