

# News

March 2014



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## Welcome to March already

So here we are:

Almost through the first quarter of 2014. It's hardly surprising that we are charging into the New Year. After all, it is the year of the Wooden Horse in the Chinese calendar. Events move quickly in a Horse year. Our founder RJC Evans moved quickly in his earlier days as a Jockey/Hunt Club Member.

The start of the New Year has seen us experience record heatwaves. Bushfires have scorched the landscape. Sadly, some homes have been lost. No one wants to have a loss of this magnitude. Often when we see those who have experienced such devastation, their reaction is "we're okay. That's the important thing. We can always rebuild."

This shows remarkable resilience and persistence. They dig deep. They demonstrate that mental strength is not a given. It is a personal choice. It is the type of strength that comes from within.

We often see such qualities in our sporting heroes.

Nadal in the recent Australian Open, battled on with seeping blisters and excruciating back spasms. At times, he seemed to be fighting in the complete absence of hope. Nevertheless, he kept fighting, kept striving.

*"Just because you lose a feather, doesn't mean you can't fly."*

*"Yes, things might be bad, but I still believe in myself and my ability to get the best out of myself, so that I can still...fly. I am strong enough to keep going on and moving forward, despite this adversity."*

*It doesn't matter who we are, or where we're from, we are all participating in the, "game of life."*

Finally, while it may be the year of the wooden horse, watch out for any, Trojan horses. They may be just outside your door. Call our office if in doubt.

**Andrew Evans**

# General News

## SUPERANNUATION

### MySuper

From 1 January 2014, employers need to make superannuation contributions to a fund that offers a MySuper product for employees who have not selected a preferred fund.

A “MySuper product” is a new superannuation account that will replace existing “default funds” used for employees.

A MySuper account has a simple set of product features, regardless of who provides them. This will make it easier to compare funds based on a few key differences. It will also ensure that members do not pay for any unnecessary features that they don't need or use.

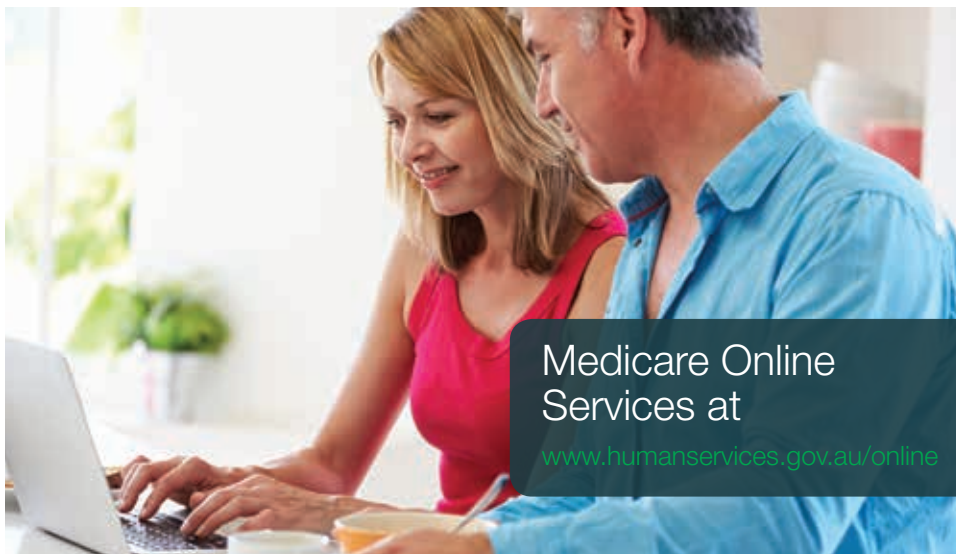
It will give employers better information to assist with their choice, and the confidence that any MySuper product will meet minimum standards and offer a cost-effective superannuation plan for their employees.

Superannuation funds will be contacting employers directly to advise of their authorised MySuper product and arrangements for paying superannuation contributions.

A list of authorised funds is also available on that APRA website at [www.apra.gov.au](http://www.apra.gov.au).

If an employer's existing default fund does not provide advice on the new MySuper arrangement, employers should seek further information and implement alternate arrangements to meet the new MySuper obligations from 1 January 2014.

**Call our office should you require clarity about this change.**



### Medicare Online Services at

[www.humanservices.gov.au/online](http://www.humanservices.gov.au/online)

## HEALTH

### Medicare claim history-online

You can now keep track of your business with Medicare Online. Using Medicare-Online Services, you can obtain a statement on all claims you have made and rebates you have received in the past twelve months.

You can also see your current Medicare Safety Net balance to see how close you are to reaching the threshold.

The Medicare Safety Net gives families and individuals financial assistance for out-of-hospital medical services that attract a Medicare benefit.

If you see a doctor often or have tests regularly, your medical costs can be high. Once you reach your Medicare Safety Net threshold, visits to your doctor, or having tests could cost you less for the rest of the calendar year.

