

## RLA goes semi-paperless



We are kicking off the process to go paperless. For the more mature staff in the office (Roz) this is a daunting task, but for the young blood 'a must have for the modern accountant'.

Our understanding is a paperless office is not something that will happen overnight, however you have to start somewhere and we have begun the process.

We will keep you informed of progress in the upcoming editions.

## Would you prefer electronic correspondence?

We are being asked by clients more and more to use electronic correspondence. If you would prefer your documents to be presented electronically, please make us aware and we will try to move towards this trend in the future.

## 'Tis the season again... soon!



Roz Lahey accounting will be closed for a short break over the festive season.

Our last day in the office will be Friday 20 December 2013. We'll return relaxed and refreshed on Monday 6 January 2014.



## Roz on leave in 2014

For your awareness, Roz will be away for four weeks during April / May 2014.

The office will still be manned by the rest of the reliable team during this time.

ACCOUNTANT'S  
NO ME

A patient is at her doctor's office after undergoing a physical examination.

The doctor says, 'I have some very grave news. You have only six months to live.'

'What can I do?' cries the patient.

The doctor replies, 'Marry an accountant.'

'Will that make my life longer?' asks the patient.

'No,' says the doctor, 'But it will seem longer'.

## Get to know our clients...

I'm Nigel Faulkner, Owner Manager of Bank of Queensland (BOQ) Jimboomba branch (and Roz's husband by the way).

In 2003, after working for the Commonwealth Bank for 24 years, I was investigating my work options and the opportunity to open my own BOQ branch arose. As a south-sider, I knew Jimboomba and its surrounds didn't have a full service bank in the area and recognised an opportunity.

Doing business with a BOQ owner managed branch is different. Unlike the experience many businesses face with the big banks, dealing with BOQ gives you access to a banker who you can phone and who doesn't move on every six months (or so it seems).

I have six staff, most who have worked at the branch for more than five years. You simply don't get that longevity with other banks.

We have a full range of banking services, including home loans with excellent interest rates, commercial loans and competitive equipment finance.

For obvious reasons, Roz Lahey Accounting was actively involved in my business set-up and has provided efficient accounting and general business advice and support over the past ten years.

I highly recommend their service.



# RLA Insight

From your trusted accountant



Edition 2 • September 2013



## From the Director, Roz

This is our second edition of RLA Insight and I'm excited by the positive feedback we have received so far. The first edition coincided with the launch of our website which has also been a

positive topic of conversation with many clients. If you haven't already, jump online and visit [www.rozlahey.com.au](http://www.rozlahey.com.au).

We have had a busy start to the 2014 financial year. Over the last three months I've had opportunity to talk with most of my business clients and we are in the process of winding up the 2013 accounts.

It has been a hard financial year for many businesses. Unfortunately for some of my clients, their business has not survived the harsh economic environment we've endured over the past 18 months. I had the sad job of winding up a number of businesses and helping prepare bankruptcy documents. In my 20 odd years of doing this job, I think the last twelve months have been the hardest for business I've seen.

Thankfully, the election is now behind us and hopefully we can move forward in a positive and confident environment.

I want to take this opportunity to reinforce that my clients are the most important aspect of my business - I wouldn't be here if it weren't for you. Please take every opportunity to discuss your business decisions, opportunities, finances and business well-being with me. You are welcome in the office at all times and I look forward to helping you and your business through the next 12 months of inevitable change.

Don't forget our 'Client Rewards' for referrals - a discount of 20% off your next accounting invoice for referring family and friends. Like you, we are keen to grow our business too.

**The best compliment is a referral from a valued client so please don't keep us a secret.**

Until next time

Roz

## New reporting requirements for building and construction industry taxpayers



**The Australian Tax Office (ATO) is reminding contractors in the Building and Construction Industry (BCI) to take extra care with their returns this year.**

Businesses in the BCI are now required to report to the ATO the total amount paid to each contractor for any building and construction service in 2012/13 on a 'taxable payments annual report'.

This report was supposed to be lodged by 21 July, if lodged by the taxpayer, and 25 August if lodged by your tax agent.

We are aware many of our clients have not yet lodged their contractor's annual report. Please don't hesitate to call the office for assistance if you are unsure what to do.

This new reporting regime makes it easier for the ATO to cross-check BCI contractors returns (whether they work for a large building company, or small domestic operation). Therefore it's critical you include ALL income in your tax returns.

This is a hot topic with the ATO and I anticipate there will be significant data matching and as a consequence, audits on taxpayers from the BCI.

**I encourage you to be careful!**

## Maximise concessional contributions

The superannuation cap for 2013/14 is \$25,000 for those under 60 years. The superannuation cap for 60 years and over is now \$35,000.

So, people over 60 years can top up their superannuation contribution for the year from employer super guarantee and salary sacrificing to \$35,000.

## Get in touch with us today...

Call  
(07)3277 9544

Web  
[www.rozlahey.com.au](http://www.rozlahey.com.au)

Email  
[info@rozlahey.com.au](mailto:info@rozlahey.com.au)

Visit  
1102 Beaudesert Road  
Acacia Ridge Qld 4108

 **Roz Lahey**  
ACCOUNTING PTY LTD

## ATO's 2013 compliance program

As usual, the Australian Tax Office (ATO) has released its annual compliance program.

Below are the main 'highlights' that will attract attention in the coming year.

