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CPA PRACTITIONER

RJ Sanderson & Associates are approved CPA Practitioners. By having your accounting and tax affairs handled by us, you are assured to be receiving a high quality of service and customer care as implemented and regulated by CPA Australia. You have assurance that we undertake independent, ongoing quality control and engage in regular professional development to provide a quality service.

FREE HELP FOR SMALL BUSINESS

In addition to our professional advice, the Tax Office is providing a free assistance visit service to make it as easy as possible to comply with your tax obligations. Visits are confidential and conducted by tax officers at your place of business, or your preferred location within Australia. A tax officer will work through and discuss specific tax information of interest to you. To arrange an assistance visit please contact the ATO on 13 28 66.

DO YOU NEED A WILL?

YES YOU DO! A will is a legal document that names the people you want to receive the property and possessions you own at the date of your death. Your property and possessions include everything you own - your home, land, car, money in bank accounts, insurance policies, shares, jewellery, pictures, furniture, and so on. Making a will is the only way you can ensure your assets will be distributed in the way you want after you die.

There is no requirement that a Solicitor draft a will. However, it is not in your best interests to draft your own Will. There have been very many cases where homemade wills were either unclear, not properly drawn up or caused an unwanted tax liability. Solicitors do not charge a large fee for making a will, and since it is one of the most important legal documents you will ever make, it is false economy to try to do it without skilled professional advice. Please call our office to discuss any aspect of your will or if you require a referral to a Solicitor to draft or review your will.

2008 TAX RETURN

If you have not lodged your 2008 tax return, the lodgement deadline is Tuesday 31 March 2009 for those who lodged their 2007 tax return with a Tax Agent. If your tax return results in having to pay money to the Tax Office and you do not pay on time, the Tax Office may impose general interest charges. Please contact one of our offices as soon as possible to arrange an appointment.

EDUCATION TAX REFUND

The 2008 budget saw the inclusion of a new scheme to assist families with children undertaking primary or secondary school studies. For the tax year ending 30th June 2009, the government will give eligible families (those receiving FTB Part A)

A 50% tax offset every year up to \$750 for each child undertaking primary school (therefore a refund of \$375 per child per year).

A 50% tax offset every year up to \$1,500 for each child undertaking secondary school (therefore a refund of \$750 per child per year).

For the purposes of the Education Tax Refund, eligible educational expenses are

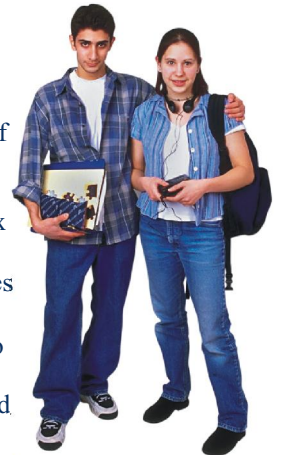
Laptops, home computers and associated costs (including repairs), home internet and printers and paper.

Education software

School Textbooks and material (study guides and stationery)

Prescribed trade tools.

Parents should be keeping all eligible expense records from 1 July 2008 to be able to claim the ETR in their 2009 tax return.



SUPER CONTRIBUTIONS

Individuals planning to claim a personal tax deduction for super contributions in their tax return must first complete an approved notice of intent to claim a deduction. This form needs to be supplied to their super fund before the lodgement of your tax return.

RENTAL PROPERTIES THE HIDDEN \$1,000's

If you have an investment property, it can be depreciated. We have access to Quantity Surveyors who will access your property at a pre arranged time to measure the building, estimate construction cost and record all depreciable items. This information is then compiled into a comprehensive report that tells us what depreciation can be claimed in your tax return. If you have missed out on claiming depreciation there isn't a worry the report can be backdated to the date you began renting your property out and we can amend your tax return for up to 4 years of missed depreciation. Only registered Quantity Surveyors can compile ATO compliant depreciation schedules.

