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## Welcome to the Winter LawlerLink for 2010

# Welcome

Although the economy has gathered pace over the last year following the downturn of the past 18 months, conditions still seem rather soft with recent interest rate rises having a negative effect on the business environment.

Conditions are expected to strengthen over the next quarter, which is great news for clients and we are told they will be buoyed by improved consumer confidence, a firmer job market and stronger building and construction activity across NSW.

The Government has released the long awaited Henry Tax Review together with its initial response, closely followed by the 2010/2011 Federal Budget. The Henry Review proposed wide ranging areas for tax reform, but the initial Government response only scratched the surface as far as real tax reform is concerned. However, it was pleasing to see changes to the Company tax rate and the accelerated write-off of assets for small business. A full outline of the main budget issues and impacts can be found on page 3.

The Lawler National Alliance continues to gain momentum and we are delighted to now have offices in Brisbane and Rockhampton through the addition of our latest member firm, Lawler Hacketts. Like Lawler Partners and Lawler Draper Dillon, Lawler Hacketts share the same focus and values, with a particular emphasis on building quality client relationships and adding value across the full range of business issues. Having their additional technical expertise will bring considerable experience to the clients we now service in QLD and around the country. For more information on the Lawler Alliance turn to page 4 or visit [www.lawleralliance.com.au](http://www.lawleralliance.com.au).

We pride ourselves on our service and we value feedback from clients. Recently, we issued our feedback survey to give you an opportunity to comment on our service. You told us that you value the performance of our people, especially the rapport that Lawler Partners develops with you, with a very high percentage of clients happy to recommend the firm. You also told us you value the approach we take in understanding your business and the expertise we have developed within relevant industries.

To ensure we keep service and innovation front of mind we have also put some other initiatives in place. These include, forming a Best Practice Team to look at efficiency in business processes, the establishment of an Innovation Forum with the purpose of the group to meet and discuss innovation in service delivery and increasing client value. In addition, we have a team working on the website client portal.

Recently, our Newcastle Audit staff was privileged to be able to attend a Camp Quality Treetop Fun Day with children touched by cancer. The Audit team had a great day assisting the children to navigate their way around the course and cooked up a storm on the BBQ after the morning's activities. You can read more about the day on page 12.

We are delighted to again be sponsoring the 5th Lawler Partners Hunter Valley Winery Running Festival which continues to build to be a major event. This year the Festival will include children's races, live music throughout the day, activities and rides and promises to be a great day out for the whole family. I encourage you all to join us for this family day. For more information on the Festival turn to page 7.

Also in this edition, we explain why Directors need to remain diligent when it comes to managing a company's tax affairs so as to avoid risking significant personal financial consequences and we give you insights into some simple ways you can retain loyal customers in our marketing article. Our client feature this issue is on Travellers Auto Barn on page 8 who are terrific examples of a business that really understands its customers and knows how to focus on their needs.

We welcome Tina Louras as a Taxation Principal within our Sydney Business Services team. Tina joins us from PKF where she was a specialist tax adviser and brings extensive knowledge and capability accumulated from her specialist roles including the Taxation Institute's NSW Education Committee.

On a final note, we appreciate the consistency, dedication and commitment of the fantastic team we have here at Lawler Partners and our winner of the Star Employee this quarter was jointly won by Deepak Dutta of our Sydney Superannuation team and Jess Powell of the Newcastle Practice Services Team.

On behalf of our Directors, thanks again for your support and the opportunity to be working with you.

Kind Regards,

**Steve Meyn**  
Managing Director

# Tax Reform – The Henry Review and the 2010 Federal Budget

After much speculation and debate, the Federal Government finally released the full content of Treasury Secretary Ken Henry's final report on the Australian Future Tax System (commonly referred to as the Henry Review), together with the Government's initial response.

The Henry Review made 138 recommendations contained over hundreds of pages. The review looked at the array of taxes and the complexity of the tax and transfer system with a view to simplifying the tax system and making it work better. The recommendations made by the Henry Review included changes to personal income tax, employee taxes, company tax, and GST and state taxes.

