



CAUNT AND LOWBEER

Chartered Accountants

NEWSLETTER - SUMMER 2010/2011

TAX AND BUSINESS NEWS

Summer is here and it is usually a time of concern for bush fires around the country.

Not this year of course. We are all feeling the tragedy of the floods—particularly the effect on Queensland and Brisbane.

Our thoughts and our hearts go out to all those affected. A tragedy that will take years to fully sort out.

It is a bit difficult to go from that thought to thoughts about tax and our own work and office—but life goes on!

A significant part of our work and a disproportionate part of its complexity lies with the processing and audit of self managed superannuation funds.

We have for many years organized this work so that within our office there is a separation between the

accounting/processing of these funds and the audit.

This is to fit in with best practice requirements from the ATO.

We have now gone one step further—we have now started a specialized processing division just to do the work on our client's super funds.

We have done this because of the complex requirements for this accounting and we feel that this will benefit our clients.

Mamdy Kwan started in the new year (2011). Mamdy is a qualified Chartered Accountant with extensive accounting experience as well as specific superannuation experience.

We are very excited by this new development and are looking forward to Mamdy getting to know clients and also having a positive im-

pact on the quality of the service we provide.

The last two newsletters have had the article below about making sure your wills are up to date.

We repeat it for a third time—we feel it is that important.

For those clients who have not yet completed their 2010 tax returns—get your books and papers to us as soon as possible. The deadline in virtually all cases is May—but that will be here in a flash!!!

On page 3 there is an article on tax related email scams.

Please take good note of this—we have had reports of such emails from clients.

If you receive any suspicious emails from the ATO beware—and contact us so we can report to the ATO.

Dates to note:

- December quarter BAS due 28 February 2011. This is normal December extension—no further extensions possible.
- 2010 Tax returns due for lodgement 16 May 2011—unless you have special early lodgement date. No extension to this date announced yet. Get papers for unlodged returns to us ASAP to enable deadline to be met.
- January PAYG withholding payment for relevant employers due 21 February.
- December payroll tax due 14 January (extended).

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MAKE SURE YOUR WILL IS UP TO DATE

You may notice that this article is a repeat from our last two newsletters.

We have had clients contact us about this and feel it is so important that it is worth repeating.

How long is it since you looked at your will and made sure it is up to date?

Or maybe you have never done a will.

If you don't have a will or your will is over 5 years old or circumstances have changed for you (marriage, death etc etc) then make it an absolute priority to see your solicitor and get one organized.

(If you don't know a solicitor contact us and we will refer you to one).

You will get advice not only on your will but other estate planning matters, like power of attorney.

Contact us for further information on this.

EMPLOYERS

REPORTABLE EMPLOYER SUPERANNUATION PAYMENTS

It looks like the whole reportable employer super contributions (RESCs) initiative has descended into a bit of a farce.... And tax agents are needed to clear up the mess.

The article below is reproduced from the National Tax and Accountants' Association tax adviser newsletter.

If you have any issues with this contact us to help fix things up.

The ATO has advised that some employers have been incorrectly including compulsory super amounts as reportable employer superannuation payments (RESCs) on their employees' payment summaries for the 2009/10 income year, such as:

- Super guarantee contributions; and
- Industrial agreement (award) super contributions.

RESCs should only include additional super contributions made by an employer, for example, super contributions made on behalf of an employee under a salary sacrifice arrangement.

Employer clients:

If tax agents have employer clients that have issued payment summaries to their employees that incorrectly include compulsory super amounts, the ATO asks that their agent contact them, so the employer can notify any affected employees about the error and issue them with amended payment summaries.

If those employers have already lodged their payment summary annual report with the ATO, they will need to lodge an amended annual report.

The ATO has increased the number of paper payment summaries that can be ordered by employers needing to issue amended payment summaries on paper, using the electronic ordering service at www.ato.gov.au/onlineordering to make this process easier (the limit is now 500 per order).

Individual clients:

Tax agents with individual clients who have compulsory super amounts incorrectly included on their payment summaries should ask those clients to notify their employer to provide them with an amended payment summary.

Clients that have already lodged their individual tax return using the incorrect information who have also completed any of the income tested items or have any of the obligations listed below will also need to lodge an amendment to that return:

- Dependent tax offset.
- Senior Australian, pensioner.
- Spouse superannuation.
- Mature age worker
- Entrepreneur's tax offset.
- Personal super deduction.
- Employee share scheme
- Liable for medicare surcharge
- Super co-contribution
- Have HELP debt.
- Receive benefits from or pay to Centrelink or Child Support Agency.

COMPUTER SECURITY

CHOOSING GOOD PASSWORDS

The following article was sent around our office by Sue our IT manager. I thought it worthwhile reproducing here

I came across an article recently titled "Choosing Good Passwords". The article included some interesting facts – some things you may know and some you may not.

The thing I found most interesting was the estimated time it would take to crack a password. For example a password with four characters (and assuming a mix of upper and lower case letters and numbers) has 14,776,336 possibilities – that's a lot, right? This combination takes 2 seconds to crack. A password of 8 letters has over two hundred trillion possibilities and would take one year to crack. So there is a difference!

If you increase the character set from letters and numbers to include symbols you can further increase the possibilities and the time taken to crack the password. So, for example, an 8 character password using printable characters (which include symbols, eg ?%#@)

would take 33 years to crack. But remember, size isn't everything!! An 8 character password using only letters would take 96 days to crack and an 8 character password that is a recognized word would take less than one second to crack.

There are other options to consider apart from the length and combination of characters. Of course don't use a word or things that can easily be guessed like car rego, names or nick names or any date. If you are using symbols, don't just put them at the beginning or end, mix it up. Do not reverse words. Don't use the same password for everything and if you are worried about compromise, change your password regularly.