PROPERTY SEMINARS

Again in 2009 we will be conducting a number of seminars around Melbourne on residential property investment. The "How Why & Where to invest in Property" seminar series will be in March and April. Last year they were fully booked so contact the office to reserve your seat or register online. Cost is \$25 including dinner, drinks and a very informative information session.

LUXURY CAR TAX

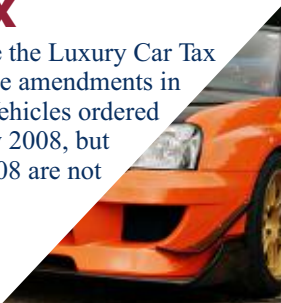
The Government's Bill to increase the Luxury Car Tax (LCT) has received enactment. The amendments in the Bill apply from 1 July 2008. Vehicles ordered before 7.30pm (AEST) on 13 May 2008, but Not delivered until after 1 July 2008 are not Subject to the increase in tax.

The LCT regime changes include:

Increasing the LCT from 25% to 33%.

Exempting fuel efficient vehicles that do not exceed the fuel efficient car limit.

Providing refunds of the increase to eligible primary producers and tourism operators.



WEBSITE

Visit our web site at www.rjsanderson.com.au which summarises our services. You can even apply to have your tax return done online. You can utilise this web site to ask any detailed questions about your income tax matters or to contact staff by email for any reason whatsoever. We are keen to have any feedback or suggestion on this website.

MEDICARE LEVY SURCHARGE

The 1% Medicare Levy Surcharge is a levy that higher income earners may have to pay in addition to the 1.5% Medicare levy paid by most Australian taxpayers. You generally must pay the surcharge if you are a higher income earner and do not have a private hospital insurance policy.

You are considered a higher income earner if you are a single person with an annual taxable income of over \$70,000, or a couple or family with a combined taxable income of greater than \$140,000. The family threshold amount of \$140,000 increases by \$1,500 for each dependent child after the first.

Changes were passed in Parliament in October 2008 which increased the taxable income thresholds to their current levels of \$70,000 and \$140,000 respectively.

Importantly, if after 1 July 2008 you have dropped, or avoided applying for health insurance due to the initial proposed changes by the Government to the thresholds (as proposed in the 2008 Budget), a transitional provision has been introduced by the Government to help ensure that you are not disadvantaged.

Essentially, this means if you take out eligible hospital cover by **31 December 2008** and maintain it through to **30 June 2009** you will be considered to have had cover for the full 365 days from 1 July 2008 to 30 June 2009. **This will enable you to avoid the additional 1% Medicare Levy Surcharge for the 2008/09 taxation year.**

TAX TIP - MEDICAL

If you spend more than \$1,500 on out of pocket Medical Costs for the whole family then you are entitled to a 20% rebate.

FIRST HOME SAVERS ACCOUNT

The FHSA is a new tax effective way for Australians to save for their first home through a combination of Government contributions and low taxes.

To be eligible to open a First Home Savers Bank Account you must be between the age of 10 and 65 and have not previously purchased or built a house and lived in it. If you have only ever rented out a house that you own, then you may still be eligible.

The Government will contribute 17% on the first \$5,000 of contributions made each year by you into the account. This means that an individual can receive a maximum of \$850 from the Government each year. The money in the FHSA also has substantial tax concessions in that any interest earned on the account will only be taxed at 15%.

The account balance can be withdrawn and used to purchase a house when you have made at least \$1,000 a year in contributions over the course of at least 4 separate financial years.

If the account needs to be closed earlier than the 4 year specification or circumstances change and you no longer wish to buy a house, this money will not be able to be accessed. The money has to be transferred to your superannuation fund and then your FHSA is closed. Penalties will apply if funds are withdrawn and not used to purchase a first home in which to live.

EMAIL ADDRESSES

We are always looking for ways to keep our clients up to date with accounting and tax issues. If you would like to receive email alerts from RJ Sanderson & Associates please email us at lynne@rjsanderson.com.au with your full name in the subject line. We promise not to flood your inbox with junk mail!

