

NEWSPAPER ARTICLE – JUNE 2004

Bruce Graham is a CPA and partner in the local accounting practice of Bruce & Neryl Graham. The practice specialises in small business management, and has a strong client base in local building, farming and retail businesses.

Superannuation is always on the political agenda and we can look forward to further significant changes. There are a couple of issues that are worthy of mention in this article.

Employers need to be paying 9% superannuation into an employee's superannuation fund, with the payments to reach the fund no later than the 28th day after the end of each quarter. To get a tax deduction this year you need to get the payment to the fund well before 30 June. Payments made after the 28th day following the quarter are not tax deductible at any time.

The much advertised 'Co-Contribution' is a government incentive to encourage salary & wage people, on lower incomes, to contribute to their own superannuation funds. Unfortunately this incentive is not generally available to self employed people. We believe that this incentive is a huge benefit for lower income wage earners and could be used very effectively to kick-start the retirement savings of people even in their late teens. We encourage you to see your accountant, to check the eligibility rules for all members of your family and to consider taking advantage of this incentive before 30 June. Although your eligibility for the 'Co-Contribution' is based on the taxable income shown in your tax return, your superannuation contribution for the year is not actually shown on your tax return. The Tax Office will be using information from the various superannuation funds to determine the 'Co-Contribution' amount.

The Tax Office (ATO) is expanding its audit activity and will be looking closely at people who appear to have sold property or shares, yet failed to deal with the necessary Capital Gains Tax (CGT) calculations in their tax returns. People with rental property income one year and not the next, without the CGT calculations, can look forward to an ATO query even though there may be a legitimate explanation.

Another area of audit focus deals with expenses that have a combined private and work related use. Expenses such as motor vehicle, loan interest, telephone and internet fees are under scrutiny. The ATO is concerned that the proportion being claimed as work related is too high.

Remember, the best tax advice is not found at the pub, at a BBQ or from well meaning friends. Consult your accountant.