Of the 138 recommendations, the Government's initial response was to adopt only 3 of the recommendations made in the Henry Review – the proposed Resource Super Profits Tax, the immediate write-off of assets costing less than \$5,000 for small business, and the reduction of the company tax rate. The Government's initial response also included Superannuation measures that were not recommendations of the Henry Review, including an increase to the Superannuation Guarantee Rate to 12% and an increase to the Superannuation Guarantee age limit from 70 to 75.

Of significance, the Government immediately rejected almost 30 recommendations made in the Henry Review including proposals to:

- increase the GST rate or broaden the GST base;
- remove the tax free treatment of superannuation for those over 60;
- make changes to the taxation of the not-for profit sector (including clubs that currently benefit from the Principle of Mutuality);
- reduce the CGT discount; and
- abolish luxury car tax.

On 11 May 2010, a week after releasing the Henry Report, the Federal Government issued the 2010/2011 Federal Budget.

The "no-frills" Budget confirmed the previously announced measures that were proposed in the Government's response to the Henry Review. In addition to these measures, the Federal Budget also included:

- a 50% discount on the taxable amount of interest income up to \$1,000 for individuals; and

- a standard tax deduction for work-related expenses and the cost of managing tax affairs fees in a move towards the 'tick and flick' lodgement of personal tax returns.

These measures were contained in some form in the Henry Review.

Of the proposed measures, the Resource Super Profits Tax is undoubtedly the most controversial. Since the announcement there has been a great deal of industry pressure to have the proposed tax defeated and the proposed tax has been blamed for the shelving of a number of proposed resource projects since its announcement.

The way this proposed tax operates is not widely understood. It is a fairly complex tax that in itself becomes a tax deduction for the mining company that incurs the tax liability. The end result of the tax when worked through (together with the normal company tax regime) gives rise to an approximate tax rate of 55% on profitable mining companies. Arguably, this is on par with the tax burden faced by mining companies in comparable resource-rich countries around the world that compete with Australia.

Whilst the interest savings proposal in itself is not significant, it is proposed that this measure be available for interest indirectly earned by individuals through trusts. Whilst the Government has announced that it will seek consultation on the indirect income measures, based on current laws and the tax treatment of trusts, this concession could become quite valuable for family groups that use discretionary trusts as the entity to hold interest-bearing investments. In addition, it is proposed the discount be considered for income tests for Government support payments and income rebates.

Unfortunately, the limited Government response to the Henry Review means that any significant commitment to tax reform will not arise until after the upcoming Federal election. There are a number of areas of our tax system that are in real need of reform and the proposed tax measures are just the first step in what is bound to be a lengthy and drawn-out process.

**For more information on how these issues affect you, contact Taxation Principal, Tina Louras on 02 8346 6000 or via [tloras@lawlerpartners.com.au](mailto:tloras@lawlerpartners.com.au)**

# Hacketts Joins the Lawler Alliance to Secure Eastern Seaboard

Queensland-based accounting firm Hacketts Chartered Accountants, who has offices in Brisbane and Rockhampton has joined Lawler Alliance members Lawler Partners and Lawler Draper Dillon.

Lawler Chairman, Terry Lawler, said that this represented an important milestone in the alliance's dedication to offer a superior value and service range to their clients and the middle market.

"We are committed to providing innovative advice and assisting in value creation for organisations striving for success. Size means nothing unless it delivers real results for our clients. The alliance is not about building a national presence to be an alternative

to other accounting brands. It is about like-minded firms actively working together to provide superior service to the middle market. We have all developed and grown our own firms and therefore share the culture and experience of this sector".

The Lawler Alliance have been focussed for the past 10 months on finding a high calibre group in Queensland to join the alliance. Hacketts is a highly respected firm led by outstanding professionals in the fields of audit and assurance, taxation and business advisory, corporate advisory and wealth management.

"The alliance now offers the combined skills, knowledge and expertise to clients of their three independent

firms in NSW, Victoria and Queensland. We are seeking representation in the other states and territories by firms that share our culture, commitment and client focus," Mr Lawler said.

Hacketts Partner, Tom Hackett, said that the alliance impressed him with its energy and commitment to quality and offered Hacketts the best of both worlds.