HOME LOANS

The finance arm of our business is "booming" with many hundreds of clients now using our services for loans. We have access to over 50 banks and financiers and despite what the banks want you to believe, now is a fantastic time to check if you are on the best rates. It is a free service to have us complete a "mortgage health check". If we do make a recommendation to refinance or renegotiate with your current lender, we would only do so if we can justify significant savings to yourself. There are no fees payable to us in relation to a refinance as the banks pay our fees for the time to complete the review, analysis and documentation.

TAX TIP - MINORS

The 2009 Low Income Tax Offset is increasing to \$1,200 (from \$750 in 2008) The result is that minors, or children under 18, can earn up to \$2,666 in tax-free income in the 2009 year.

ALWAYS LODGE YOUR BAS!

If you have nothing to report on your activity statement you must still lodge it by the due date, unless otherwise directed on the form.

ATO 2009 HIT LIST THE CASH ECONOMY

As part of the Tax Office drive to rein in the cash economy, they have been sending out letters to taxpayers who have high level of cash transactions.

One of the most significant developments in the Tax Office approach to tackling the cash economy is the development of new 'benchmarks' for different industries/trades. Over the past 12 months the ATO has been collaborating with a number of trade associations, trades people and tax practitioners to develop a range of benchmarks or industry norms that will enable businesses operating in cash industries to assess their own tax risk. At the time of writing, the ATO had released benchmarks to illustrate the relationship between inputs and income for the following trades: **painting, floor sanding and polishing, tiled roofing, metal roofing and guttering, taxis and concreting.**

According to the ATO, the aim of the benchmarks will be to encourage taxpayers to compare their business practices and performances to the industry standard, and to check that their tax records accurately reflect their business practices. Tax auditors will no doubt utilise these benchmarks as an audit tool and we suspect if your businesses tax performance consistently falls outside the industry averages then you may be subjected to heightened scrutiny by the Tax Office. We strongly recommend you compare your tax performance with the industry benchmarks, which can be found on the ATO Website or contact our office for further assistance.

The increased activity by the ATO has been also been in the area of "data matching" from other information. They now have the ability to check if low income earning people are paying for luxury cars, private school fees or an extravagant life style which could not be afforded on the current level of declared income

QUICK TAX

You can't claim a deduction for the cost of any administration fees paid to your employer to enter into and maintain a salary sacrifice arrangement.

TV game show or Lotto winnings are not taxable if your prize was a once off.

You can't claim a deduction for child care expenses, maintenance payments or education costs.

You can't claim a deduction for raffle tickets or the Lions Club Christmas Cake you buy.

You must keep your receipts for 5 years after the claim was made.

You can now use credit card slips, BPay or email receipts as form of evidence for your claim provided it gives the full details of the supplier and date of purchase.

Choose the 'Don't Claim Tax Free Threshold' when filling out the Declaration Form for your second job.

Inheritance is not taxable unless advised by the executor that part is taxable.

Interest income must be apportioned to each recipient on the same basis as the accounts are held.

You must include your overseas pension in your Australian tax return.

Tax rates 2008-09

Taxable income	Tax on this income
\$0 \$6,000	Nil
\$6,001 \$34,000	15c for each \$1 over \$6,000
\$34,001 \$80,000	\$4,200 plus 30c for each \$1 over \$34,000
\$80,001 \$180,000	\$18,000 plus 40c for each \$1 over \$80,000
\$180,001 and over	\$58,000 plus 45c for each \$1 over \$180,000

The above rates do not include the Medicare levy of 1.5%

THE COMPANY WE KEEP



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IMPORTANTDISCLAIMER: This is not advice. Clients should not act solely on the basis of the material contained in this newsletter. Items herein are general comments only and do not convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of these areas. This newsletter is issued as a helpful guide to clients and for their private information. It should be regarded as confidential and not be made available to any person without our prior approval.

*Thank
You*

We would like to take this opportunity to thank you for referring your friends and colleagues to us. The finest compliment we can receive is a referral from our clients. Our research has indicated that 94% of all new clients have been referred by an existing client.

R J Sanderson & Associates Pty. Ltd. Internet: www.rjsanderson.com.au

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