Medicare claims history, is available through Medicare Online Services at [www.humanservices.gov.au/online](http://www.humanservices.gov.au/online)

## FINANCE

### The ATO warns of schemes to access additional franking credits

The ATO has cautioned taxpayers against trading shares on a special market opened by the Australian Securities Exchange (ASX) with the sole purpose of obtaining additional franking credits. The ATO says these arrangements involve a taxpayer selling shares in a company on the

ordinary market after a frank dividend has been announced, and retaining the frank dividends. Then, within days, the taxpayer buys back a similar parcel of shares in the same company on the special market, which also has franked dividends.

The ATO says the transactions could constitute “dividend washing” and that the taxpayer could face penalties under the law.

Tip: Dividend washing occurs where shareholders seek to claim two sets of franking credits on what is effectively the same parcel of shares.

Be sure to seek taxation advice from your tax advisor.

**Call our office if you are unsure.**





## Thoughts for 2014

### Don't leave superannuation until it's too late

It is a high-risk strategy to leave extra superannuation contributions until the last minute. It may be that you are not be given that opportunity in your employment. Start early and put away a small amount on a regular basis.

### Pay down debt

If you only have enough cash to service the interest and not pay down overall debt levels, you have too much debt. Focus on bringing debt levels under control.

### Don't ignore insurance.

Protecting what you have is just as vital as making the money in the first place. Loss of income can mean that savings and spending can come to an abrupt halt. This has the potential to put you into financial stress. Life and income protection insurance can ease the pain.

### Spend less than you earn

Live within your means. Spending can so easily career out of control. Look for tell tale signs, such as consistently not being able to pay off the monthly credit card balance, or not having any surplus cash.

If this is the case, then it's time to go back to the family budget and assess where costs can be cut, or where extra income can be earned.

## TAXATION

# Conservation tillage refundable tax Offset-announcement

As part of the Government's repeal of the Carbon Tax, it intends to discontinue the Conservation tillage refundable tax offset from 1 July 2014.

While not yet legislated, primary producers, who are considering the purchase of equipment eligible for the Conservation tillage refundable tax offset, should be aware that once legislation is passed, the benefits offered by the refundable tax offset will no longer be available from the 1st of July 2014.

## PROPERTY

# Parent liable to CGT on – share of penthouse

An individual has been unsuccessful before the AAT in arguing that he should not have to pay Capital Gains Tax (CGT) on the sale of a townhouse he owned jointly with his son because, he argued, he was only holding his interest in the property to protect his inexperienced son from selling it on a whim.

The individual had purchased the property for his adult son to live in and transferred the property to himself and his son as joint tenants. After living in the townhouse for a few years, the son moved out to another property. The townhouse was then sold and all of the funds were used to pay down the mortgage on a new property.

The individual argued that he received no proceeds from the sale and that he held the interests in the property in trust for his son, or alternatively, that an exemption under CGT law should apply. The AAT did not except the arguments and held that as a joint tenant, the individual was liable to CGT on 50% of the net capital gain on the sale.

## FARMING

# Concessional Farming Loans

SA farmers can start applying for concessional loans for debt restructuring as part of the Farm Finance package. The loans are being delivered by the Department of Primary Industries and Regions SA.

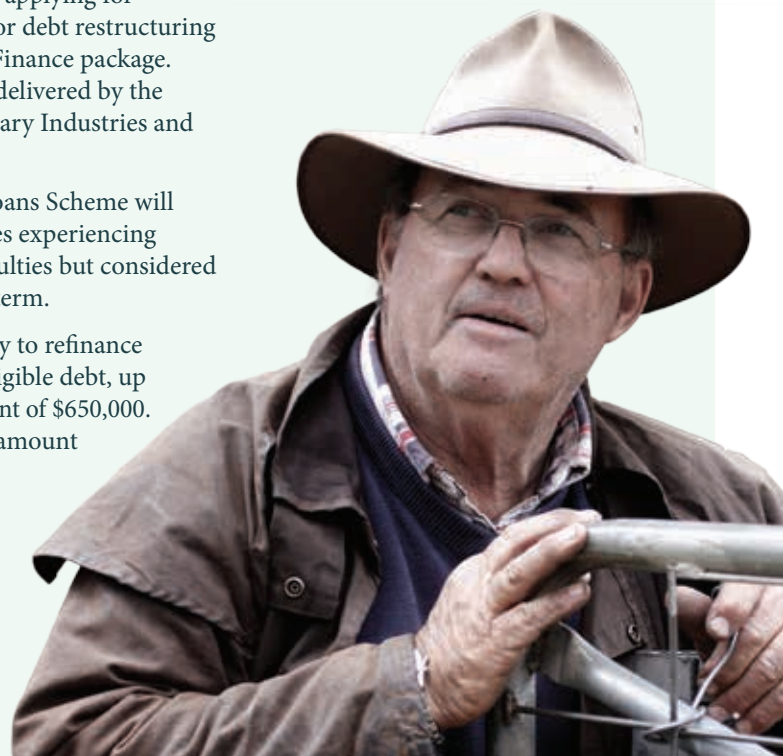
The Concessional Loans Scheme will assist farm businesses experiencing debt-servicing difficulties but considered viable in the longer term.

