



ACCOUNT ABILITY

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MBO's SERVICES

LET'S FACE IT. THE MAJORITY OF BUSINESSES AND INDIVIDUALS ONLY HAVE FINANCIAL STATEMENTS AND/OR TAX RETURNS PREPARED BECAUSE THEY HAVE A STATUTORY OBLIGATION TO THE FEDERAL GOVERNMENT.

If it wasn't for this requirement, most accountants would lose 50% of their business.

Having said that, it still leaves 50% of non-statutory work that MBO Financial Group does or can do for their existing clients. Just because we don't yell it out over the radio doesn't mean we don't provide the service.

THESE SERVICES INCLUDE:

- Share trading
- Regular investments
- Home loan finance via 30 different banks
- Life, Trauma & Income Protection insurance
- Self-Managed Superannuation Funds
- Business or farm succession and estate planning
- Investment property analysis
- New business establishment and advice
- Auditing
- Business structure and re-structure advice
- End of year tax planning
- CGT advice prior to sale of assets
- Business valuations
- IT consulting for Quicken, Quickbooks and MYOB
- Cashflow budget and Profit & Loss budget preparation
- Business benchmarking to industry averages
- Preparation of business plans for new/old businesses
- Business financial management assistance
- Banklink accounting and BAS preparation.

The article on the back page of this newsletter is an example of how we can assist our clients.

REMINDER - Getting your tax done early doesn't mean you pay any earlier. Get your information in now.

ATO TOUGHER ON CASH ECONOMY

THE AUSTRALIAN TAX OFFICE HAS DEVELOPED SMALL BUSINESS BENCHMARKS TO TRACK THE PERFORMANCE OF BUSINESSES AGAINST THE REST OF THEIR INDUSTRY.

MBO Partner Michael O'Keeffe advises "The primary use of the ATO Benchmarks is to track down and prosecute those businesses pocketing cash from their business and not paying their fair share of tax."

Chris Howley, MBO Accountant, quoted the Tax Office case where a non MBO bricklaying client pocketed cash from many clients whom he didn't provide with official tax invoices. Not only did the Tax Office amend his return to include the correct tax, they also issued penalties of \$50,000.

The Tax Office has industry benchmarks for in excess of 100 industries including bricklayers, painters, concreters, pest controllers, bakeries, coffee shops, pubs, beauty salons, dentists, book retailers, florists, health food stores, couriers, taxi drivers and many more.

For a copy of your industry's benchmarks or to discuss the operations of your business, speak to your MBO Accountant today.



IS YOUR BOOKKEEPER REGISTERED?

A NEW FRAMEWORK FOR REGULATING TAX PRACTITIONERS TOOK EFFECT FROM 1 MARCH WHICH WILL GIVE TAXPAYERS GREATER CERTAINTY IN THEIR DEALINGS WITH TAX AGENTS, BAS AGENTS AND WITH THE TAX OFFICE.

Of particular note, any person or entity who provides a 'BAS Service' will need to be registered as a 'BAS agent'.

WHAT IS A BAS SERVICE?

A BAS service includes, but is not limited to:

- Preparing or lodging an approved form about a taxpayer's liabilities, obligations or entitlements under a BAS provision.
- Giving a taxpayer advice about a BAS provision that the taxpayer can reasonably be expected to rely upon to satisfy their obligations.
- Dealing with the Commissioner on behalf of a taxpayer in relation to a BAS provision.

WHAT IS A BAS PROVISION?

BAS provisions include:

- GST law
- Wine equalisation tax law
- Luxury car tax law
- Pay as you go (PAYG) instalments
- PAYG withholding
- Instalment Activity Statements (IAS)
- Fuel tax credits law.

MBO Financial Group are 'Registered Tax Agents' which exceeds our general BAS Agent requirements.

TRUE STORY...

A YOUNG ACCOUNTANT WAS PREPARING TO LEAVE THE OFFICE AT 5:45PM WHEN HE FOUND THE FIRM'S PARTNER STANDING IN FRONT OF A SHREDDER WITH A PIECE OF PAPER IN HIS HAND.

"Listen," said the firm's partner. "This is a very sensitive and important document, and my secretary is not here... Can you make this thing work?"

"Certainly," said the young accountant. He turned the shredder machine on, inserted the paper, and pressed the start button.

"Excellent, excellent!" said the firm's partner as his paper disappeared inside the machine, "I just need one copy."

Lesson:

Never, ever assume that your boss knows what he's doing. As told by the junior accountant at MBO.



