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FINANCIAL GROUP



ACCOUNTABILITY

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LORRAINE'S RETIREMENT

After 28 years of service, MBO Financial Group will be sad to farewell Lorraine at the end of this year. Lorraine commenced work as a typist with our firm in November 1982. For at least the last 15 years she has held the position of Office Manager. Lorraine anticipates spending more time visiting her grandchildren. The partners and staff wish Lorraine all the best on her retirement.

CHRISTMAS CLOSURE

We advise that the offices of MBO Financial Group will close at 5.30pm on Tuesday 21 December and reopen at 8.30am on Tuesday 4 January 2011. We wish all our clients, financial service providers and their families a Merry Christmas and a prosperous 2011.

FUEL TAX CREDITS

THE FUEL TAX CREDIT RATES WERE ALTERED AS AT 1 JULY 2010. FUEL TAX CREDITS ARE CLAIMABLE IN THE MONTHLY / QUARTERLY BAS. THE FOLLOWING CHART SHOWS THE APPLICABLE RATE FOR EACH ACTIVITY AND ELIGIBLE FUEL.

ACTIVITY/BUSINESS USE	ELIGIBLE FUEL	CENTS PER LITRE FROM 1 JULY 2010
In a vehicle greater than 4.5 tonne GVM travelling on a public road (diesel vehicles acquired before 1 July 2006 can equal 4.5 tonne GVM).	All taxable fuels – for example, diesel and petrol.	15.543*
Specified activities eligible since 1 July 2006 in: <ul style="list-style-type: none"> - agriculture - fishing - forestry - mining - marine transport - rail transport, and - nursing and medical. 	All taxable fuels for example diesel, petrol and fuel oil. Note: Doesn't include fuel used in vehicles greater than 4.5 tonne travelling on a public road.	38.143
Burner applications.	All taxable fuels – for example diesel, petrol, heating oil, kerosene and fuel oil.	38.143
Non-fuel uses such as: <ul style="list-style-type: none"> - fuel you use directly as a mould release, and - fuel you use as an ingredient in the manufacture of products. 	All taxable fuels – for example kerosene, fuel oil, toluene, mineral turpentine and white spirit.	38.143
Packaging fuels in containers of 20 litres or less for non-internal combustion engine use.	Mineral turpentine, white spirit, kerosene and certain other fuels.	38.143
Electricity generation by a commercial generation plant, a stationary generator or a portable generator.	All taxable fuels – for example diesel, petrol, heating oil, kerosene and fuel oil.	38.143
All other activities, machinery, plant and equipment are eligible for fuel acquired from 1 July 2008. Examples of activities are: <ul style="list-style-type: none"> - construction - manufacturing - wholesale/retail - property management, and - landscaping. 	All taxable fuels – for example, diesel and petrol. These activities have only been eligible since 1 July 2008.	19.715**

* This rate accounts for the road user charge, which is subject to change.

Heavy vehicles (that is, those with a GVM greater than 4.5 tonne) travelling on a public road are entitled to the fuel tax credit rate of 38.143 cents per litre minus the road user charge.

From 1 July 2010, the road user charge is 22.6 cents per litre, so the rate for heavy vehicles is 15.543 cents per litre (38.143 – 22.6 = 15.543).

** The rate of 19.0715 cents per litre is 50 per cent of the full rate of 38.143 cents per litre. The full rate will apply to all these activities from 1 July 2012.

THE ATO AND DATA MATCHING

EACH YEAR THE ATO RECEIVES DETAILS OF PAYMENTS MADE BY EMPLOYERS, BANKS AND OTHER FINANCIAL INSTITUTIONS AS WELL AS CENTRELINK AND THE DEPARTMENT OF VETERANS' AFFAIRS.

This information is used by the ATO to identify people who are receiving benefits they're not entitled to and to ensure they pay the right amount of tax. The ATO runs an extensive data matching program using a range of third-party sources to verify information reported in income tax returns and activity statements. The program also uses overseas data supplied by other government partners through international treaties. Data, including an increasing range of financial transactions, is automatically exchanged with more than 40 foreign tax administrations.