Applicants may apply to refinance up to 50% of total eligible debt, up to a maximum amount of \$650,000. The minimum loan amount is \$200,000.

The loans are for a maximum period of 5 years. At the end of that term, the borrower will be required to repay the loan if full.

While the interest rate will fluctuate in line with material changes to the Commonwealth 5 year bond rate, the initial interest rate will be set at 4.5%.

Contact our office for further details. Alternatively, further information can be found at [www.pir.sa.gov.au](http://www.pir.sa.gov.au).



# Business

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## BUSINESS

# When to use your ABN & ACN?

### Where the ACN must appear

A company's ACN should appear on all of its "public documents" and "eligible negotiable instruments." The items on which it should appear include:

- All documents required to be lodged with ASIC
- Statements of account including invoices
- Receipts (which are not machine-produced)
- Orders for goods and services
- Business letterheads
- Official company notices
- Cheques

- Written advertisements making a specific offer, which is capable of being accepted (such as by the completion of an order form).

If a company's name appears on two or more pages of a document, the ACN must be shown on the first of those pages, following the company's name.

### Australian Business Number (ABN)

If your company has an Australian Business Number (ABN), you may use the ABN with your company's name in place of the ACN on company documents and negotiable instruments, provided that:

- Your ABN includes your nine digit ACN and,
- The quotation of the ABN is effected in the same manner in which quotation of the ACN would normally occur. For example, the company is required to place its ACN with its name on the first page where that name appears in a document.

In short, you do not need to quote the ACN if the company's ABN has been quoted.

## CONTRACTS

# Plumbers were full-time casuals not contractors

The AAT has found that individuals working for a plumbing business were employees of the business and that the business was required to provide superannuation contributions for them.

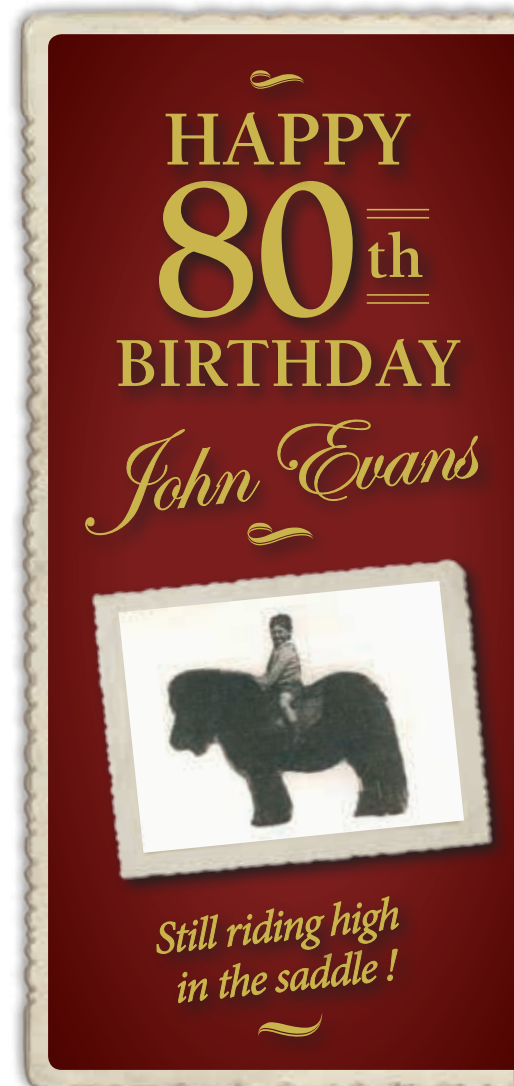
The business argued that the workers were independent contractors and that there was no superannuation requirement. After reviewing the individual's relationship with the business, the AAT was of the view that, effectively, the workers were full-time casuals paid on an hourly rate and not eligible for holiday or sick leave.

The AAT considered various factors, including that the individuals all had the same contract (with the same terms)

with the business. The AAT would expect independent contractors to have differing terms, but the fact that their contracts were the same was "extraordinary." Another key factor was that the hourly rates charged by the workers to customers was largely set by the business. Overall, the AAT concluded that the workers were employees and affirmed the requirement to pay superannuation.

The definition of an employee/contractor is a difficult assessment.

**Please call our office for clarification.**



## New Saving app

To help parents teach their children about earning money, BankSA has launched a pocket money app for iPhone and iPod Touch for LittleSavers. The free app allows parents and children to set goals around the home, such as watering the plants and walking the dog. Once chores are completed, parents have the option of rewarding their children by putting money into their BankSA Incentive Saver Account

It is designed to make learning about saving interactive and fun. It lets children take responsibility for doing chores around the home and provides parents with a modern tool to encourage and reward their children for helping out and sharing other responsibilities.

Source: Stock Journal, January 16th, 2014.