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conrad carlile client newsletter

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"YOUR SUCCESS. OUR KNOWLEDGE"

As the end of another year fast approaches, the team at Conrad Carlile would like to express our gratitude for your ongoing support throughout the year. We would also like to take the opportunity to wish you and your families a very happy and safe festive season.

**Please note the office will close over the Christmas period  
from 5.00pm Wednesday 23rd December until 8.30am Monday 11th January.**

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We hope you enjoy the last edition of our 2009 newsletter and we look forward to working with you in the New Year.

## Final opportunity ..... Business Investment Allowance

If your business has an annual turnover of less than \$2 million, you have until 31 December 2009 to take advantage of the Federal Government's investment allowance.

To claim the 50% tax deduction you must have purchased an eligible asset prior to the deadline above and it must have cost more than \$1,000.

If you want to know more about the Business Investment Allowance for small business, including the key dates and type of assets that are eligible under the scheme, please contact your Accountant.

## Cash-strapped small businesses – the ATO is helping out

On 1 June 2009, the ATO introduced new measures to help small businesses that are struggling to meet their activity statement and income tax obligations in the current economic climate.

### 12 month interest charge to be lifted -

Small businesses (annual turnover less than \$2 million) with an activity statement debt or income tax debt can apply to the ATO for a general interest charge-free payment arrangement from now until 30 June 2010.

The general interest charge will be remitted for a period of 12 months from the day the arrangement is entered into, provided the payment plan is maintained.

## Small Business Benchmarks

The Australian Taxation Office released a series of Small Business Benchmarks in October. The ATO states that they provide a snapshot of what, on average, is happening in businesses operating in a particular industry by providing a measure of various business costs in relation to turnover.

Using industry data, the ATO has calculated average cost of goods sold, labour and rent per \$100 of sales for certain businesses such as plasterers, bakeries, plumbers, concreters, electricians, painters, tilers, and so on.

These benchmarks are clearly targeted at the cash economy, and goes without saying that the ATO are using these benchmarks to identify businesses that may be reporting outside the benchmarks and therefore may expect a visit from the Tax Office.

## Money withdrawn from a Private Company may be treated as a Dividend

The Tax Office is reminding private company owners (ie. Pty Ltd companies) that, under the tax law, private companies are prevented from making tax-free distributions of profits to shareholders and/or their associates.

This means that shareholders must treat their private expenses separately from their company expenses.

### How to avoid penalties when paying personal expenses

Taxpayers who fail to separate their personal and company money appropriately may incur penalties and have to pay more tax, since any company money used for personal purposes can be deemed to be an unfranked dividend in the hands of the individual.

To avoid this, you can use one or more of the following options:

- Pay back money borrowed from the company before the date the company's income tax return has to be lodged;
- Put in place a written loan agreement, which meets minimum interest rate and maximum term criteria, before the due date of lodgement of the company's income tax return, and make the minimum loan repayments each year; or
- Ensure the company pays you a salary, wage or dividend to cover the minimum loan repayment, and that the company pays the tax on this income in the normal way.

## Fuel Tax Credits – Check your eligibility

More businesses are now eligible to claim fuel tax credits. Previously, fuel tax credits were only available for vehicles over 4.5 tonne GVM travelling on a public road, or for specified activities such as agriculture.

Now businesses are able to claim fuel tax credits for all fuel, both diesel and petrol, **except** fuels used in vehicles under 4.5 tonne GVM travelling on a public road.

If you use fuel in your business activities, machinery or plant and equipment, you can claim 19.0715 cents per litre of fuel used. A wide range of equipment uses will now be eligible, for example, compressors, backhoes, bulldozers, excavators, bobcats, motorcycles (off road), cement mixers, pumps, lawn mowers, chainsaws, etc.

If your business is already registered for GST, to claim the new fuel tax credits you simply need to register with the tax office, and a new label will be added to your BAS. When your BAS is completed, your fuel tax credit is then deducted from or added to any GST payable/refundable.

