

2012 CLIENT NEWSLETTER

Welcome to the Patison Partners 2012 Client Newsletter. It has been another year filled with drama, activity and new financial developments both at home and abroad.

You will notice we are in the process of rebranding. While the look may change, our commitment to providing you with high quality accounting and business advisory services in a friendly and caring manner remains as strong as it's been since 1952.

You will also notice the presence of our new mission statement "Business, Solutions, Success". This encapsulates our point of difference, which is to work with you on growing your business and assisting you on the way to professional and personal success.

In response to your requests to offer you more, we have expanded our service offerings to encompass the full range of accounting and business services. We have included some of the extra services we now offer. Please go to our website www.patison.com.au for a full listing of our services.

With tax time for the 2011/12 year almost upon us, we've also included an end of year information checklist and a few tips which may be helpful to you prior to the end of the financial year. Please talk to us to ensure we assist you taking advantage of all available opportunities prior to 30 June 2012.

From all of us at Patison Partners, we thank you, our valued clients for your ongoing support and look forward to working with you in the coming year.

In this Newsletter:

- Federal Budget May 2012
- Some of our Services
- End of Year Tax Checklist

FEDERAL BUDGET MAY 2012

For Businesses

Company Tax Rate Cut Scrapped

The proposed company tax rate cut which was to apply for small business entities from 1 July 2012 and all others from 1 July 2013 have been scrapped. This proposed measure will be replaced in part by the introduction of a carry-back loss arrangement for companies.

Company Loss Carry-back

The government will provide tax relief for companies by allowing them to carry back tax losses so they receive a refund of tax previously paid.

A one year loss carry-back will apply in 2012-13, where tax losses incurred in that year can be carried back and offset against tax paid in 2011-12. For 2013-14 and later years, tax losses can be carried back and offset against tax paid up to two years earlier. Companies will be able to carry back up to \$1 million of losses each year. This can provide a cash benefit of up to \$300,000 a year.

Instant Asset Write-off

The government has maintained the instant asset write off for small businesses. This will enable small businesses to do the following from 1 July 2012:

Warragul Office

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Warragul Vic 3820

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Pakenham Office

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Partners

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Have you checked out our
website lately?

www.patison.com.au



Liability limited by a scheme
approved under Professional
Standards Legislation

from Front Cover....

- Immediately write off assets valued at under \$6,500 such as photocopiers, desks etc.
- Immediately write off up to \$5,000 for motor vehicles with the balance to be written off at 15% in the first year, then 30% in subsequent years.
- Write off other assets at a single rate of 15% in year one, then 30% in subsequent years.

Personal and Families

Individual Income Tax Rates

The government will adjust personal income tax rates as follows:

Taxable Income (\$)	From 1 July 2012 (%)	From 1 July 2013 (%)
0-18,200	0	0
18,201-37,000	19	19
37,001-80,000	32.5	32.5
80,001-180,000	37	37
180,001+	45	45

Low Income Tax Offset

The low income tax offset will change as follows:

Taxable Income (\$)	From 1 July 2012 (\$)
0-37,000	445
37,001-66,666	Less 1.5% > \$37,000
> 66,666	Nil

Medical Expenses Tax Offset Means Tested

For people with adjusted taxable income above the Medicare levy surcharge thresholds (\$84,000 for singles and \$168,000 for couples or families in 2012/2013), the threshold above which a taxpayer can claim the medical expenses offset will be increased to \$5,000 (indexed annually thereafter) and the rate of reimbursement will be reduced to 10%.

Mature Aged Worker Tax Offset Phased Out

The mature age worker tax offset will be phased out for taxpayers born on or after 1 July 1957. Access to the \$500 offset will be maintained for taxpayers who are aged 55 years or older in 2011/2012.

50% Discount Tax on Interest Income

The government will not proceed with the 2010-11 budget measure where taxpayers would receive a 50% discount for tax on interest income, which was due to commence on 1 July 2013.

Standard Income Tax Deductions

The government will not proceed with the 2010-11 budget measure regarding the standard deduction for work related expenses and the cost of managing tax affairs, which was due to commence on 1 July 2013.