"As a professional services firm our focus is on helping our clients achieve their goals and objectives. The Lawler Alliance provides Hacketts with an expanded network of professionals with the same values and commitment to personalised client service and a structure where we remain an independently-owned and managed partnership," Mr Hackett said.

## Merge for Lawler Financial Services

We are pleased to announce that from 1 February 2010, Lawler Financial Services merged with Kinvale Financial Planners.

Kinvale Financial Planners are a like minded firm who have a similar culture, with all advisers coming from a Chartered Accounting background. Like Kinvale, our clients were not exposed to the many failures in the GFC and their portfolio's have had a significant recovery.

Lawler Financial Services have also changed dealer groups from Genesys to Securitor. However, there is no change to our clients' portfolios or our excellent service levels.

The combined Lawler Financial Services team is now much stronger and as such will be able to support our clients more comprehensively in the future.

For further information contact either Phil Moore or Mark Arnold on 02 4928 700.

# The Impact of the Super Reviews

**Starting 26 April 2010 the Government began rolling out proposals to change the way that SMSFs operate. The reviews – the Cooper Review on SMSFs and the Henry Tax Review, get a big tick from us. What could have proved a disaster has ended up entrenching SMSFs and their member/trustees as the leader of the superannuation pack with a lot more exciting opportunity and innovation to come. We can expect SMSF assets to hit \$1 trillion by 2015.**

In this article we will consider each of the reviews and highlight their more important features and how they will impact our client's SMSFs and long term family wealth.

## Henry Tax Review and 2010 Budget

All of us in the superannuation industry awaited the Henry Tax Review and ensuing Budget with trepidation – talk of 30% contributions taxes had many of our clients concerned. But in the end, the only industry that was really targeted was mining and superannuation escaped another Budget. If anything, superannuation was well looked after with a range of positive long term changes, including:

- an increase in the superannuation guarantee charge (SGC) from 9% to 12% from 2013 to 2019 as well as extending the SGC to those aged 70 - 74.
- providing the Commissioner with discretion to change an excess contributions tax assessment where a member of a superannuation fund is paid excessive contributions by mistake.
- a continuation of the concessional contributions cap of \$50,000 for members over age 50 where their total superannuation benefits are less than \$500,000.

- changing the taxation laws to ensure that there is no capital gains tax in relation to the transfer of property, shares or other assets subject to a SMSF borrowing when the loan is paid off and the asset is transferred to the fund.
- a partial deduction to the trustee of a SMSF where it pays a lump sum to a member with a terminal medical condition. As an aside the lump sum payment is tax free to the member and family.

## Cooper SMSF Review

For the past two years Jeremy Cooper – the former head of ASIC, has been conducting a review of the superannuation industry, including SMSFs. The Cooper Panel of experts released a comprehensive series of preliminary recommendations to make important changes to SMSFs including:

- continuing the SMSF borrowing rules for a further two year period.
- SMSF advice to require specialist education levels for advisers – up from the current generalist level. This is important as our firm's advisers have completed SMSF specialist education.
- extending the reach of the Superannuation Complaints Tribunal to cases of assessing the merits of children and other dependants claiming on a member's superannuation benefits in the event of the death of a member that did not leave an effective SMSF Will.
- establish a body to aggregate SMSF investment data to determine what SMSFs are investing in and their overall investment performance.
- Provide the Commissioner with flexible penalties as opposed to using the blunt instrument of making a SMSF non-complying.

- all SMSF auditors to be independent, registered and with specialist knowledge standards.
- dealings with members assets to be abolished with the exception of business real property leases. Also to go is the investment by the trustee of the fund in collectables.
- the trustee of the fund to consider an insurance strategy for the fund and its members.

The Cooper Review highlighted the importance of SMSFs to the superannuation industry with the above recommendations to maximise its potential. They are preliminary at this stage and we will keep in contact with our clients on any formal changes as they arise.

From a strategy perspective, it is now important for all of our SMSF trustees to consider:

1. Using the SMSF borrowing rules to acquire residential and commercial property or shares while the laws allow – they may be too good to last.
2. Put in place a SMSF Will to maximise your SMSF estate planning possibilities with security and certainty.
3. Bring children into the fund to make a SMSF a true Family Super Fund.

