

NEWSLETTER

June 2002

The purpose of this newsletter is to raise a number of issues that may impact on your business and the preparation of your upcoming Income Tax Returns and Business Activity Statements.

The Simplified Tax System (STS) is now with us. Businesses with an annual turnover of less than \$1m and assets less than \$3m are eligible to join the STS. Businesses above these dollar amounts are basically unaffected, except for the method used to calculate depreciation. We have reviewed the files of all small business clients and will advise you individually of our recommendation. Major benefits of the STS for small businesses are that there will be no need to list debtors and creditors or do a stock take at 30 June each year.

The education phase of the GST is now over and the Taxation Office has made it very clear that penalties will now apply to BAS's lodged after the due date and that errors will be viewed with less compassion.

This year we have prepared End of Year Checklists that relate specifically to your business and tax affairs. We found that the 'one size fits all' checklist used in the past did not give us what we needed to produce accurate results quickly. We are attempting to reduce processing delays by getting clients to deliver all necessary information at the first interview. Missing or incomplete information has been a major factor in processing delays.

Clients operating through a company structure need to be aware that work cover is examining payments of Directors Fees to see if workers compensation should be payable on such payments. Workers Compensation Certificates of Currency can now be obtained from your insurer by completing a special form – see us for details.

Employers are reminded that payroll tax is payable once your payments to staff exceed \$600,000 pa. Payments of superannuation and other benefits may put you over the limit.

Employer payments to superannuation on behalf of employees increase from 8% to 9% from 1 July 2002. Contributions need to be in the hands of the superannuation fund by 30 June 2002 to get a tax deduction in the 2002 year. Payments in respect of the 2002 year which are made after 28 July 2002 will be denied a tax deduction completely. Further proposed changes to superannuation were announced in the budget.

We need to update equipment schedules to make sure that any equipment lost, stolen, scrapped or sold is removed from your accounting records. A copy of the depreciation schedule used in your most recent tax return will be provided to you for updating.

Our fee policy is fairly simple. We charge for the time we take to carry out the task that you have asked us to perform. We also charge a fee for work the Taxation Office

requires us to perform as your agent. We do not usually charge any fee for the time it takes us to process mail from the Taxation Office. We do not usually charge any fee for advice offered via a short telephone call.

There are occasions when clients do not ring with a question for fear that they will be charged. Our experience is that the fee we need to charge to fix a problem caused by not ringing us is far greater than any fee charged as a result of a telephone call. Failure to keep in contact with the accountant is very often a case of false economy. Please keep in touch with us on a regular basis.