

The Guardian

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"Keeping you informed"

Online Tax Returns

We are currently developing an online tax return service for wage & salaried employees and investors. As we complete this project we'll be offering your employees and friends a chance to use the service at a discount to the retail fee. Keep a look out for more as we progress.

Selling Vacant Land

If you are contemplating selling vacant land then please consider the tax consequences. There is no Capital Gains Tax exemption available, no matter what your intention is or was. The main residence CGT exemption only applies when the land has a dwelling attached. The easiest way to work around this and get the CGT exemption is to build a structure or put a caravan on the land and live in it for 3 months. But make sure that the structure or caravan is sold with the land.

Share Investor Debt Tax Trick

A high income earner can now salary sacrifice all of the interest payments on a share portfolio held jointly with their low income spouse, and the employer doesn't have any FBT liability due to the 'Otherwise deductible' rule. This is outlined in the recent private ruling 'PBR 79617'. The ATO issues these rulings but to be certain in your own circumstances you should get your own private ruling that refers directly to your circumstances.

FBT: Employers & Cars

The ATO is currently sending out questionnaires to some employers asking about any cars provided to employees for private use. The ATO is concerned that some employers may not be accounting for their Fringe Benefits Tax (FBT) liability correctly, especially in relation to cars. FBT is an area of taxation that is very complicated and uncompromising, with any tax liability raised at the highest tax rate of 46.5%. If you receive this letter or have any other concerns about any potential FBT liability then please contact us.

Goods Taken for Own Use

The 2007/2008 schedule for estimates of any business goods taken from trading stock for private use has been released.

<u>Type of Business</u>	<u>Amount (adult)</u>
Bakery	\$1,040
Butcher	\$700
Restaurant/Café (licenced)	\$3,570
Restaurant/Care (unlicenced)	\$2,850
Caterer	\$3,100
Delicatessen	\$2,850
Fruiterer/Greengrocer	\$750
Takeaway	\$2,700
Convenience Store/Mixed Bus.	\$3,400

All amounts are GST exclusive, and children under the age of 16 are calculated at half the rate.

Analyse Your Profitability

Financial statements contain many items that, in isolation, have no clear meaning. One of the ways in which **financial statements can be effective** is through **ratio analysis**. Generally ratios are divided into four areas of classification that provide different kinds of information such as liquidity, turnover, profitability and debt. Today we will look at profitability, specifically **Break Even Analysis**. Many people in business are not aware of the vital importance of the break-even point (BEP) in their business. The BEP is the point at which a business covers its costs. This is the point where sales equal expenses or the point where total costs equal total sales. This is important for all businesses, since the BEP is the lower limit of profit when prices are set and margins are determined. Break-even analysis can be applied to a product, an investment, or the entire company's operations. It is a useful tool to study the relationship between fixed costs, variable costs and returns. **The BEP defines when an investment/business will start to generate a positive return.** It can be viewed graphically or with simple mathematics. BEP analysis calculates the volume of production at a given price necessary to cover all costs, or the price necessary at a given level of production to cover all costs. The main advantage of BEP analysis is that it explains the relationship between cost, production volume and returns. It can be extended to show how changes in fixed costs, variable costs or sales will affect profit levels and break-even points. The major benefit to using BEP analysis is that it indicates the lowest amount of business activity necessary to prevent losses. This business tool can **ensure your business**, or business idea, is likely to be feasible and ensures current pricing structures are sufficient to **achieve desired profits**. If you would like to see how a break-even analysis works for your business, please contact us.

For every tax problem there is a solution that is straightforward, uncomplicated and ...wrong!

THE LIGHTER SIDE OF TAX

The income tax auditor decides to audit businessman John, and summons him to the income tax office.

The auditor is not surprised when John shows up with his tax accountant, Smith.

The officer says, "Well, sir, you have an extravagant lifestyle and no full-time employment, which you explain by saying that you won money gambling. I'm not sure the tax office finds that believable."

"I'm a great gambler, and I can prove it," says John. "How about a demonstration? "

The auditor thinks for a moment and said, "Okay. Go ahead."

John says, "I'll bet you two hundred dollars that I can bite my own eye."

The officer thinks a moment and says, "No way! It's a bet."

John removes his glass eye and bites it.

The officer's jaw drops.

John says, "Now, I'll bet you three hundred dollars that I can bite my other eye."

The officer can tell John isn't blind, so he takes the bet.

John removes his dentures and bites his good eye.

The stunned auditor now realises he has wagered and lost five hundred dollars, with Smith as a witness.

He starts to get nervous.

"Want to go double or nothing?" John asks.

"I'll bet you a thousand dollars that I can stand on one side of your desk, and pee into that wastebasket on the other side, and never get a drop anywhere in between."

The auditor, twice burned, is cautious now, but he looks carefully and decides there's no way this guy can manage that stunt, So he agrees again.

John stands beside the desk and unzips his pants, but although he strains mightily, he can't make the stream reach the wastebasket on other side, so he pretty much urinates all over the desk.

The auditor leaps with joy, realising that he has just turned a major loss into a huge win.

But Smith moans and puts his head in his hands.

"Are you okay?" the auditor asks.

"Not really," says Smith, the accountant.

"This morning, when John told me he'd been summoned for an audit, he bet me one thousand dollars that he could come in here and piss all over your desk and that you'd be happy about it."

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The trouble with the profession of tax auditors is that 90% of its members give the rest a bad name.
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A fine is a tax for doing something wrong.

A tax is a fine for doing something right.
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A guy in a bar leans over to the guy next to him and says, "Want to hear an accountant joke?" The guy next to him replies, "Well, before you tell that joke, you should know that I'm 6 feet tall, 200 pounds, and I'm an accountant. And the guy sitting next to me is 6'2" tall, 225 pounds, and he's an accountant. Now, do you still want to tell that joke?" The first guy says, "No, I don't want to have to explain it two times."