

Article for 'Tax Time 2006'

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A 30% Child Care Tax Rebate is a new feature in the 2006 Tax Return. This rebate of up to \$4000 per child is available if you used approved child care in the 2005 tax year, received Child Care Benefit (CCB) through the Family Assistance Office and passed a CCB work/training/study test. While the rebate is generous, you have to wonder about the common sense in providing a rebate more than a year after you spent the money. The rebate only reduces your tax bill and it is not a 'cash in hand' refund.

A new Entrepreneurs' Tax Rebate is available to small business operators with a turnover of less than \$75,000 per year. The rebate is designed to help small businesses enjoy a little amount of tax relief. It is not exciting, but it is worthwhile knowing about the rebate.

The ATO believes that records maintained by rental property owners are often poor and that there is an inadequate understanding of tax law in relation to rental property. As a result, rental property audits will again be a strong feature in this year's ATO audit activity and they will look closely at repairs, improvements and interest deductions.

If you are buying a residential investment property that was built from July 1985 we recommend you obtain a certificate from the vendor or the builder, confirming the property's eligibility for a building write-off deduction. In 1992 a law was introduced to require the vendor to provide the certificate if the property was built from February 1992. The tax deduction can be quite large and it is worth the effort. Talk to your solicitor about getting the certificate when purchasing the property.

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.

The government's superannuation 'Co-Contribution' has been widely received by low to middle income wage earners. We encourage you to see your superannuation advisor and your accountant, to check the eligibility rules for all members of your family and to consider whether you should be taking advantage of this incentive before 30 June.

Choice of Super is still high on the agenda. Although not all employees are currently eligible for 'Choice', many more employees will become eligible from 1 July 2006. If you are an employer and you have not made any effort to find out about 'Choice', you need to talk to your advisor now. While many small employers are simply offering 'Choice' to all staff, you really need to check what Award your staff are covered by.

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.

The recent Federal Budget announced huge changes to the world of superannuation, but only a few of the proposed changes take effect immediately. Many superannuation proposals are not scheduled to commence until 1 July 2007. Make sure you get current superannuation and retirement advice, as many of the Budget proposals will significantly alter the way we approach retirement.

We have witnessed first hand, that sitting on a bar stool can magically turn a person into a football commentator, a political guru or even an expert on world affairs. For tax, superannuation and business advice give the guy on the bar stool a miss and always consult your accountant.