So what should you do?? Try combining words together (keEp%0uT!) or taking the first (or second or last) letter from a word in a easily remembered phrase. Then use a combination of upper and lower case and add a number or symbol to further protect it. So you could choose a phrase like "My password is hard to crack" (but probably something you won't

forget) and using the first letters you would get "mpihtc" change the case – "mPihtC" – and add some numbers "mPih2C!" Anyway, you get the idea.

I hope this is useful for you next time you have to think of a password. By the way, if you find that you have a tendency to forget passwords and this stops you from using complicated combinations, it may be better to write them down.

Just remember that if anyone gets a hold of the written down version they have free entry into whatever you were trying to protect by using a password. Any written down passwords should not be kept near your computer or with any other information that identifies you.

Store the list in a safe place PREFERABLY not your wallet AND DEFINITELY not stored in a file on your computer!

DEDUCTIONS (continued from back page)

Reasonable amounts for allowances:

There are reasonable amounts set out for:

Overtime meal allowances

Daily travel allowance limits.

High cost country centres—accommodation expenses.

Overseas travel allowance limits.

Travel allowance claims for employee truck drivers.

Contact us if you want rates or more information about these claims. Of course expenses must be incurred before a claim can be made.

Also there are substantiation requirements re claims for work related travel.

Laundry expenses—reasonable rates:

Where the total work expenses to be deducted for an income year exceeds \$300, employees may still claim a maximum of \$150 for laundry expenses (i.e. washing, drying, ironing and laundromat costs, but not dry cleaning) without written evidence.

Where the total work expenses are \$300 or less, no written evidence is required even if the laundry expenses exceed \$150.

The following provides a reasonable basis for calculating the deduction:

- Work-related clothing only—\$1 per load
- Private and work related clothing—50 cents per load.

TAX RELATED EMAIL SCAMS

The ATO (www.ato.gov.au) notes that it is aware of the following tax related email scams:

- Money transfer scam.
- Recalculation of your tax refund email scam.
- Refund scams.
- Phone scams.

These email scams come in the form of an email from what appears to be a genuine ATO email address and ask you to provide personal details and in some cases, credit card and PIN numbers.

Obviously you should not provide such information and you should contact ourselves or the ATO direct to report the scam email.

CLOSELY HELD TRUSTS LETTERS TO ISSUE FROM THE ATO

The following are extracts from a letter received from the ATO on 30 Nov 2010:

As part of the transitional arrangements for tax file number (TFN) reporting, we are matching beneficiary details in the 2010 trust tax returns against our records and have noticed a large number of returns lodged by tax agents with incorrect or missing beneficiary details.

Have you made a “binding death nomination” in your SMSF. If the answer is “no” or “what are they talking about?” contact us to discuss.

We will soon issue our first round of letters to trustees of closely held trusts who have lodged their 2010 trust tax return and:

- The beneficiary’s TFN or other details could not be matched to our records.
- The trustee did not include a beneficiary’s TFN in the 2010 trust tax return.

If letters such as this come direct to you as trustee—please contact us to ensure a correct response.

We believe we have few, if any, such issues in returns we lodge.

DISCLAIMER

Important: This newsletter is not advice. Clients should not act solely on the basis of the material contained in this newsletter.

Items contained herein are general comments only and do not constitute or convey advice per se.

We therefore recommend that our formal advice be sought before

acting in any of the areas.

The newsletter is issued as a helpful guide to clients and for their private information.

Therefore it should be regarded as confidential.

TAX RATES FOR RESIDENT INDIVIDUALS FOR 2010-2011

Taxable income under \$6,000—tax payable NIL.

Taxable income \$6,001 to \$37,000—tax payable 15% of excess over \$6,000.

Taxable income \$37,001 to \$80,000—tax payable \$4,650 + 30% of excess over \$37,000.

Taxable income \$80,001 to \$180,000—tax payable \$17,550 + 37% of excess over \$80,000.

Taxable income \$180,001 and over—tax payable \$54,550 + 45% of excess over \$180,000.

Medicare levy applies in addition to these rates.

DEDUCTIONS

The following list are some of the deductions that can be claimed. Obviously there are many others and you should speak to us to ensure your claims are correctly reported in your tax return.

Per kilometer claims for car deductions:

A claim can be made for kms travelled to earn your income e.g. visiting a rental property, visiting your tax accountant etc.

The 2009/10 cents per km rates for car deductions (up to a maximum of 5,000 business kms per car) based on engine capacity are as follows (rotary cars are half this engine size):

- 0-1600 cc 63 cents per km
- 1601-2600 cc 74 cents per km
- 2601 + cc 75 cents per km.

Home Office claims:

The table below summarises the allowable deductions for each of the following situations where a taxpayer works from home:

- The home is principal place of business operated from an exclusive work area.
- The home is not a principal place of business but there is an exclusive work area.
- The home is not a principal place of business and there is no exclusive work area.

<i>Expenditure type</i>	<i>Principal place of business</i>	<i>Exclusive work area</i>	<i>No exclusive work area</i>
Cost of owning or renting the house i.e. occupancy costs.	Yes	No	No
Cost of using facilities within the house i.e. running costs.	Yes	Yes	Yes
Business phone calls.	Yes	Yes	Yes
Depreciation of computers and other equipment.	Yes	Yes	Yes
Depreciation of office furniture (if separately claimed).	Yes	Yes	Yes

Heating, cooling, lighting and depreciation of office furniture: estimated deduction 26 cents per hour.
Deductions article continued at the top of page 3.

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We suggest you look at our website for useful information and links to other useful websites.