**For further information or to talk about your situation contact Superannuation Principal, Mark Geldens, on 02 8346 6000 or email [mgeldens@lawlerpartners.com.au](mailto:mgeldens@lawlerpartners.com.au)**

# Cooking Classes Build Stronger Bonds

During March, the Sydney and Newcastle Business Advisory, Superannuation and Taxation teams had their annual one team event. This year, they were inspired by Masterchef, and headed off for a day at the Sydney Seafood School, located at Sydney Fish Markets, who offer exclusive cooking classes for staff team building.

The seafood BBQ corporate cooking class provided a unique environment in which to socialise and build stronger bonds, as mixed groups worked together as a team to create a delicious BBQ seafood meal which they then sat down to enjoy.

According to Sydney Business Advisory Services Partner, Bob Bell, "As a team building exercise, the day gave groups a chance to work together, allocating tasks, solving problems, drawing on each others skills (and learning a few new ones) to produce an outcome. The skills we required were much the same as those needed when servicing our clients."

The feedback from the day has been excellent, with staff commenting that they thought that cooking together fostered a sense of team spirit and would help improve team performance, initiative and motivation across the Newcastle and Sydney offices. And above all – it was fun!



# Off to the Races at Royal Randwick

We recently had a terrific day of racing that provided great opportunities for networking. We look forward to the support of our clients and colleagues again next year.



Darren Shone, Tina Louras, Terry Brown (Southern Cross Lawyers) and Clayton Hickey



John Vouris, Kenneth Bromley (Bromley Crawford Chartered Accountants) and Manuel Magoulis (Magoulis & Associates)



Chris Wykes, Vivian Evans and Michael Garvin (Uther Webster Evans)

# Lawler Partners Hunter Valley Winery Running Festival – A Family Experience

The unique Lawler Partners Hunter Valley Winery Festival is now in its 5th year and is a distinctive event offering a wonderful experience for the whole family.

The Festival, being held on July 18th at Hunter Valley Gardens, Pokolbin, will include a wine and local produce expo, a sports equipment expo, children's entertainment and carnival rides along with the annual race events.

Hunter Valley Gardens village is also located right next to the Festival grounds to take a leisurely walk or shop through on the day.

The race program for the Festival will include:

- Lawler Partners Marathon
- Lawler Partners Half Marathon
- Lawler Partners 10km
- Lawler Partners Winery Wander Walk 6.25km
- Pacific Smiles Dental Kids Marathon Program (where you can run a marathon over 8 weeks)
- New Pacific Smiles Dental Storybook 2km for any child or adult wanting to compete on the day

It's not everyday that you get to run or walk through world famous gardens, historic homesteads, international golf resorts and of course, some of the most famous wineries in Australia. Mix that with

a huge selection of races, friendly country race crew, loads of prizes and you have an event not to be missed.

For more information contact Marketing Manager, Jacqui Osborn on 4962 2688 or for race entries visit [www.huntermarathon.net](http://www.huntermarathon.net)



Andrew Tolj (Bankwest), Andrew Linscott and Jane Goodrich (Pirtek Fluid Transfer Solutions) and Dianne Homer (Bradman Recruitment Group)



Bob Bell and Louise Gorevan ( Command Recruitment)



Matthew Maxwell (Bankwest), Jake Elliot and Steve Meyn

# Travellers Auto Barn – The Cheapest Way to Travel Australia!



Pictured above, Jack Thompson congratulates Marie and Phil at the Golden Backpacks in 2008

Travellers Auto Barn is Australia's number one vehicle sales and rental company for backpackers and independent travellers. The business began in late 1993 in Sydney and now has offices in six Australian cities, in addition to affiliates across New Zealand.

The one stop shop for backpackers and budget travellers who are planning anything from a self drive trip up the coast through to an around Australia driving journey, has twice been winners of the prestigious Golden Backpacks award for "National Transport Provider" in 2007, 2008 and finalists in 2009. In addition to their inexpensive rentals that come with the ability to sleep in the vehicle, they also offer a range of campervans and cars, station wagons and 4WD's for sale with a nationwide guaranteed buyback.

The company was inspired by the idea that travelling around Australia by bus is simply out of the question and for most Aussies, not just the adventurous ones, but students, families and retirees, the only way to see Australia is by car.