Adjustment to Private Health Insurance Rebate and Medicare Levy Surcharge

Announced in the previous budget, the private health insurance rebate will change from 1 July 2012 as follows:

Health Insurance Rebate				
Singles Families	<84k <168k	84k - 97k 168k-194k	97k-130k 194k-260k	>130k >260k
<Age 65	30%	20%	10%	0%
Age 65-69	35%	25%	15%	0%
Age 70+	40%	30%	20%	0%
Medicare Levy Surcharge				
All ages	0%	1.0%	1.25%	1.5%

Family Payments

Family Tax Benefit Part A

From 1 July 2013, families entitled to the maximum rate of payment for Family Tax Benefit Part A will be better off by \$300 per annum (families with one child) and \$600 per annum (families with 2 or more children).

For those families receiving only the base rate the increases will be \$100 and \$200 respectively.

Education Tax Offset

The Government is phasing out the Education Tax Offset. This will be replaced by the new Schoolkids Bonus which will apply from 1 January 2013 as follows:

- \$410 for each child in Primary School
- \$820 for each child in Secondary School

As a transitional arrangement, the ETR in 2011/12 will be replaced by a one off lump sum payment to eligible families in June 2012.

Superannuation

Deferral of Higher Concessional Contributions Cap

The government will defer the start date of the 2010-11 Budget measure for individuals over 50 with low superannuation balances (below \$500,000) by two years. This means that for 2012-13 and 2013-14, all individuals will be limited to making tax deductible contributions of up to \$25,000 per year.

In 2014-15, the general cap is likely to increase to \$30,000 through indexation and the higher cap would then commence at \$55,000.

Reduction of Tax Concession for Contributions of very High Income Earners

From 1 July 2012, individuals with income greater than \$300,000 will have the tax concession on their contributions reduced from 30% to 15%.

Note: "income" for this purpose will include reportable fringe benefits, investment/rental losses and tax free government pensions. It will also include all concessional superannuation contributions (including 9% SGC).

Questions for your Accountant

SOME OF OUR SERVICES

Budgeting and Cashflow Management

Now, more than ever, if we fail to plan, we plan to fail. We are heading into a time of economic and business uncertainty. Therefore a budget for the next twelve months, and a cashflow projection, can provide you with a much better idea of where you are headed and how you are going to get there. Preparing a full set of projections will provide a highlight of any problems prior to them happening, giving you a chance to plan for any issues that may eventuate.



Our Tip - Cashflow

Ensure you have a process in place to monitor your debtors, send out statements and monitor slow payers. This will improve your collections and cashflow.

Audit Insurance

ATO audit activity is at an all time high. A tax audit can be stressful and you could incur thousands of dollars of unnecessary expense. The ATO's latest weapon is sophisticated data matching, which is increasing in capability by the day!

Tax audit insurance will cover the cost of your professional fees up to a prescribed limit meaning we can deal with the ATO on your behalf and you can get on with what you do best – running your business!



Our Tip - Risk Insurance

Review your risk insurances, so that you and your family are covered against any eventuality - helping you sleep better at night.

Business Start-up Mentoring

When setting up a business, not getting it right at the start can be very costly. You need to consider a range of issues including structuring, tax registrations, software selection, employer obligations, insurance and many others.

Contact one of our staff who will guide and assist you through this process.



Our Tip - Business Start-up

The correct structure can save you tax. The right software can help you run your business and assist you to meet your record keeping obligations.

Risk Insurance

It won't happen to me, I'm fit and healthy. We insure our house and our car. But have we insured ourselves?

Patison Partners through our affiliation with OzPlan Financial Services Pty Ltd Licence No 2213 are able to offer you the full range of personal insurances. This means that if you aren't able to work, you and your family will still be comfortable and looked after.



Our Tip - Audit Insurance

Audit insurance will not only cover you against ATO audits, but also workcover, superannuation, stamp duty and payroll tax - giving you peace of mind.