- High work related expense claims, particularly those made by building and construction labourers, construction supervisors, project managers and sales and marketing managers.
- Wealthy individuals who may be using secrecy jurisdictions (such as tax havens) to avoid paying tax.
- Employers who intentionally try to avoid their tax and superannuation obligations by improperly treating workers as contractors rather than employees.
- Small businesses that over-claim concessions, attempt to hide income and operate in the cash economy, and claim capital gains tax concessions they are not entitled to.
- Businesses with outstanding returns, particularly trust, partnership, companies and entities with privately owned groups.
- Fraudulent phoenix activity, particularly by property developers.
- Self-managed super funds that misuse the concessional tax environment deliberately or unintentionally.

The ATO also advised they will investigate every time an employee tells them their employer has not paid their superannuation guarantee entitlement. The ATO will also specifically audit employers in cafes and restaurants, carpentry services and real estate services industries because these industries present a higher risk of employers not complying with their superannuation guarantee obligations.

In addition, more than 540 million transactions are reported to the ATO annually from sources such as banks, share registries, employers, merchants, states and territories and other government departments. The ATO uses this information to detect people trying to avoid their tax and superannuation obligations.

So, be careful with what you disclose to the ATO. Be thorough with your research for information to be included in your business financials and individual tax returns.

## Capital gains tax - keep the right records

The Australian Tax Office (ATO) is reminding taxpayers to keep all records and purchases or acquisitions of assets that may be subject to Capital Gains Tax (CGT).

In addition, keep records relating to:

- the sale or disposal
- details of the nature of the act, transaction, event or circumstance
- how it resulted in a capital gain or loss
- the date it occurred
- parties involved.

You should also keep the records used to work out the amount of the capital gain or capital loss, which may include:

- receipts of a purchase or transfer
- details of interest on money borrowed relating to the asset
- records of agent, accountant, legal and advertising costs
- receipts for insurance costs



- receipts for rates, land tax and stamp duty
- any market valuations
- receipts for the cost of maintenance, repairs or modifications
- accounts showing brokerage on shares
- records from the previous owner (for example, for inherited assets).

## Medicare Levy increase becomes law

The DisabilityCare Australia legislation that provides for a half a percentage point increase in the Medicare levy has passed through parliament and become law.

The legislation will increase the Medicare levy from 1.5% to 2% of taxable income from 1 July 2014.

## Car depreciation limit for 2013/14

The ATO has advised the car depreciation limit for the 2013/14 financial year is \$57,466 (unchanged from the 2012/13 year).



## Changes to vehicle fringe benefit tax

The government is working to make the tax system fairer by ensuring fringe benefit tax exemptions for cars are targeted to actual business use rather than personal use.

### The current system

Under the current car fringe benefits rules, a fringe benefit will arise where an employee is provided with a car for private use. A 'car fringe benefit' is valued using either the operating cost ('log book') method or the statutory formula method.

- Under the operating cost method, the car fringe benefit is the cost of running the car multiplied by the proportion of personal use of the car worked out by a log book.
- Under the statutory formula method, a person's car fringe benefit is the cost of the car multiplied by 20%, regardless of actual personal use of the car.

The statutory formula method provides a significant tax concession for taxpayers using their car fringe benefit mainly for private travel, because it assumes a significant proportion of use is for business purposes.

### The new system

This reform will remove the statutory formula method for both salary-sacrificed and employer-provided car fringe benefits for new contracts entered into after announcement, effective from 1 April 2014.

Existing contracts materially varied after 16 July 2013 will also fall under the new arrangements. Existing contracts not varied will continue to have access to the existing statutory rate throughout the contract.

All car fringe benefits for new leases will be calculated using the operating cost method from 1 April 2014.

The operating cost method is based on the actual business use of the car. Tax is only payable on the portion of operating costs attributable to private use.

Where there is significant private use, the operating cost method ensures an appropriate amount of tax is paid on the private benefit.

### Who is not affected by the changes?

- This reform will not affect employees, self-employed and sole traders, claiming deductions for work-related travel expenses when they use their own car for work reasons.
- The changes do not affect existing exempt car benefit concessions that apply to certain uses of taxis, panel vans, utes and other non-car road vehicles.
- Employers who provide a work car to employees for occasional private use (for example, weekend travel) will continue to be able to use the operating cost method.

If you need further detail, visit [www.treasury.gov.au/Policy-Topics/Taxation/Car-FBT](http://www.treasury.gov.au/Policy-Topics/Taxation/Car-FBT) or contact the office.

## Benchmarking - the new elephant in the room

The cash economy remains a major focus for the Australian Tax Office (ATO) with compliance work aimed at identifying businesses that pay cash wages, skim cash takings, fail to report barter transactions, etc.

The ATO uses various tools to identify such businesses including data matching of third party information. Since 2009, the ATO has developed benchmarks for over 900,000 small businesses in over 100 industries, based on information reported in tax returns and Business Activity Statements (BAS).

Approximately 10% of businesses operating in the benchmark industries still report income significantly below the benchmark.

The ATO encourages business taxpayers to self-assess performance using industry benchmarks on an ongoing basis.

If a business is reporting outside the benchmark range for their industry, the ATO recommends:

- review record-keeping practices to ensure compliance with the tax laws
- check income and expenses have been correctly reported in lodged tax returns and BAS's.

