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conrad carlile client newsletter

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"Your success. Our knowledge"

Welcome...

To the first edition of the Conrad Carlile client newsletter. We hope you find it interesting and informative, inspiring you to new heights with your business and personal financial ambitions. An edition will be produced quarterly. We trust the newsletter will keep you abreast of changes that may affect your business and personal situations.



Claiming Family Tax Benefits

From 1 July 2009, claims for the family tax benefit (FTB) cannot be lodged through the Australian Taxation Office as part of your annual tax return. This includes claims for family tax benefit for any previous years. From 1 July 2009, you need to apply directly to the Family Assistance Office to claim the FTB. This can be done by lodging:

Online at www.familyassist.gov.au or
A paper claim form at a Centrelink Customer Service Centre

Small Business and General Business Investment Allowance

In December 2008, the Federal Government announced that it would introduce a temporary 'Investment Allowance' – in the form of an additional tax deduction – for new assets purchased, ordered or commenced construction prior to 30 June 2009. The Investment Allowance would provide an additional 10% deduction for tangible depreciating assets acquired between 13 December 2008 and 30 June 2009.

The Government has now announced important changes to the Investment Allowance, increasing both the amount and the scope of this allowance.

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Deduction increased to 30% on assets ordered by 30 June 2009

Small businesses can claim a 30% tax deduction for eligible assets costing \$1,000 or more that they acquire from 13 December 2008 to 30 June 2009, and install by 30 June 2010.

10% Investment Allowance extended to 31 December 2009

For eligible assets costing \$1,000 or more acquired from 1 July 2009 to 31 December 2009, businesses can claim a 10% tax deduction where the asset is installed by 31 December 2010.

This deduction is on top of the usual capital allowance deduction claimable for the asset in the income tax return.

To benefit from this tax break, a small business must have a turnover of \$2 million a year or less. Other businesses can receive the same deductions for eligible assets greater than \$10,000.

The above information and timelines are summarized in the following table.

	Acquired by:	Acquired by:
Installed by:	30 June 2009	31 December 2009
30 June 2009	30% in 08/09 financial year	-
30 June 2010	30% in 09/10 financial year	10% in 09/10 financial year
31 December 2010	10% in 10/11 financial year	10% in 10/11 financial year

Example One

A landscaping business entered into a binding contract to acquire a new backhoe on 26 March 2009 at a cost of \$60,000.

The backhoe is delivered and ready for use on 26 June 2009 and has an effective life of 9 years.

The business will be entitled to claim the 30% tax deduction in the 2008/09 financial year of \$18,000.

When lodging the 2008/09 income tax return the business will be able to claim this deduction in addition to the usual depreciation deduction for that asset.

Types of Assets

- The allowance can be claimed for acquisitions of new assets and new expenditure on existing assets but **not second-hand assets**
- The allowance applies to tangible assets used in Australia in carrying on a business for which a depreciation deduction is available under the core provisions of Division 40 (Capital Allowances)
- It excludes capital works, such as land and buildings, trading stock, and intangible assets and rights. Computer software and intellectual property rights will not be eligible
- For primary producers, it excludes expenditure on water facilities and landcare operations as specified in Subdivision 40F and 40G

Please contact your accountant at Conrad Carlile if you are considering acquiring or improving eligible business assets.

Financial Planning

Conrad Carlile has recently engaged Professional Investment Services Pty Ltd (PIS) to provide financial planning services. We work with PIS to deliver the most professional and comprehensive financial services to all clients in the areas of:

- Tax planning and investment advice.
- Wealth accumulation, retirement planning and superannuation.
- Risk insurance including life, trauma, income protection cover.
- Business planning and estate planning.

This extensive choice can be beneficial in providing you with the strategies to suit your financial situation. PIS has appointed Tim Blakeley as the authorized representative to provide these services. Please contact your accountant at Conrad Carlile should you wish to engage the services of Tim.

Claiming Donations to Emergency Relief Funds

The Australian Taxation Office has announced a practical approach to ensure those making donations to the victims of the Victorian bushfires and the regional Queensland floods can do so with minimal fuss.

People who give to 'bucket donations' can claim a tax deduction equal to their contribution up to \$10 in their 2008-09 tax return without supplying a receipt. Those who use the internet or phone to make donations over \$10, your internet transaction receipt or credit card statement will suffice for these claims.

Superannuation News

Our firm is a strong believer that the superannuation environment, including self managed superannuation funds (SMSFs), is the most tax effective structure for accumulating wealth. In the past this potential has been limited by strict borrowing prohibitions.

However, changes to superannuation legislation has provided the opportunity for SMSF trustees to 'borrow' and 'provide security' to purchase assets using a structure known as an instalment warrant.

An instalment warrant allows a fund to partly pay for an asset at settlement, with an agreed basis for repayment of the loan balance in the future.

Instalment warrants for shares have been an accepted investment for SMSFs in the past, and the new rules now enable the fund to purchase property using a property warrant. The existing investment restrictions still apply, including but not limited to, in-house assets, purchases from members and their associates, and loans to members.

How does the arrangement work?

- The SMSF borrows (with strict conditions) money using an instalment warrant to purchase an asset that is permitted by superannuation regulations;
- A new 'asset trust' is created to hold the asset on behalf of the SMSF;
- The SMSF collects the income from the asset and repays the loan, claiming interest as a tax deduction;
- Once the loan has been repaid, the asset is transferred from the trust to the SMSF without capital gains tax or stamp duty being applied.

The disadvantage of the above arrangement is the initial set-up cost of the deeds.

If you wish to consider an instalment warrant arrangement for your superannation fund, it is important to seek advice from our office before proceeding.

Business Advisory Division

Conrad Carlile's Business Advisory Division offers a range of business management tools to help you realize the full potential of your enterprise. Our focus is on working with you to achieve:

1. Growth
2. Profit
3. Cash flow
4. Asset protection, and
5. Succession planning

In this issue of our client newsletter, we'll outline how we can help you achieve the first three elements.

Would you like growth, greater profits and cash flow in your business or what could you do differently in your business to improve profits and cash flow?

We all go into business to invest for our future. Ultimately, we want to generate a valuable business by achieving large profits. However, this end result is generally only achieved through careful planning and monitoring.

Our profit and growth process helps you analyse your business, create profit goals, and implement strategies to achieve your goals. The steps involved are:

1. Analysis of the business

- Identifying customer segments, needs and satisfaction.
- Measuring gross margins and financial results.
- Reviewing existing processes and people.
- Assessing competitors and markets.

2. Setting profit goals

- Summarising strengths, weaknesses, opportunities and threats (SWOT).
- Identifying target markets, key products and services.
- Setting goals and objectives.

3. Creating profit plans

- Creating action plans for each goal.
- Projecting future profits and cash flows and creating business value.
- Developing key performance indicators (KPIs) for each plan.

4. Monitoring and measuring performance

- Ongoing measurement of KPIs and financial analysis.
- Feedback provided to you on a regular basis on the outcome of process and business performance.

Please contact your Accountant if you would like a live-working budget and cashflow projection put in place to drive the growth of your business.

We at Conrad Carlile are fully committed to the growth and development of our firm. It's only when we grow that we can continue to offer you a more diverse range of services to support you in all areas of your business, financial position and future security. If you know of any business owners, family or friends that may be able to benefit from our services please do not hesitate to refer them to our team.

The information in this newsletter is general commentary only and should not be considered advice. You should not act solely on the basis of the material contained in this newsletter. We recommend that you seek our formal advice prior to acting. Liability limited by a scheme approved under Professional Standards Legislation.