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NEW OBLIGATIONS FOR PAYROLL REPORTING

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010, EMPLOYERS ARE NOW REQUIRED TO REPORT ANY REPORTABLE EMPLOYER SUPER CONTRIBUTIONS TO THE AUSTRALIAN TAXATION OFFICE.

Reportable employer super contributions consist of:

- Before-tax income which is salary sacrificed as super contributions or
- Additional employer super contributions made for employees (i.e. amounts over 9% of gross earnings).

Reporting of these super contributions is to be done via an employee's PAYG payment summary, which will be updated to include a label to show reportable employer super contributions for the 2010 financial year. Also, a new reporting line will be included on the annual payment summary statement.

These additional super contributions are not included in the amount disclosed at the gross wages label of the payment summary. ***Note:** For some industries super contributions above 9% are not included. Speak to your MBO accountant for more information.

TRUST DISTRIBUTIONS TO BUCKET COMPANIES

As alluded to in our last newsletter, the High Court has effectively "buried the bucket company", through its decision in the Bamford Case.

The decision basically means that where a distribution is made by a trust to a beneficiary company, a physical distribution of money must now follow that distribution. If you have a trust which, in the past, has distributed to a company, we advise you to discuss the implications of this case with your MBO Accountant.

SUPERANNUATION CLEARING HOUSE – COMING SOON

THE BILL TO ESTABLISH AN OPTIONAL FREE SUPERANNUATION CLEARING HOUSE FOR EMPLOYER SUPERANNUATION CONTRIBUTIONS HAS BEEN INTRODUCED INTO PARLIAMENT.

The clearing house, to be Medicare Australia, will allow businesses with fewer than 20 employees to meet their employer superannuation guarantee obligations once payment is received by the clearing house.

The clearing house is expected to be available from July 2010. Businesses are expected to be able to register with Medicare Australia from July 2010.



BOB, A BUILDER – CASE STUDY

BOB, A BUILDER, WAS A NEW CLIENT TO MBO. BOB HAD ONLY BEEN A BUILDER FOR A FEW YEARS. HE HAD RECENTLY MARRIED AND HAS A TWO YEAR OLD DAUGHTER WHO HAS A DISABILITY. BOB HAS OPERATED AS A SOLE TRADER WHILE HIS WIFE CARES FOR THEIR CHILD FULL TIME.

Bob's father, a grazier from another district, had always used a 'big city' accountant. Bob had too until he got talking to MBO Accountant, Colin Rowe, at a friend's wedding.

Bob was surprised when he phoned MBO a week after the wedding, that MBO returned his call later that day, something his 'big city' accountants never did. Bob was also able to arrange to meet with MBO outside of normal business hours, so he could continue on with his work.

At his initial appointment with MBO, we reviewed his personal insurances. Bob had his house and car insured but not the thing that was generating the income (himself) or the person looking after his disabled child (his wife). Together with MBO he took out income protection, trauma and life insurance for himself and his wife. This gave him some peace of mind, if the worst happened.

With interest rates rising, after the financial crisis, MBO was able to refinance Bob's home loan to gain the best available rates.

MBO then reviewed all aspects of Bob's business. Bob had started trading prior to meeting his wife. MBO was able to restructure his business into a trust structure to split his income to him, his wife and daughter to legally minimise his tax.

It was the end of April when Bob joined MBO. We added Bob to our Banklink system and processed his transactions for the year to date. This reduced Bob's bookkeeping headaches, allowed him to concentrate on generating income and enabled us to prepare some tax planning strategies for him.

Bob's business had the potential to grow considerably in the next few years although this had to be carefully monitored.

Together with Bob, we prepared a five year business plan, including Cashflow and Profit & Loss budgets for the next three years.

The budgets showed considerable profit. We therefore implemented a strategy to reduce his home loan while at the same time putting money into super for his eventual retirement.

Bob also started his own Self Managed Super Fund to give him more direct control over his investments.

Bob is a potential beneficiary of his aging father's estate. We have therefore discussed with him the issues that affect him on succession and estate planning with regard to his father. Making him aware of those issues before his father passes away could potentially save him thousands of dollars in tax.

Next year we intend to work more with Bob, particularly to ensure he is billing what each job is truly worth. We will be evaluating the employment of two more employees and he is interested in us evaluating the purchase of a seaside rental property.

There are many more services and professional knowledge that MBO has to advise Bob when required.

If you require MBO's assistance in any financial area, like Bob did, please phone our office on 5561 3388.