The rates for claiming fuel tax credits from 1 July 2009 are:

16.443 cents per litre  
for eligible fuel you use in  
vehicles with a GVM greater  
than 4.5 tonne traveling on a  
public road

38.143 cents per litre  
for fuel you use in specified  
activities eg. agriculture,  
forestry, fishing, mining, rail  
transport

19.0715 cents per litre  
for fuel you use in all other  
activities, machinery, plant and  
equipment

*To register phone the Tax Office on 13 72 26, or contact us and we can arrange this for you.*

## Business Advisory Division

In the first edition of our client newsletter, we mentioned that Conrad Carlile offers a range of business management tools to help you realize the potential of your enterprise.

In this issue of our newsletter, we'll outline how we can help you achieve protection of your assets whilst in business, and the transfer of the business ownership and/or management of your business upon retirement or sale (commonly referred to as succession planning).

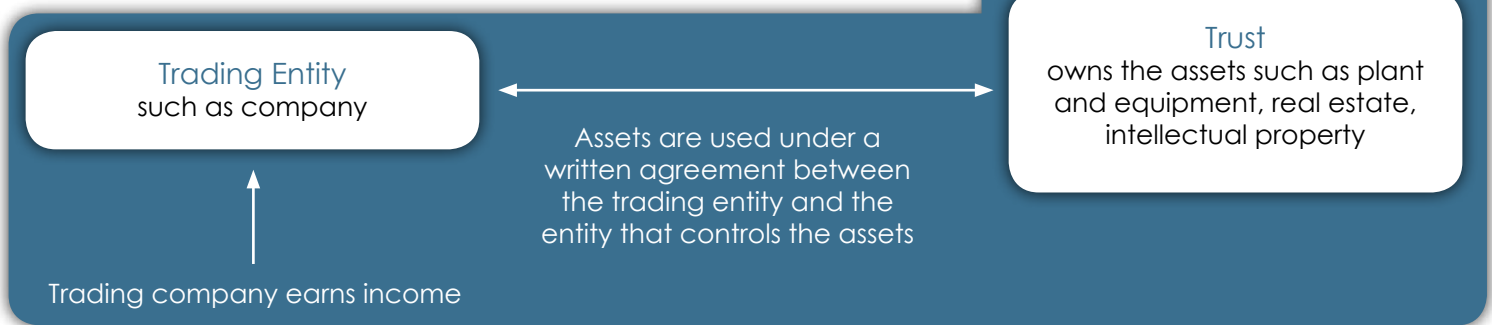
### Protecting your hard earned assets

How would you feel if everything you have worked for was lost? Most business owners unknowingly have their assets exposed to litigation and risk losing their wealth. This is because they have not been advised on how to structure their business and personal assets and liabilities in the event of misfortune.

To avoid a disaster, Conrad Carlile helps its clients to:

- Maximize the protection of business and personal assets
- Ensure assets are owned in the most appropriate legal structure
- Build a wall between business and personal assets
- Gain the maximum security possible to advance your business
- Protect you before it is too late

With a business that has a large amount of value in machinery, equipment or intellectual property, these items should be held separate from the trading entity. Below is an example.



If the trading entity is sued, the assets are protected because they are owned by a separate entity and used under a licence agreement.

In handling these matters, we work very closely with your solicitor to achieve the most cost effective and protective outcome for you.

### Succession planning

Succession refers to the transfer of the ownership and/or management of a business. Ownership succession focuses on who will own the business, when and how that will happen. Management succession focuses on who will run the business, what changes will occur and when the new manager will be accountable for results.

If your business is your major source of income and wealth, you must do all that you can to protect its current and future value. Make sure that you are in a position to control your succession.

It is important to remember that the process begins well in advance of putting up a 'for sale' sign.

