

OCCASIONAL NEWS

June 2013

End of the Financial Year is almost here. Browse our website and take a look at our Menu of Services, we are always looking for ways to continue to Assist Our Clients to Prosper. You can also find the [2013 Tax Checklist](#) here.

HAPPY EOFY

Happy EOFY!

For those of you who aren't sure what that means we are happy to enlighten you! Its that time of year again.... End of Financial Year!

This months Newsletter is full of handy tips and information including the 2013 business check list detailing all the information that may be required by us in order to prepare your tax return. This may help you to get ready to lodge your tax return with us in the coming month, the whole team is getting prepared to answer any of your queries.

We would love to be of assistance to you and the sooner you get your information into us the sooner we can hopefully get your anticipated refund into your bank account!

Are you an Early Bird?

Now's the time to make contact with us to get in early and get your appointment booked with your Accountant to have your tax prepared and lodged for 2013.

Please call the office and speak to Prenita or make contact with us via our email address to make your appointment soon.

Once a return is lodged its usually only 14 days away from a refund. First come first served!

Success is to be measured not so much by the position that one has reached in life as by the obstacles which he has overcome.

~Booker T. Washington ~

Q: When is the end of the 2013 Financial Year?

A: June 28.

No, this is not a misprint. As June 30 falls on a Sunday, Friday the 28th is the last business day of the Financial Year.

For more vital information on requirements for super contributions, Trusts, bad debts, managing capital gains, prepaid expenses or buying a car for your business please read the recent blog on our [website](#)!

Superannuation News

By Jenny Smith CPA

There is a new market valuation requirement from the 2012/13 financial year onwards.

New legislation has recently been passed requiring that all SMSF's value all assets at "market value", at least annually. The market value is defined as the amount that a willing buyer of an asset could reasonably be expected to pay to acquire an asset from a willing seller if:

- the buyer and seller dealt with each other at arm's length in relation to the sale;
- the sale occurred after proper marketing of the asset;
- the buyer and seller acted knowledgeably and prudentially in relation to the sale.

SMSF's have in the past already been required to value assets at market value when commencing a pension and where the fund has in-house assets.

As a standard practice Ross Wadeson Accountants values all SMSF share and managed fund assets at market value, property valuations will now become a requirement also.

FIRM UPDATE:

If you wish to know more about the new combined Team at Ross Wadeson Accountants please [CLICK HERE](#) and visit our website. Contrary to any presumptions, Brian is **NOT RETIRING** any time in the foreseeable future in case you were still wondering!!



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Coming together is a beginning; keeping together is progress; working together is success.

~Henry Ford~

Tax Time Deadly Sins

By Monty Beecroft CPA

It's that time of year again, where we need to start getting the end of financial tax documents in order. We take this time to point out some of the 'sins' that taxpayers can make when preparing their tax returns. In some cases, you could be missing out on bigger refunds or worse, having to pay the Australian Tax Office (ATO) some tax back (including penalties & interest). So let's have a look at some of the end of year tax time issues.

Being Greedy

Over claiming expenses is asking for trouble. We often find this an issue with rental properties such as over claiming on repairs and maintenance. Some difficulty arises where there is a redraw from an investment loan for personal use (ie, not for investment purposes). In this case, only the interest relating to the investment is an allowable deduction. You do not need an audit from the ATO because you have over claimed.

Being Dishonest

Not declaring cash income, foreign income, interest, shares or additional payments will have the ATO knocking on your door faster than a speeding bullet. The ATO now has data matching program, including overseas data collection, which can match over a billion transactions. According to the ATO, over \$1.2bn in extra tax was raised as a result of audit investigations by the ATO. It pays to make sure you declare all of your income in your returns, rather than face penalties later on.

Being Lazy

We constantly deal with clients who are not keeping receipts, expense diaries or motor vehicle log books. You could be missing out on extra claims if you are missing receipts or other evidence. It doesn't take a big effort to set up a simple spread sheet to keep track of your expenses, yet it could net you hundreds of dollars in refunds. For motor vehicles, if you use your car for work or business (and you travel more than 5000kms), by keeping a logbook and recording your motor vehicle expenses could mean you can claim \$8,000 to \$11,000 in expenses. However, by not keeping a log book, your motor vehicle claim will be limited to a maximum of \$3,750.

(Cont'd)

Being Arrogant

Do you think you can do a better job processing your own return? Maybe you can, but it could cost you in the long run. Accountants, being experts in the industry can identify the hidden issues that could cost you thousands. It's the same reason you take your car to a mechanic to get a service, rather change the sparkplug & oil yourself.

Being Tardy

Not lodging your tax return by the due date (or not at all) could not only cost you in late lodgement penalties, but you could be missing out on the use of tax refunds. We once had a client who had 10 years of returns to lodge where the total combined refund was over \$15,000. Nice little lump sum windfall, but I'm sure the money could have been put to good use earlier. (Reduce the mortgage & save on interest payments perhaps?)

And last, but not least

Being Careless

Make sure your sums add up, we have heard of taxpayers make a mistake in arithmetic, transposing numbers or leaving a number out, all of which could cost result in a massive amended tax bill. Although the ATO may reduce any audit penalties for carelessness they could still add up. On the other side of the coin, adding a digit or transposed number may mean you miss out on a refund. It pays to double check the figures in your tax return.

Tax Refunds

As from this year, in order to receive your tax refunds we need to provide the tax office with your bank account details. Tax refund cheques will no longer be issued from July 1, 2013 so it's in your best interest to provide us your banking details when you come in to get your tax prepared or when you send it into us!

This way the ATO will get your refund to you as quickly as possible.

The ladder of success is best climbed by stepping on the rungs of opportunity.

