

"Keeping you informed"



Honey, our lawyer wishes us,
but in no way guarantees,
a Happy New Year.

Tax Free Allowances

If you have to travel for your work or business, and you get paid a travel allowance, you can generally claim up to a set amount for food, accommodation and incidental expenses, without requiring receipts to substantiate the claim. This also applies for meals consumed whilst working overtime. The rates for 2009/2010 are:

Overtime	\$24.95
<u>Overnight Travel</u>	
Accommodation	\$92.00 - \$201.00
Food	\$82.05 - \$90.30
Incidentals	\$16.50
Employee Truck Drivers	\$82.05

Are You In The ATO's Sights?

The ATO has their eye on your business and if you don't comply with their newly created benchmarks then you run the risk of an unwanted tax audit. The benchmarks are not mandatory but if your bookwork isn't satisfactory then you can expect the ATO to enforce the benchmarks against your business. So, make sure that you are maintaining good bookkeeping processes to protect yourself. The benchmarks examine the cost of goods sold, labour and rent as a percentage of gross sales. Although the ATO will use these benchmarks in their efforts to collect more tax from you, they can be a useful tool for you to utilise to measure your own business performance, or even the performance of a business you are looking at purchasing/establishing. Below are a sample of some of the cost of goods sold benchmarks, but for more detail look at www.ato.gov.au.

• Bakeries and Hot Bread Shops	32 to 40%	• Newsagents	69 to 77%
• Cake Shops and Patisseries	35 to 43%	• Chicken Shops	50 to 60%
• Air Con, Refrigeration & Heating Services	38% to 54%	• Coffee Shops	33 to 43%
• Block Laying	5 to 10%	• Fish and Chip Shops	49 to 57%
• Brick Laying	Under 10%	• Kebab Shops	40 to 48%
• Electrical	31 to 41%	• Pubs and Taverns	42 to 54%
• Concreting	Under 10%	• Restaurants	33 to 41%
• Fencing	42 to 56%	• Sandwich Shop	40 to 52%
• Painting	14 to 22%	• Sushi Takeaway	36 to 44%
• Plastering – if supplying materials	33%	• Takeaway Food	41 to 55%
• Plumbing	33 to 43%	• Takeaway Pizza	37 to 45%
• Roof Guttering Installation	45 to 55%	• Courier Service (MV expenses)	11 to 21%
• Roof Painting and Repair	20 to 40%	• Road Freight (truck expenses)	11 to 37%
• Installing Tiles & Metal Roofing	20 to 44%	• Delivery Services (MV expenses)	4 to 22%
• Tiling and Carpeting	16 to 32%	• Towing Service (truck expenses)	14 to 26%
• Timber Floor Installation	50 to 70%	• Furniture Removal (MV expenses)	11 to 21%
• Clothing Retail	54 to 64%	• Video Hire	24 to 38%
• Computer Retailing	60 to 72%	• Industrial Cleaning (Labour)	19 to 41%
• Floor Coverings Retail	56 to 68%	• Pest Control	9 to 17%
• Florist	44 to 54%	• Barber	4 to 14%
• Footwear Retail	55 to 63%	• Beauty Salon	19 to 25%
• Seafood Retailing	66 to 74%	• Hairdresser	14 to 20%
• Poultry Retailing	56 to 74%	• Dry Cleaning	7 to 15%
• Fruit & Veg Retailing	68 to 76%	• Nail Salons	8 to 18%
• Grocery Retailing	73 to 81%	• Taxis are expected to generate sales of \$1.18 for every kilometre they travel	
• Butchers	64 to 72%		

Employing Contractors? You Must Pay Super!

The outcome of a recent case has highlighted the common misconception that "if you employ someone as a subcontractor then you don't have to pay superannuation for them". If the contract is for their labour you will be liable to make a superannuation contribution for them.

In "Roy Morgan Research P/L vs FCT" their interviewers were found to be employees and entitled to have superannuation contributions made for them, over and above the payments they had received. This was the case despite the interviewers being told right from the start that they were independent contractors and payments being made without tax being deducted. Morgan Research had a lot of control over how the interviewers operated even though they were paid a flat rate per interview rather than an hourly rate. The AAT based its findings on the fact the questionnaire was structured and the interviewers were not allowed to depart from it. The interviews were controlled with precision, the interviewers were even told what words to emphasise and how to record the answers.

How do you eat an elephant?

A major reason for procrastinating on big, important tasks is that they appear so large and formidable when you first approach them. One technique that you can use to cut a big task down to size is the "Salami slice" method of getting work done. With this method, you lay out the task in detail and then resolve to do just one slice of the job for the time being, like eating a roll of salami, one slice at a time. Or like eating one piece of an elephant at a time.

Do One Small Part to Start

Psychologically, you will find it easier to do a single, small piece of a large project than to start on the whole job. Often, once you have started and completed a single part of the job, you will feel like doing just one more "slice."

Company Loan Interest Rate Plummetts

If you owe money to your private company you will normally have to pay interest as set by the ATO. In recent years the rate has been as high as 9%, but due to the recent drop in official interest rates the Div 7A interest Rate has also dropped to 5.75% for 2009/2010. This will have the effect of reducing the interest payable on the loan as well as the minimum repayment required.

Soon, you will find yourself working through the job one part at a time, and before you know it, the job will be completed.

Just Get Started

Once you start working, you develop a sense of forward momentum and a feeling of accomplishment. You become energized and excited. You feel yourself internally motivated and propelled to keep going until the task is complete.

Interest Rates are on the rise...check your bank statements

Most of us have some sort of loan, so with increasing interest rates likely this year make sure that your bank isn't over charging you. Even banks make common mistakes in calculating interest and a seemingly small mistake of say ½ of 1% on a \$150,000 loan will result in you being over charged at least \$750 during the year. There are various software products available to assist in you checking the interest calculations. We also provide a Bank Checker service to do the checking for you. If you are interested in our Bank Checker service please contact us. Our fee is simply 30% of the discrepancy found, and no fee if no discrepancy.