Preparing a business succession plan requires you to write down your strategies, goals and objectives so they are not just thoughts. You need to consider:

- The appointment of a board of advice
- The sharing of financial information with key staff
- The amount of income required in retirement
- The value of your assets in retirement
- The business sale price

The best thing to do NOW is start planning your succession. To get you started, consider if the following are important to you and your succession.

1. Owner – evolve your business with greater control over future events
2. Transition – understanding that growth may be required to meet sale price expectations and that customers and staff strongly influence succession outcomes
3. Succession – managing risk events and maximizing succession opportunities
4. Selling – realizing optimal business value with many buyers

*Please contact us for further information on effective asset protection and succession planning strategies.*

## Have You Protected Your Income

For most people, their working income is the basis of their financial plan and covers their day-to-day living expenses. Generally, their quality of life depends on the ability to earn an income. However, what would happen if you suffered a serious illness or disability? The medical profession can look after your physical recovery. Your friends and family will be there to guide you through your emotional recovery. But who will look after your financial recovery?

One of the most effective ways of protecting your income, and potential future income, is through income protection.



Tim Blakely

Evidence shows that one in three Australians will suffer a disability in their working life, which causes the loss of three or more months of work. The history of insurance industry claims indicates that often the most common form of disabilities keep us from work the longest. For example, the average claim duration for back complaints, heart conditions, stress and cancer is over three months.

The effects of suffering a disability can be dramatic. There are many issues to consider, including:

- how would losing your income affect your family and quality of life?
- could you cover your regular financial commitments, including your mortgage repayments, credit card debts, medical costs, children's education costs and other day-to-day living expenses?
- if you run your own business, could it continue to satisfy customers and creditors without you there?

Social security, sick leave, workers' compensation and superannuation may not provide you with a comfortable level of financial security if you suffered a disability. It is therefore smart to allocate some of your income to protect your family, your home, your business and your investments. However, many people jeopardise their financial future by not considering some level of income protection.

Income protection is designed to provide you with comprehensive coverage if you are unable to work due to sickness or injury. There are two primary areas that the policy provides cover for:

- total disability cover, which provides an ongoing income stream in the event of you being unable to work through sickness or accident.
- rehabilitation cover to assist you in getting back to work, or if you are only able to return to work in a reduced capacity, partial disability and rehabilitation benefits provide you with practical and financial support.

An important feature of any income protection product is flexibility. Depending on your policy, many other features can be added to provide assistance during disability, including:

- waiver of premium
- death benefit
- critical illness payment
- emergency transportation
- nursing care
- scheduled injury payment
- spouse accommodation

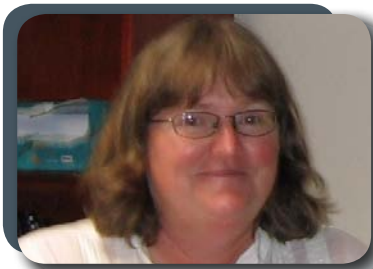
Premiums payable for income protection policies are tax deductible and an income protection policy should be the corner stone of every client's insurance programme.

We insure our homes, contents, cars and business assets yet so many of us do not insure our most important asset that is our ability to earn an income.

It is important to review your income protection policies on a regular basis to ensure that they reflect your current income and suit your personal situations.

*To arrange a review of your income protection needs please contact our office to organise an appointment with our financial planner, Tim Blakeley.*

## Team Profile



Anne Utz joined our team when Conrad Carlile Pty Ltd purchased Yates Accounting. Anne brings with her a wealth of knowledge stemming from 20 years of service with Bill Yates, and, prior to that a stint with the Australian Taxation Office. She was born and raised in Coominya and attended University in Brisbane. Anne has two children and is expecting her first grandchild early next year. She has a love for the outdoors and is often torn between spending time with her cows or just sitting back and enjoying the special moments she shares with her husband on their farm.



To all our valued clients, their family and friends...

*We Wish you a  
Merry Christmas  
and a Happy New Year*