~Ayn Rand~

Audit Insurance

Recently you may have received a letter from us regarding Audit Shield Service—providing insurance cover for the possibility that you may face a tax audit of some kind.

We'd love to say in the unlikely event but the reality these days is that the tax department is conducting more and more audits on various companies etc.

This is an offer to all our clients and you are not obliged to take it up but for the small outlay it could save you the fees that end up being charged to conduct your audit and it means you are not out of pocket!

For more information please call Cam at our office. Its not to late to take up this offer.

PLAN FOR THE FUTURE NOW

Now is the **PERFECT TIME** to get your finances set for the start of the new financial year! It's often **extremely beneficial** to come in and **see us** to get advice on any upcoming changes that may affect you or to make sure you are well provided for in the **FUTURE** and that your investments are working for you!

A timely **'Planning Session'** could be just the thing your business needs, but it also covers several aspects of your life!!!!

Call our office to discuss this.
Make a solid plan for 2014.

Bill Payment Options

~PAYWAY~

An easier way to pay your accounts with Ross Wadeson Accountants Pty Ltd.

As a Client of our Firm, you will appreciate the convenience of regular payments from your bank account or credit card if you choose. Paying your accounts with us will be easier to do.

Rather than having to pay a lump sum once your yearly accounts or taxation returns are prepared, you can choose to pay your account in smaller instalments before it is due, bringing improvements to your business with respects to budgeting and cashflow.

This is extremely beneficial to you as you will not need to remember to pay your accounts with us or need to deal with your bank. We do all the work for you, all you need to do is contact us to make the necessary arrangements. Think of the time you'll save, you won't need to mail us cheques, make bank transfers or stand in the bank queues. The one thing that is certain though, you'll receive less phone calls from us when we have to chase your outstanding fees. The downside for me is that I won't get to talk to you as often.

The PayWay System allows us to set up a series of payments by entering the amount and frequency of the transaction along with your account details. Your account will be debited on the due date – be it weekly, fortnightly, monthly or quarterly. Additionally, we can set up to make a payment on a given date. All this at no cost to you.

Your credit card and bank details are held securely by Westpac, eliminating the burden of keeping these details safe.

2013 Personal Tax Return Checklist

The following is a checklist for information required to prepare income tax returns for this year. Please ensure that you review the checklist and have all information available at our appointment to prepare your tax returns.

Income

- Income from Business Activities.
- PAYG Payment Summaries
- Details of any non-cash benefits received.
- Lump sum and termination payments.
- Centrelink payments.
- Details of any CGT asset sales (e.g. shares and real estate). Please include dates, costs associated, acquisition and disposal.
- Income from trusts and partnerships.
- Rental income

Deductions

- Investment and property expenses (carefully detail interest claims).
- Employment related Expenditure - work-related motor vehicle, self-education, protective clothing and uniform expenses.
- Donations of \$2 and over.
- For self-employed persons details of any superannuation contributions made.
- Bank fees (where the credit or deposit represents assessable income).
- Rental & investment expenses.

Rebates & Tax offsets

- Details of private health insurance.
- Details of superannuation contributions where no tax deduction can be claimed.
- Details of any income received in a lump sum which was accrued in earlier income years (e.g. assessable pensions).
- Net family medical expenses exceeding \$2000 in total.
- HELP Debt details.
- Education Expenses - Details of education expenses (Excludes school fees, uniform costs, excursions, camps, photos, musical instruments and sporting equipment).

BUSINESS CHECK LIST OF TAXATION INFORMATION 2013

Income

- Trading income.
- Other income (e.g. Rent, Interest, Royalties).
- Stock on Hand at June 30, 2013 (and basis of valuation) – note any obsolete stock.
- Work-in-Progress.
- Primary Producer subsidies (if assessable).
- Details of CGT assets (e.g. shares and real estate) sold, including dates of, and costs associated with acquisition and disposal.
- Dividends, including details of franking credits.
- Income from foreign sources including details of any foreign taxes paid.

Assets

- Details of depreciable assets acquired and/or disposed of during this income year, including:
 - Type of asset;
 - Date of acquisition.
 - Consideration received/paid.
 - Lease commitments.
 - Debtors Receivable at June 30, 2013.

Liabilities

- New loans taken out during the year and their purpose, including any new lease or chattel mortgage agreements.
- Statements from the lending authority detailing the opening and closing balances of existing loans during the financial year.
- Provisions for long service and annual leave.
- Creditors Payable at June 30, 2013.
- Details of loan accounts to directors, shareholders, beneficiaries and partners.
- Accrued expenses (e.g. audit fees, interest payments).

Deductions

- Repairs and maintenance.
- Salaries, including fringe benefits.
- Advertising expenses.
- Interest on borrowed monies.
- Rates, land taxes and insurance premiums.
- Deductions relating to foreign source income.
- Prepaid expenses (subject to transitional rules).
- Retirement payments and golden handshakes.
- Bad debts actually written off during the year.
- Donations of \$2 and over .
- Commissions.
- Legal expenses.
- Lease or Chattel Mortgage payments on motor vehicles and equipment.
- Losses of previous years (or intra-group transfers).
- Superannuation contributions.
- Subscriptions.
- Car expenses (remember to include petrol, repairs and parking and maintain a log book where necessary).
- Travel expenses (including overseas travel).
- Research and development expenditure.
- Bank fees (where the credit or deposit represents assessable income).



8 Most Common Errors in Income Tax Returns

1. Omitting Interest Income
2. Incorrect or Omitted Dividend Imputation Credits
3. Capital Gains/Losses are Incorrect or Omitted
4. Understating Income
5. Home Office Expenses
6. Depreciation on Rental Property Fixtures and Fittings
7. Depreciation on Income Producing Buildings
8. Borrowing Costs associated with Negative Gearing