According to Managing Director, Peter Burke, the Travellers Auto Barn business began at a time when there were already a number of dealers selling cars to backpackers. The main point of difference was that these businesses were car dealerships first and foremost and did not really understand or focus on the needs of travellers.

"As ex-backpackers, we decided to provide the kind of service we would expect ourselves and what you see today is the result. We have always prided ourselves on providing travellers with the best possible help in choosing the vehicle that is right for

them. Our staff is made up of people from all over the world who have all had the same sort of travelling experiences that our customers will or already have", commented Peter.

Unlike their car dealer competitors that were selling to backpackers in 1993, Travellers Auto Barn has gone from strength to strength with a team who are committed to the success of their customer's holiday. Its no surprise to them that none of the car dealers that were selling to backpackers in 1993 still exist today!

Another key factor of their success has been that all Travellers Auto Barn branches are in the heart of the backpacker area, beginning with Sydney in 1993, where they are still at the same location in Kings Cross. This was followed by Cairns in 1999, Brisbane and Melbourne in 2002, with Darwin and Perth 2005.

Travellers Auto Barn became a client of Lawler Partners Director, Anthony Sullivan and his Sydney Business Advisory Services team 12 months ago, not long after the start of the Global Financial Crisis. As did most businesses, Peter and his Finance team took the opportunity for a review of their management reporting processes and compliance obligations.

"Lawler Partners have been able to contribute to our business on a number of fronts, including having provided value with advice around structuring, asset protection and wealth management", commented Peter.

**For more information visit [www.travellersautobarn.com.au](http://www.travellersautobarn.com.au)**

# Customers – Hard to Get, Easy to Lose

While Australia may be considered to have had a soft landing in the global economic arena, competition for business is still strong and customers continue to become better educated and more discerning. Whether your business is big or small, attracting and retaining loyal customers is critical to your success.



## Why is Loyalty important?

The impact of customer loyalty cannot be over-stated. Consider these statistics:

- 68% of consumers change their place of business for little or no reason,
- It costs between 5 and 7 times more to find a new customer than to retain one,
- A 5% reduction in lost customers can increase profits by up to 75%,
- 91% of unhappy customers will never buy again from a company that has displeased them, and will voice their dissatisfaction to at least 7 other people.

## Building Customer Loyalty

There are three key things your business can do to maintain strong loyalty from your customers:

### Outstanding Customer Service

While business owners often have an instinctive service orientation, middle managers and line staff do not necessarily share such talents. Service excellence starts at the top so it's vital that business managers lead by example. Setting standards and providing training for your staff

means that you can have greater confidence that your customers are being treated well and will come back.

This doesn't just apply to service industries – every business needs to be consistent in the level of service it provides for both internal and external customers. Customer service standards establish the language and tone of your business when you interact with clients and the results of these initiatives can be measured. Including customer service standards in key performance indicators provides you with a valuable performance management tool.

### Loyalty Programmes

There are many outstanding loyalty programmes in the market today. Most retailers already offer some kind of loyalty benefits, as do hospitality venues, airlines and hotels. We see that these programmes can be a key discriminator to determine where customers spend their money.

Tiered loyalty programmes allow you to reward your most valuable customers and increase the rate of spending from smaller ones. If your competitor has a loyalty programme and you don't, they are potentially building loyalty amongst your customers. If your competitors don't yet have such programmes, you can be the first in your market to leverage this opportunity.

### Developing and maintaining great customer records

It no longer surprises us to find that many businesses fail to keep accurate or complete records about their customer base. A dynamic and accurate database allows you not only to identify who your top customers are, but to speak to them to build relationships, provide offers and drive sales.

If your information is up-to-date, database analysis helps you to understand your source of business and know those customers who represent the greatest (and least) value. Many times we have seen the data show that the most profitable and valuable customers are not always the ones you expect!

**Lawler Partners can help you to better understand, build loyalty amongst and provide service to your customers. For further information contact Julie Pascoe on 02 8346 6000 or email [jpascoe@lawlerpartners.com.au](mailto:jpascoe@lawlerpartners.com.au)**

# Treasury Proposal: Personal Liability for Tax Debts

In November 2009 the Assistant Treasurer announced a package of proposals to increase the rights that the Australian Taxation Office ("ATO") has against directors personally for overdue company liabilities. The proposal has far reaching implications for business and the message is simple: Directors need to remain diligent when it comes to managing a company's tax affairs or risk significant personal financial consequences.

