

Not so Super...

From 1 July, 2009 the Government legislated that salary sacrifice and other additional contributions to superannuation will be assessed as "income" for a range of payments and tax rebates such as income support, family assistance, child support, eligibility for the co-contribution, medicare surcharge, most tax rebates and more.

This is very important for employers. Employers are now required to account for any superannuation contributions, including salary sacrifice, that are above the required 9% SGC employer contribution. These excess contributions will be required to be reported on the employee PAYG Payment Summary as "Reportable Superannuation Contributions" so ensure that you have accounting systems in place to meet this requirement.

Shareholder Rules watered down

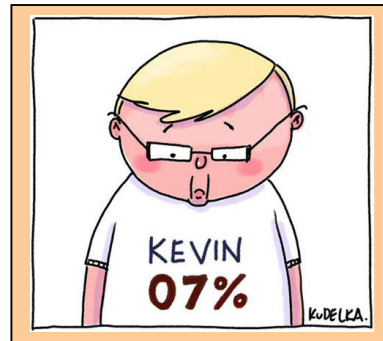
The Government had previously proposed measures that would require company shareholders to pay tax on the value of company assets used by the shareholder. This was to also include assets used in another business of the shareholder!

After consultation with the accounting profession they have now made the rules more reasonable and assets used in a business that are otherwise deductible are now exempt. Also, they have included a "residence exemption" for any residence that is an integral part of the company real property.

These concessions are welcomed and bring the new rules more in line with the current Div 7A rules.

Kids Tax Free Income

The tax free income that can be distributed to minors from your family trust is \$3,000 for the 2009/2010 year.



Should you fix your interest rate?

While I am not a licensed financial adviser, I am often asked the question of whether or not to fix interest rates, now that they are on the way up. I will not tell you which way to go, rather point out some basic and fundamental facts, and I'm sure you'll see the light.

These are the current ANZ loan rates (10/10/09) ;

5 yr Fixed Rate 7.74%

Standard Variable Rate 5.81%

If you fix your interest rate you will guarantee paying more interest until the variable rate reaches the fixed rate. On a \$200,000 loan that could be \$2000 - \$4000 per year depending upon how quickly rates rise.

Fixed rate loans usually do not allow extra payments or early payout without significant penalties.

After the end of the fixed rate period you will automatically be back on the variable rate.

Fixed rate loan terms don't usually extend beyond 10 years.

Why not just work out what your repayments would be at the fixed rate level and increase your current repayments to that level. You will pay off your loan faster, and be in front of the loan requirements in case you need to scale back later.

**New Online Resource for
Property Investors**

SQM Research has recently developed a valuable new resource for intending property investors and buyers. You can now search your area of interest for a list of properties that have been on the market for 2 months or more. The website is www.sqmresearch.com.au.

"Barack Obama's daughters are very smart. They told him they will take the same responsibility for the new dog that he is taking for the economy. That way, if the dog leaves a mess in the White House, it'll be cleaned up by future generations." --Jay Leno

The reports provide details such as the initial asking price, the current asking price, date first advertised, links to the advertisement, last date sold and selling price, and more.

Property Investors - Increase your CASHFLOW

Just a reminder for property investors that have negative geared property. You can make application to the ATO to reduce the tax withheld from your wages, which increases your take home pay during the year, based upon the expected tax loss on your investment property. It is most beneficial to get this done as soon as possible. If you would like us to prepare this for you please contact our office.

50% Business Tax Break

The 50% Investment Allowance has been continued until 31st December 2009. After this it will reduce to 10%. If you are contemplating purchasing new business assets in the next 12 months then you should consider the benefits of making the purchase prior to 31st December. For most businesses the real advantage will be about 6% of the cost of the asset.

What if something happened to you?

Are you a significant contributor to your family's income and financial future? Do you have sufficient life insurance, income protection insurance and disability insurance? Have you considered how your family would deal financially with your injury or death?

We have recently established an association with **Accountants Insurance Services (AIS)** so that we can offer you access to some great insurance products and services.

I have personally used AIS to reassess my family insurance needs and can confirm that I saved about 15% on my annual insurance costs, which for me was a saving of about \$200. AIS made the process simple and they have access to the leading insurance providers.

We'll be contacting you in the near future to help you assess your insurance needs, or if you'd like to contact us sooner please don't hesitate.