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SHOULD YOU SALARY SACRIFICE?

Salary sacrifice is an arrangement between you and your employer where you agree to forgo part of your wage in return for your employer providing benefits of a similar value.

By redirecting your wage, you are effectively reducing the amount of tax you have to pay on your income. You will only pay income tax on the reduced wage, but you receive the reduced wage plus the non-cash benefit. Under an effective arrangement your income tax liability should be less than it would have been without such an arrangement.

TYPE OF BENEFITS

The types of benefits generally provided in salary sacrifice arrangements by employers include fringe benefits (company car), exempt benefits (laptop, work mobile phone) and additional superannuation contributions (above the compulsory 9%).

Contributing more of your wage to superannuation is the most common salary sacrifice arrangement. Not only does it provide the tax advantages, it is also a great method of saving for retirement. The amount contributed to your superannuation fund is taxed at 15% by the fund as opposed to being taxed as a normal wage in your tax return at your marginal tax rate.

Below is an example of how contributing to super through salary sacrifice can be very advantageous.

Rebecca has a remuneration package of \$60,000, she decides to contribute an additional \$10,000 to her superannuation to accumulate savings for her retirement.



If she contributes this after tax:

Contribution	\$10,000
Less	
Tax payable (in tax return)	\$ 3,150
Tax payable by fund	0
Net amount in fund	\$ 6,850

If she contributes this through salary sacrificing:

Contribution	\$10,000
Less	
Tax payable (in tax return)	\$ 0
Tax payable by fund	\$ 1,500
Net amount in fund	\$ 8,500

This is an additional \$1,650 that Rebecca will have at retirement due to salary sacrificing rather than contributing the money herself.

If you would like further information, please contact R J Sanderson & Associates.

LODGING BUSINESS ACTIVITY STATEMENTS

The ATO is currently promoting that businesses can take advantage of a 14 day extension on their BAS lodgement if they lodge their BAS themselves rather than through a registered tax agent.

GST is still a new and complex area, we suggest that all BASs are completed by a registered tax agent. This will

avoid errors occurring and also reduce the possibility of an ATO BAS audit. As tax agents, we automatically receive the 14 day extension each quarter.

Only registered tax agents can charge or receive a fee for providing tax agent services. This includes all income tax related matters AND

preparing, lodging and providing advice regarding BASs. Our fees to lodge a BAS are only \$80.00—compare the value!



MONTHLY TAX TIP

WORK RELATED DEDUCTIONS MOTOR VEHICLE

Motor vehicle expenses are claimable where the travel is directly connected with your work. You cannot claim the cost of normal trips between home and work as that travel is private. Claimable travel includes

1. Running errands — for example, bank and mail runs, delivery and pickup of goods, however this cannot be claimed if it is done on the way to work or home.
2. Carrying bulky tools or equipment that is used for work and could not be left at work.
3. Travel between your normal work-

place to an alternative workplace in the same job or a second job.

To claim your motor vehicle expenses, you will need to know or estimate your work related kilometers. It is advisable to keep a log or diary of the trips done and the distance traveled each trip for the full tax year. From this information we can then choose the method that gives you the largest deduction.

The two main methods that can be used in your tax return are the 'cents per kilometre' and 'logbook' method.

The cent per kilometre method is claimed based on a set rate for each work related kilometre. You can only claim up to 5,000kms using this method. You do not require a logbook to claim the kilometres, however you need to justify your claim if the Tax Office requests.

The logbook method is claimed based on the work use percentage of each car expense (fuel, oil, repairs, insurance & registration). A logbook and written evidence of all expenses is required to use this method.

What's the definition of a good tax accountant?

Someone who has a loophole named after him.



CASHFLOW MANAGER TRAINING WORKSHOPS

Cashflow Manager training workshops are being held fortnightly from 7 — 9pm on Mondays at the Malvern East Training Centre — 434 Waverley Road.

The sessions cost \$77 per business (2 people).

Workshop Dates April 10, 2006
April 24, 2006
May 8, 2006
May 22, 2006
June 5, 2006
June 19, 2006

Bookings are essential on (03) 9572 5000

PROPERTY INVESTMENTS

We have a dedicated property newsletter which is forwarded directly to clients who have indicated they are interested in property. If you are interested in receiving this newsletter please contact our office.

Currently we have a commercial property on Princes Highway, Noble Park. Check out the website www.wareca.com.au.

The rent returns on this property are quite good and after allowing for depreciation, the investment will create a sizable

tax refund, thus making the investment is 'cash positive'.

Finance can be arranged through our office with one of our panel of lenders. It has been indicated they will lend up to 80% of this commercial property at a rate of 8.25% interest only or it can be fixed for 3 years at 7.39%.



If you would like more information about this investment, please contact Roy Sanderson.

TRANSFERRING REAL ESTATE TO FAMILY OR FRIENDS

If you sell or give away any real estate (house, unit, apartment, holiday house, land or hobby farm) to your family or friends, a capital gains tax event (CGT) will occur and must be included in your tax return.

For most CGT events, your capital gain or capital loss is the difference between what you received when you sold the property and the cost of your property when you

purchased it. If you give away or receive more/less than the market value in a non arms length transaction for your property you are taken to have sold it at market value.

MARKET VALUE

You can choose to:

1. obtain a valuation from a qualified valuer, or



2. work out the market value yourself using reasonably objective and supportable data.

In these cases, the market value of the property on the day of transfer replaces what you actually receive for it.

SPECIAL RULES

If the property you give away or sell was bought or given to you before 20 September 1985, CGT generally does not apply.

Important: The contents of this newsletter is not advice. They are only general comments. At the time of publication all information was correct however changes in legislation can occur quickly. Clients should not act solely on the contents of this newsletter, we recommend you seek formal advice from our knowledgeable accountants at R J Sanderson & Associates on (03) 9794 0010.