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NOVEMBER 2006

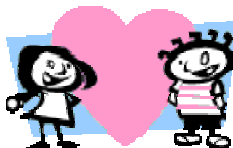
TAKE THE
STRESS
OUT OF TAX

FAMILY TAX BENEFITS

Family tax benefit (FTB) is a payment you may receive if you are a parent or have legal care of a child, to help with the cost of raising your dependent children.

The payment is made through The Family Assistance Office (FAO). It has been set up by the Australian Government to give Australian families better access to government services. Instead of going to different agencies to get family assistance, families are able to get their payments from just the one place now.

The payment has two parts. Your family may be eligible for Part A or B, or both. **Part A** is paid for each dependent child you care for where the dependent child is aged under 21 years and for those dependent children aged 21 years to under 25 years who are studying full time. The amount of Part A you receive depends on you and your spouse's income.



Part B is a family payment (not paid per child) paid until the youngest child turns 16 years or until the end of the calendar year in which the youngest child turns 18 years – provided the child is studying full time and is not receiving a social security payment such as youth allowance or an education allowance such as ABSTUDY.

If you were a single parent at any time during the claim period your income will not affect your Part B entitlement for that time. If you were a member of a couple, only the lower earner's taxable income is taken into account when determining your entitlement to Part B.

There are two ways to claim your FTB for the year. Fortnightly through the Family Assistance Office or in a lump sum.

FORTNIGHTLY

If you choose to get FTB as fortnightly payments you will need to estimate how much

income you will earn for the whole financial year. This will be

used to work out how much family assistance you should be paid during the year.

After the end of the financial year, and once you have lodged your tax returns, the FAO will compare the amount you should have received, based on your actual income with the amount you actually did receive based on your estimated income.

If your estimate was too low, you may have been underpaid and will get a top-up payment with your tax refund. If your estimate was too high, you may have been overpaid and will have to pay back any amount you should not have been paid.

YEARLY

If you choose to get FTB as a lump sum payment through the ATO you will need to complete a separate form. The FTB Tax Claim can be lodged electronically when having your tax done by a Tax Agent.

TAX STRATEGIES

Business' should minimise tax where legally possible. If turnover is under \$1 million then the business can elect to enter the Simplified Tax System. The result is that the business will only pay tax on the income actually received not on income which was invoiced but not yet received.

Consider prepaying any expenses such as lease payments or office rent to gain the tax deduction earlier. The owners of a family company should consider paying dividends instead of wages, this has the effect of reducing the costs of Super, Workcover and payroll Tax.

The dividend may also be franked (tax paid at 30%) depending on your circumstances.

This is only a small sample and all businesses should seek professional advice.



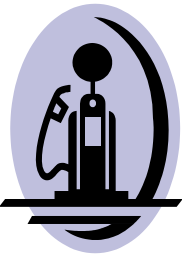
MONTHLY TAX TIP

FUEL TAX CREDITS

Fuel tax credits provide a credit for fuel tax that is included in the price of fuel. Fuel tax credits are available to entities using fuel in their businesses. It is also available to householders using fuel for domestic electricity generation.

As a business, to claim a fuel tax credit you must:

- be registered for GST,
- be undertaking an eligible activity using eligible fuel,
- meet environmental criteria for diesel vehicles), and
- meet the Greenhouse Challenge Plus programme criteria.



ELIGIBLE ACTIVITIES

Road transport (where vehicle is greater than 4.5 tonne GVM travelling on public roads), agriculture, fishing, forestry, mining, marine transport, rail transport, generation of electricity (business or commercial), non-fuel use (including burner fuel and packaged fuel), or nursing and medical.

You can register an existing business for fuel tax credits by phoning **13 72 26** anytime by providing your details using interactive voice recognition or contact RJ Sanderson & Associates for the appropriate forms. To register for the fuel tax credit by phone, you need to be recorded by the Tax Office as an authorised contact person for the entity. Registering a new business can be done at the same time as registering the ABN and GST.

Fuel tax credits are claimed on your business activity statement in the same way you report your GST credits. The credit will be offset against any other tax liability you may have. For businesses, fuel tax credits are considered assessable income for income tax purposes.

The fuel tax credit is calculated by multiplying the number of eligible litres by the relevant fuel tax credit rate. For example, a vehicle greater than 4.5 tonne GVM travelling on a public road using diesel or petrol will receive a credit of 18.51 cents per litre.

To support your claims for a fuel tax credit, you must keep records that show you acquired the fuel and used it in an eligible activity. You must keep these records for five years.

WORKPLACE INJURY INSURANCE AND OBLIGATIONS

If you employ workers and expect to pay more than \$7,500 a year in wages, superannuation and benefits or you have apprentices or trainees, you must have a workplace injury insurance policy.

If you don't have a policy when you should have one, you can be fined and will have to pay the full costs of any claims that were made whilst you were uninsured.

To take out a WorkCover Policy, simply call us at RJ Sanderson & Associates.



CLAIMS TO WORKCOVER

The employee is required to notify in writing of an injury within 30 days of becoming aware of the injury or illness.

The injury needs to be recorded in the Register Of Injuries and claims need to be lodged with the Victorian WorkCover Authority (VWA) as soon as possible. This can be done by contacting your VWA Agent.

As an employer, a decision needs to be made as to whether you accept liability for this injury. If you do not

accept liability for an accident at work, the employee may have the right to sue you for damages for those injuries if VWA define the injury as 'serious.'

If liability is accepted and the employee is off work, a WorkCover medical certificate is required and the employer must pay the first 10 days of weekly benefits and the first \$480 of reasonable medical expenses.

If you have a WorkCover Audit, the first question they will ask is, *is the 'If you are injured' poster displayed in a prominent spot?*

IN THE NEWS



A CEO of a company was not entitled to a deduction of \$38,800 for abnormal work related clothing expenses on the basis that the expenditure was not incidental and relevant to her earning assessable income.

The taxpayer argued that she was the face of the company and incurred the expenditure to present the required company image.

Merely because the taxpayer aimed to

present a certain image and the clothing had to be suitable for her employment was not sufficient to change the character of the expense from a private to business expense.

Generally, you can't claim a deduction for conventional clothing even if your employer requires you to wear them. If the clothing is not distinctive, can be worn for any occasion including private and is easily available to the public it is not deductible.

A patient was at her doctor's office after undergoing a complete physical exam. The doctor said, "I have some very grave news for you. You only have six months to live." The patient asked, "Oh doctor, what should I do?"

The doctor replied, "Marry an accountant." "Will that make me live longer?" asked the patient.

"No," said the doctor, "but it will SEEM longer."



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.