



TFN Security Alert

A number of our clients have reported receiving fake emails purporting to be from the Tax Office asking for personal details; including tax file numbers (TFN's). We wish to remind you that the ATO will never request this information via email. Your tax affairs can only be discussed either in telephone communications initiated by you to their call centres, or over the internet through the ATO Business Portal.

We recommend that clients do not provide their tax file number or bank account details to anyone unless there is a legitimate reason. Government departments, financial institutions and bill payments via direct debit can usually be effected by completing a form. Ensure that such forms are directed to the correct department or organisation and any copies are filed securely and cannot be accessed by others.

If you have received, or continue to receive telephone calls or emails of this nature, please report them to us or to the Taxation Office.

Improvements to GST Administration

The Government has introduced a Bill seeking to improve the administration of GST. The proposed amendments contained in the Bill include:

- providing a four-year period for claiming input tax credits and fuel tax credits;
- introducing a scheme whereby residents of Australia's external territories will be able to claim refunds of GST;
- allowing entities who facilitate supplies or acquisitions for another entity by acting through

an intermediary to utilise the simplified accounting procedures; and

- treating an overpaid GST refund to a taxpayer as a liability due to the ATO.

GST and Sale of Vacant Land

The Federal Court has affirmed that the sale of vacant land is a taxable supply despite a taxpayer receiving zoning permission from a council classifying the land for residential use. The court held that for land to satisfy the definition of residential premises it must, at the time of sale, have been capable of providing some shelter and basic living facilities, such as a bedroom and bathroom.

The Commissioner's view is that vacant land cannot constitute residential premises.

Generally, the sale of residential premises is input taxed where the new premises are to be used predominately for residential accommodation.

SUPERANNUATION NEWS



Disability Superannuation Benefit Premiums

The Government has announced that it will introduce a transitional arrangement allowing complying superannuation funds to deduct insurance premiums for total and permanent disability superannuation benefits (TPD premiums).

The proposed transitional arrangement will allow funds to claim a deduction for TPD premiums from 1 July 2004 until 30 June 2011.

Clients who believe they have under-claimed premiums in previous years should contact us to arrange for an amended return.

Trauma Insurance Policies and SMSFs

The Commissioner has provided his preliminary views on whether a trustee of a self-managed superannuation fund (SMSF) can purchase a trauma insurance policy for a member without contravening the superannuation legislation.

The Commissioner says a trustee will not contravene the superannuation legislation provided any benefits payable under a policy are required to be paid to the trustee and will become part of the assets of the SMSF until the relevant member reaches retirement age and/or satisfies a condition of release.

How to put the “manage” into your Self Managed Super Fund

To properly manage an SMSF requires trustees to devote a reasonable amount of time throughout the year, otherwise it could get costly. The ramifications of a poorly administered fund are increased compliance costs and possibly increased taxation if it fails to pass the audit.

So, how much time do you need to spend? Well, this depends on the size and complexity of your fund. Usually, the time requirements increase with each additional investment added to the portfolio.

Of course, you don't have to do it all yourself. There are bookkeepers, accountants (that's us!) or super administration providers that can help you. However, some trustees like to have a “hands on” approach to their investment portfolio which comes from doing their own administration.

Regardless of who does the administration, the trustees are ultimately responsible, so here is a short list of tips for ensuring everything goes smoothly.

1. Operate one bank account

Having all banking transactions coming from one account makes life much easier. Reconciliations become simpler and it centralises all the transactions in one place.

It also eliminates additional transactions such as extra bank charges and bank transfers that inevitably arise from having multiple accounts. You may not be able to avoid having a separate broker account for share transactions; just make

sure you get a regular transaction listing or bank statement for this.

2. Use your brokers and the CHESS System

Most share brokers these days provide very good portfolio and transaction reports, so it's a good idea to get the most out of these services.