The proposal is aimed at curbing "fraudulent phoenix activity" whereby debts are avoided through the liquidation of a company and where its business or business assets are transferred to a new entity free from liability. According to the Assistant Treasurer, the latest figures estimate that phoenix activity is costing the Government in the order \$600 million.

Most people in business these days would be fairly familiar with the current director penalty regime, whereby the ATO has the discretionary power to issue a Director Penalty Notice ("DPN") under section 222AOE of the Income Tax Assessment Act 1936. The effect of the DPN is that a director of a company becomes

personally liable for unpaid PAYG withholding ("PAYG(W)") amounts after just 14 days from the date the DPN is posted (not received) unless a director takes one of the following steps:

- Pays the debt;
- Enters into a payment agreement under section 222ALA;
- Appoints a Voluntary Administrator to the company; or
- Commences a winding up (Liquidation).

The current proposals seek to extend the application of DPN's as well as introducing a number of other legislative changes including:

- Widening director penalties to include superannuation guarantee liabilities and other taxation liabilities such as indirect taxes and company income tax;
- Remove or limit the option to appoint a Liquidator or Voluntary Administrator as a means of a director avoiding the personal liability associated with a DPN;
- Deny directors and relatives the ability to access PAYG(W) credits in relation to their own income where amounts withheld by the company have not been remitted;
- Specific powers to take action against individuals that promote phoenix activity;
- The power for the ATO to require a security bond for any tax obligations that may reasonably be expected to arise;

- Increasing the scope for a Court or the Australian Securities and Investments Commission to disqualify directors;
- Reintroduce a provision that would make it an offence for a company that fails to remit required PAYG(W) amounts;
- Making directors personally liable for the debts of a subsidiary which has been established with insufficient working capital.

The current DPN regime is already considered by many as a very powerful and efficient tool available to the ATO in collecting unremitted PAYG(W). Its effectiveness may soon be significantly enhanced under this proposal by giving it a much broader application.

To avoid a potential personal liability, directors need to remain prudent in monitoring their company's tax obligations and finances. This starts by revisiting any current arrangements with the ATO and considering appropriate budgets and forecasts moving forward. In the event that warning signs do appear, there is no substitute for timely advice from an experienced practitioner.

**For further information contact Business Recovery and Insolvency Partner, Brad Tonks, on 02 8346 6000 or via [brtonks@lawlerpartners.com.au](mailto:brtonks@lawlerpartners.com.au)**

# 2010 Year End Tax Planning Strategies for Your Business

As income tax returns are assessed annually, the end of the financial year raises the opportunity to ensure your tax house is in order and to consider actions that can legitimately reduce tax liabilities. The 2010 year is also important given the foreshadowed company tax rate reductions. A lower rate means that bringing tax deductions forward as much as possible to the 30% rate can produce permanent tax savings.

Most business taxpayers are classified as being Small Business Entities (SBE) or non-SBEs.

## SBE Strategies

### • Prepayment Strategies for SBE Taxpayers

SBE taxpayers can prepay certain expenses before 30 June 2010 and claim an immediate deduction provided the prepayment relates to a period of no more than 12 months. Some common expenses that may be prepaid are rent on business premises, interest on business loans, training courses and leases on business assets.

### • Maximising Depreciation for SBE Taxpayers

SBE taxpayers can write off depreciable assets costing less than \$1,000 in the year of purchase. Additionally, assets costing \$1,000 or more with effective useful lives of less than 25 years can be pooled. Depreciation will be claimed at 15% in the first year (regardless of when the assets were purchased during the financial year) and 30% for subsequent years. SBE taxpayers who choose to use these accelerated depreciation concessions are effectively locked in to using this method for all of their depreciable assets.

## Non-SBE Tax Planning Strategies

### • Prepayment Strategies

Non-SBE taxpayers, unlike SBE taxpayers cannot generally claim an immediate tax deduction for prepaid expenses. For non-SBE taxpayers, any proportion of a prepaid expense that relates to services or supplies provided up to 30 June 2010 is deductible in the year ending 30 June 2010.

