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CAR FINANCE OPTIONS

There are many finance options available to you when purchasing a car for work or business use. It can sometimes be difficult to decide what best suits your needs.

There are three main options to consider.

CHATTEL MORTGAGE LOAN

LEASE—Two different types of Leases. Finance Lease and Novated Lease

Novated Lease: This is an agreement between you, your employer and the finance company. Payments are made out of your pre-tax income and exclude GST. Even though this agreement may attract FBT, which as an employee you may need to pay, with a novated lease you will

generally come out in front.

Finance Lease: This is an agreement between you and the leasing company. You are agreeing to make monthly payments and take good care of the car by taking out insurance, cleaning and repairing it. Payments are generally made from after-tax dollars.

The difference between a loan, chattel mortgage, novated lease and a finance lease is that with a loan, chattel mortgage and novated lease you take ownership of the car but with a finance lease, the leasing company takes

ownership and 'leases' or rents the car to you under contract for a specified time.

For tax purposes this means that the taxpayer can claim depreciation on the vehicle plus the interest component as a tax deduction with a loan and chattel mortgage. This is as opposed to a finance lease where you can claim the actual lease payments as a tax deduction.



Please call one of the RJ Sanderson & Associates offices on 1300 CPA TAX if you are considering finance. One of

our qualified accountants can give you the most tax effective advice for your situation and make recommendations on lenders.

VALUE OF GOODS OF STOCK TAKEN FOR PRIVATE USE

The Australian Taxation Office has recently set out the 2006/07 income tax year amounts that it will accept as estimates of the value of stock taken from trading stock for private use by sole traders in certain industries.

These values are as follows:



Business	\$(exc GST) Over 16yrs	\$(exc GST) Under 16 Yrs
Bakery	980	490
Butcher	660	330
Restaurant (licensed)	3,380	1,340
Restaurant (unlicensed)	2,680	1,340
Caterer	2,930	1,465
Delicatessen	2,680	1,340
Fruiterer/greengrocer	710	355
Takeaway food shop	2,550	1,275
Mixed business	3,220	1,610

MONTHLY TAX TIP

GST AND THE GOING CONCERN EXEMPTION

The purchase of a going concern business is generally GST-free. A going concern means a business that continues on in the same manner as it did before it was sold.

The advantage of using the going concern exemption is that the purchaser does not need to find the additional funds to cover the GST which would be payable.

To obtain a going concern exemption, the following conditions must be satisfied;

- The sale must be for a consideration

- The buyer must be registered or required to be registered for GST

- The agreement must be in writing that the supply is of a going concern

- The seller must continue to carry on the enterprise until the date of sale and

- The seller supplies the buyer with all that is necessary for the continued operation of the enterprise.



If the going concern exemption is used by the parties to the contract it is in the interests of both parties to ensure

A visitor from Holland was chatting with his Aussie mate and was jokingly explaining about the red, white and blue in the Netherlands flag. "Our flag symbolizes our taxes," he said. "We get red when we talk about them, white when we get our tax bill, and blue after we pay them."



"That's the same with us," the Aussie said, "only we see stars, too!"

that they are aware of who will be liable for the GST if it is subsequently determined that the supply was not that of a going concern.



WITHOUT HEALTH.....THERE IS NO WEALTH

While staff may be the biggest expense on your profit and loss report, they are also one of your biggest business assets. As a business owner you should be doing everything possible to maintain and or increase the value of your assets, and staff should be treated no different.

Over the years the percentage of unproductive time in Australian work places has risen from 25% in 2003 to 39% in 2005. Studies show that this unproductivity can be reduced by promoting employee wellbeing.

So as a boss, what can you do to increase productivity?

WELLNESS PROGRAM

There are many benefits of incorporating a wellness program into the workplace. Staff satisfaction increases, staff absenteeism levels decrease, morale around the office improves..all of which increase productivity.

A wellness program can consist of many health activities and incentives. This could be as simple as regular office massages or as elaborate as setting up a

gym in the workplace or organising lunchtime fitness sessions. When your team walks into their offices red faced and laughing with each other after their lunchtime boxing, self defence or personal training class, you can be assured that your workplace wellness program is a success — not just for your employees wellbeing, but also for your business' bottom line.

Listen to your employees, find out what they would like to participate in and what outcome you as a boss would like to achieve from the investment.

2006 TAX RETURN

If you have not lodged your 2006 tax return, it is important you do so as soon as possible. A failure to lodge on time (FTL) penalty can apply when returns are not lodged by the due date. The amount of FTL penalty is calculated at the rate of \$110 for each 28 days your return is overdue, up to a maximum of \$550. You can minimise the amount of any penalty imposed by lodging your tax return sooner rather than later.

IN THE NEWS



In a recent case, a husband and wife reported a robbery of various items worth approximately \$650,000, a robbery which eventually involved the Federal Police. They made an insurance claim on these items which started a chain event. The subsequent investigation revealed that they had not declared over \$2 million in income over 12 years. The ATO issued amended assessments for them over this period, using the figures in their insurance

claim as evidence of undeclared income used to acquire the valuables. Although the Appeals tribunal held that the ATO should reduce the assessments, the couple can still look forward to amended assessments totalling up to \$2 million plus a 75% penalty on the tax shortfall.

Moral of the story.....

DECLARE ALL YOUR INCOME!!

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.