Succession and Estate Planning

What would happen if you or your spouse died tomorrow? When did you last review your Will?

We cannot control events from the grave, but we can plan prior to the event so that what you want to happen to your assets and your children happens.

Speak to one of our estate planning specialists today to review your existing arrangements so that they can take care of your needs.



Our Tip - Estate Planning

Review your Will to ensure that it is up to date, so that if you aren't here, your family and business will be.

Financial Planning

Whether you are approaching retirement age, starting out in the workforce, in business or anywhere in between, you will find an appointment with our financial planners well worth your while.

We have a direct affiliation with OzPlan Financial Services Pty Ltd Licence No 2213 who can provide you with a no-obligation free initial consultation.



Our Tip - Financial Planning

Review your superannuation contributions for the 2012-13 year in light of the new contribution limit of \$25,000 which includes SGC!

REMEMBER: We are here to help

Make good use of us! This newsletter is merely a starting point, designed to help you identify areas that might have a significant impact on your business opportunities.

Please keep us informed of your plans and consult us early to help you take advantage of minimising tax whilst maximising investment returns and asset growth.

END OF YEAR TAX CHECKLIST

The best way to ensure that your tax return is completed in the most efficient manner is to provide all information to your accountant from the outset. We have detailed below the documents and information that should be provided upon visiting your accountant.

- ◇ Backup copies of any relevant computer files. Please advise us of what version of software you are using and any password.

NOTE: Even if supplying your information electronically, we also ask that you provide the following supporting information.

- ◇ Bank statements for the period 1 July to 30 June. Alternatively, if a bank reconciliation has been prepared the statement at 30 June should be sufficient.
- ◇ Term Deposit notices.
- ◇ Dividend slips for dividends received during the year. Alternatively, a summary of dividends received should be provided detailing franked, unfranked and imputation credit amounts.
- ◇ Copies of contract notes for listed or unlisted shares or units in unit trusts purchased or sold during the year.
- ◇ Closing stock on hand values at year end.
- ◇ List of trade creditors and trade debtors at year end.
- ◇ Livestock numbers held at 30 June.
- ◇ Details of any debts, which are bad or considered doubtful.
- ◇ A copy of the Payment Summary Statement and individual Payment Summaries for employees.
- ◇ A copy of your Private Health Insurance Annual Tax Statement.
- ◇ Copies of monthly or quarterly Business Activity Statements.
- ◇ Any new hire purchase, lease agreements or loans entered into during the year.
- ◇ Details of any private portion of expenses (telephone, travel, motor vehicle expenses, light and power, etc.)
- ◇ Copies of Log Books kept for motor vehicles.
- ◇ Copies of legal expenses invoices paid during the year to determine their tax deductibility.
- ◇ Details of any donations made during the year to determine their tax deductibility.
- ◇ Details of insurance expenses paid during the year.
- ◇ Details of any capital asset additions or disposals.
- ◇ Details of any business expenses paid personally by directors either by cash or credit card.
- ◇ Copies of any recipient generated invoices that relate to your income.

QUICK YEAR END TIPS FOR 2012

- ✓ Pay all required superannuation contributions by 30 June 2012 to ensure you obtain a tax deduction. Check limits have not been exceeded.
- ✓ Do a stock-take of all stock on hand as at 30 June 2012. Check for any obsolete stock and value accordingly.
- ✓ Farm Management Deposits must be made by 30 June 2012.
- ✓ Pre-pay interest and other expenses if applicable.
- ✓ Review if capital gains have been made and whether any capital losses can be realised before 30 June 2012.
- ✓ Pay your medical expenses by 30 June 2012 before the threshold increases.
- ✓ TALK TO US BEFORE 30 JUNE 2012 TO MAXIMISE YOUR OPPORTUNITIES!

IMPORTANT DISCLAIMER: This is not advice. Clients should not act solely on the basis of the material contained in this newsletter. Items herein are general comments only and do not convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of these areas. This newsletter is issued as a helpful guide to clients and for their private information. It should be regarded as confidential and not be made available to any person without our prior approval.