However, the following expenses are exceptions to the rules and

therefore can be claimed when incurred/paid:

- Salaries and wages, bonuses and commissions,
- Expenditure under \$1,000,
- Expenditure required by law such as workcover premiums, vehicle registration and statutory licenses.
- **Maximising Depreciation Claims**  
For non-SBE taxpayers, an immediate deduction is available for assets costing less than \$100 inclusive of GST, such as minor tools. A tax deduction is also available for depreciable assets that are scrapped or sold for less than their written down value. Assets costing less than \$1,000 GST exclusive can be allocated to a "low value pool". Depreciation will be claimed at 18.75% in the first year (regardless of when the assets were purchased during the financial year) and 37.5% for subsequent years. You should review your fixed assets registers and scrap any depreciable assets that are no longer on hand or of any use.
- **Accruing Expenses**  
Businesses are entitled to a tax deduction for expenses relating to services or supplies when they are incurred. This is usually before they are in fact paid in cash. For example, expenses such as salary bonuses may be deductible in the 2009/10 year even though they have not been paid prior to 30 June.
- **Superannuation Contributions**  
To be tax deductible in the 2010 financial year, all superannuation contributions must be paid and (preferably) the cheques cleared prior to 30 June 2010.
- **Deferring Capital Gains**  
The relevant sale date for the sale of assets is the date that the contracts are exchanged, not the

settlement date, so by deferring the contract date to post 30 June, the tax will be deferred for at least 12 months.

### • Writing Off Bad Debts

Taxpayers returning income on an accruals basis that have previously included a debtor as assessable income, can claim a tax deduction if the debt becomes a bad debt. The debt must be declared bad before 30 June 2010. The business must be able to show that genuine steps were taken to recover the debt before year end. It is preferable to record the decision to write off the debt in writing, such as a board meeting minute.

### • Trading Stock Valuation

Both SBE and non-SBE taxpayers have the option of valuing trading stock at the lower of cost, replacement cost or market selling value. Taxpayers should be reviewing their items of trading stock before 30 June 2010 and valuing them appropriately or writing them off if they are obsolete.

## Other Considerations

- Private Company Loans to Shareholders – ensure all your Division 7A obligations are met by 30 June,
- Trust Distributions – ensure that distributions are made in accordance with the trust deed by 30 June,
- PAYG Instalments – review year to date instalments and the estimated tax liability to see if the June instalment can be varied down.

**For more information on how to implement any of the above strategies, please contact your Client Relationship Manager.**

# Tax calendar

## June 2010

- 5 Final due date for lodgement of all tax agent client Income Tax Returns not previously due for lodgement.
- 21 Due date for lodgement and payment of May 2010 monthly BAS and IAS.
- 30 End of the 2010 Financial Year.

## July 2010

- 14 Last day to issue 2010 PAYG Payment Summaries to employees.
- 21 Due date for lodgement and payment of June 2010 monthly BAS and IAS.
- 21 Due date for lodgement and payment of 2010 year NSW Payroll Tax Annual Reconciliation.
- 28 Due date for lodgement and payment of June 2010 quarterly BAS and IAS.
- 28 Last day for payment of June quarter employee superannuation contributions to avoid liability for the Superannuation Guarantee Surcharge.

## August 2010

- 14 Last day to forward to the ATO original 2010 PAYG summaries issued to employees.
- 21 Due date for lodgement and payment of July 2010 monthly BAS and IAS.

## Camp Quality Treetop Fun Day

Our Newcastle Audit staff (pictured below) were privileged to be able to attend a Camp Quality Treetop Fun Day on 14 April with 55 children touched by cancer.

The event was part of the Lawler Partners Community program that sees our people spend time with a charitable organisation.

According to Audit Partner, Clayton Hickey, "It was an incredible

experience where everyone could participate, laugh, encourage, and feel proud when they had made it through to the end of the treetop rope course.

As a firm we are really pleased to be able to immerse our people into these sorts of experiences and we were all amazed at the stamina and courage of the children, who have already endured so much in their short lives".



## Contacts

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