In the past few years, projects have included the furniture removal and fishing industries, as well as auction houses, taxis, mining, security, clubs and pubs, motor vehicles, luxury boats, antiques and art, as well as financial planning.

For individuals and businesses, the data matching program includes projects designed to address specific tax issues such as the scrutiny of property sales to detect property development and capital gains tax risks. Projects also analyse indicators of lifestyle and wealth such as the ownership of luxury vehicles, marine vessels and aircraft. In 2007-08, the ATO received about 408 million records. Of these, 78 million were used in individual income matching.

By comparing data from other sources with taxpayer records, the ATO can detect people who are failing to lodge returns or disclose income.

NOTE:

The program operates within strict privacy guidelines, including the secrecy provisions and other legislation that regulates the exchange of data among agencies and the use of tax file numbers when comparing personal information held by the ATO with data held by other agencies.



SOURCES OF INFORMATION

1. Employers, labour hire firms, building contractors and WorkCover authorities.
2. Industry registrations, professional associations and various licensing bodies.
3. Land, real estate and property related sources including titles offices, planning authorities and tenancy agreements.
4. Government agencies including the Australian Securities & Investments Commission.
5. Banks and other financial institutions, the Australian Securities Exchange, share registers and managed investment funds.

Colin Rowe, an MBO Accountant says, "be careful when attempting to hide a transaction from the Tax Office, chances are they already know about it."

THE FIRST LOCAL HOME



MBO Financial Group congratulates Luke Aggett on his performance in the 2010 Melbourne to Warrnambool Bike Race.

In his fourth Melbourne to Warrnambool race, Luke was the first local home in this years 260km cycling classic.

When not doing 350km – 400km a week on his bike training, Luke works as an accountant at MBO.

Well done Luke, from the partners and work colleagues at MBO.



THE TOP FIVE START-UP BUSINESSES FOR 2011

FOR BUDDING ENTREPRENEURS LOOKING TO SET UP A BUSINESS, THE TOP FIVE START-UP OPPORTUNITIES FOR 2011 HAVE BEEN IDENTIFIED.

Leading the pack of new business opportunities is accounting, where the researcher is predicting that more than 300 new businesses will spring up next year to meet the expected demand for financial services.

Housing construction is next on the list. Revenue growth of 10 per cent is expected in 2011-12. Due to relatively low set up costs, it is expected more than 1,000 new start-ups will establish in this sector.

Research is also tipping landscaping services as a growth sector as a result of improved consumer confidence.

A growing fixation with lifestyle television programs, combined with an already established obsession with renovating, means there should be over 500 new entries in the landscaping market over the next few years.

It will be particularly popular because there are low levels of entry in terms of investment and regulation.

Plumbing services will also be a popular start-up, with forecasts that there will be more than 550 new ventures in the 2011-12 year.

Rounding out the top five is take-away food retailing, where revenue growth of 3 per cent in 2011-12 means an extra 1,020 take-away eateries will enter the market.

The research also identifies markets that entrepreneurs should avoid. These include fuel retailing, computer maintenance services, household equipment repair services, processing and printing services and plant nurseries.

MBO Financial Group can assist new business ventures in everything from analysing the proposed business before commencement, to record keeping and even investing the eventual profits of the business.

SWIMMING POOL AND BBQ TAX DEDUCTIONS

When the weather warms up, people tend to spend more time outside and some people will install swimming pools, built in BBQs or even bar sheds.

You may or may not be surprised what we find some clients including in their records as business expenses, including inground swimming pools, BBQs, pool rooms or games rooms.

In order for an expense to be deductible, it must be incurred so that it is used to produce income. Pools, BBQs, games rooms or any other facility that is used for private purposes will NOT be tax deductible.

Ross Buzolich, MBO Partner, advises that the Tax Office uses a wide selection of data matching and modern technologies to disallow deductions. It is just not worth the risk.