Generally, you can access a portfolio list of all shares purchased through the broker. If this list does not include all your ASX shares in the fund, contact them to have them included. This should allow you to access a more accurate market value report at any time.

Consider having all your shares sponsored by one broker through the CHESS system which allows you to manage many investments that are not on the ASX, like fixed interest, convertible notes and some managed products.



3. Keep a diary

Using a diary can really help you assess your fund management skills.

On the day of each transaction, record the investment purchase or disposal and the rationale for the decision. Later, you can look back and determine the success or otherwise of your decisions. This helps you to understand and monitor the decision making process within the fund.

It will also help when preparing trustee minutes for the year.

4. Use your investment strategy

For many SMSF trustees, the investment strategy seems a pretty meaningless document, but if you use it in conjunction with your diary, it will start to make more sense.

An investment strategy is a plan that outlines how funds will be allocated and invested until the member's retirement. By comparing investment decisions to the original plan, you can monitor the effectiveness of the strategy. Should you then decide to change the investment mix or types of investments to include in your fund, then the strategy can be amended or re-written before making any new investments.

5. Consider a Corporate Trustee

Single member funds are required to have another individual to be a trustee, or a single director company. Using a company as trustee can also be useful for funds with more than two members.

For example, signing application forms for share issues and managed funds usually only have space for two signatories. With a corporate trustee, a maximum of two directors are required to sign. It also eliminates the problem of adding or removing signatories held with investment houses when a member moves in or out of the fund.

Tax Return Lodgement Reminder – ATO penalties pending!

It might only be early in the New Year, but deadlines for lodging 2009 tax returns aren't that far away.

If you haven't lodged your return yet, we strongly suggest you contact us now to arrange for its completion. We anticipate being rushed by clients in April, which makes it very difficult to complete all returns in time. The ATO is getting tougher with late lodgement penalties every year and, more importantly, a late return could mean they will want to see your 2010 return lodged a lot earlier- possibly October this year!

So the sooner you see us, the quicker your returns will be done and lodged on time. Call us today!!

Travel Expenses for Rental Properties

Recent ATO audits have highlighted a number of mistakes made by taxpayers when claiming travel

costs relating to the inspection and maintenance of a rental property.

Generally, travel claims can be made for property inspections, repairs and maintenance and visits to the Estate Agent.

There are, however, a few particular points to note:

1. *The travel must relate specifically to the property that you own and rent out.*

For example, you cannot claim travel costs for inspecting prospective rental property purchases or to property investment seminars.

2. *You cannot claim travel costs when the property is not available for rent.*

For example, before a property is first rented, or when undertaking renovations.

3. *“Long distance” travel costs must be specific to the property and relate to the owner.*

Some overnight accommodation and meal costs may be deductible for travel to distant properties where the main purpose of the trip is for inspections or to undertake repairs. In the case of interstate and overseas trips, only local travel costs can be deducted (e.g a taxi fare from the airport to the property, not the airfares).

Only the owner's costs are eligible to be deducted. For example, where a property is owned by an individual, he or she could not claim travel costs for their partner if accompanied on the trip.

If you have recently purchased a rental property and would like more information on the types of expenditure that qualifies for a tax deduction, please contact our office.

STOP PRESS: *Clients preparing their own Fringe Benefits Tax Returns can obtain a copy of our FBT Action Checklist. It contains plenty of helpful tips and reminders, including a list of rates and thresholds. Call or email us to get your copy today!*

Calendar



21st March	Business Activity Statement – February 2010 (Monthly)
31st March	2009 Income Tax Return for companies /SF's >\$2M turnover
21st April	Business Activity Statement – March 2010 (Monthly)
28th April	Business Activity Statement –January to March 2010 (Quarter)
14th May	Last day to lodge 2009 income tax returns
21st May	Business Activity Statement – April 2010 (Monthly)
28th May	Fringe Benefits Tax Annual Return
4th June	Last day to lodge non taxable 2009 income tax returns



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