



ProAcct Newsletter

Targeting And Securing Your Future

Issue Number 26 **Winter 2010**

**2010 TAX
TIPS**
Page 2 & 3

ALERT! ALERT! ALERT!

Home loan interest rates on the rise with predictions of more to come.

Unless you have been hiding under a rock for the last 12 months you would be well aware that home loan mortgage rates have been on the increase.

We have experienced six rate increases in the past 12 months and the experts are making predictions of more to come. As a result of these rate increases you may well be considering and contemplating ways to deal with the rising interest rates.

We have detailed below a few tips that may be of assistance to you and your family in dealing with your home loan(s) in a rising interest rate market:

- Consider fixing the rate or splitting the loan between variable and fixed. This will enable you to lock in repayments for at least a part of the loan. This will help with household budgeting.
- Schedule repayments in advance or consider setting up a direct debit to avoid additional interest and fee charges on late payments.
- Take the time to make a personal family budget to see where money is being spent.
- Defer discretionary expenditure where possible and use the money to make additional repayments on the home loan. An account with a redraw facility will allow you to withdraw these additional repayments if you need them at a later stage.
- Do a financial needs analysis to ensure that you have a home loan product that best suits your needs. This may help you in avoiding having to pay some fees and charges.

Through our Finance Broking division we have access to a large number of home loan lenders and loan products. We encourage you in this current interest rate environment to take the time to have a good look at your home loan statement and seek out the advice of our lending expert to ascertain how we might be able to save you some \$\$\$\$\$\$.

Contact our office for further assistance.

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Tax Planning Opportunities 2010

Well it's almost that time of the year again where another financial year is about to end. Hopefully this year hasn't been as tough for you as last year was now that the economy is slowly recovering from the GFC. This is a good time to consider your tax position for the year and some simple housekeeping can reduce the amount of hard earned money the ATO will take from you once you lodge your tax return.

The following are some quick tips for Business

- **Delay performing work until July 1** – If you have had a good year it may be worthwhile putting off some work and deferring it to next year, especially if you don't expect next year to be as good. However don't forget that this could impact your cash flow. If you have completed work that is ready to be invoiced, please call our office to discuss other opportunities.
- **Pay Staff Superannuation Contributions by June 30** – Businesses don't realise that superannuation expenses can only be claimed as a tax deduction once they are paid and received by the Superannuation Fund. So if you accrue superannuation from April to June 2010 and don't pay it until July you will miss out on the deduction in the 2010 year. Pay the super for the June quarter or month at least a few days before 30th June to ensure it is received by the Superannuation Fund.
- **Pay bills before June 30 to minimise taxable income** – If cash flow allows, pay as many expenses as you can prior to the end of 30th June. Even if you don't have the cash consider using finance such as a credit card most credit cards give you up to 55 days interest free cover.
- **Prepay expenses** – consider prepaying rent for the next few months or some interest on a loan, even advertising can be prepaid. However not all prepaid expenses can be claimed as a deduction so please consult us before hand to seek some advice.
- **If you are about to make a capital gain on a sale of an asset (business or shares)** consider delaying the sale till July 1. If this is not possible consider selling other non performing assets at a loss to offset the gain.
- **Conduct a stocktake** – this will allow you to see how much of your products you can't move and then you can consider selling it at a cheaper price or getting rid of it. Remember stock on hand at the year end increases your profit. Please speak to us regarding that valuation of stock at hand.
- **Write off bad debts** – look at your accounts receivable (debtors) and write off any debts that can be legally written off. Please contact our office to discuss if you have any queries. If you don't write them off they are included as income and you could potentially pay tax on them.
- **Plan for the future** – Don't be reactive in your tax planning; consider restructuring your affairs to achieve more flexibility. This is especially so if you are trading in a partnership or as a sole trader, maybe a company or trust is a better alternative for you.

Tax Planning Opportunities 2010

The following are some quick tips for individuals

- **What would happen if your income stopped.** Did you know that insuring your employment income is tax deductible? Most people insure the house, furniture, contents and car. Yet all too often fail to adequately protect what is probably their most important asset, their ability to produce an income.
- **Minimise capital gains by offsetting capital losses.** If you have made a capital gain and hold some poor performing shares or property consider selling this. Don't hold on to hope that this investment will eventually rebound, it may not. Also a capital gain is tax in the year that you make it; however a capital loss can only be offset against capital gains. So if you don't have a capital gain, that loss may not be much use to you in reducing your tax.
- **Defer maturity on term deposits** – Interest is only taxed once received not when it is accrued. Consider delaying the maturity of your term deposit until after 30th June.
- **Do a superannuation co-contribution of up to \$1,000.** This is not a tax deduction however the benefits are 2-3 time better. The best benefits are available to people with adjusted income under \$31,920. However if your adjusted income is between \$31,921 and \$61,920 the government will pay you a reduced co-contribution. If you can't afford it this year, consider putting \$20 per week out of your own pocket next financial year. This will amount to \$1,000 by years end. Certain conditions apply to be eligible for this so please contact ProAcct if you have any queries.
- **Salary sacrifice extra superannuation contributions.** This allows you to use the tax system to make extra superannuation contribution.
- **Net Medical Expenses** – If you have incurred out of pocket medical expenses over \$1,500 during the financial year the ATO will give you back 20c for every \$1 spent over this threshold. Not all medical expenses qualify so please consult us if you have any queries.
- **Education Tax Refund** – This applies to people who have children in primary or secondary school and who are eligible to receive Family Tax Benefit Part A. If you fit into this category then you may be able to claim up to \$1,500 (secondary school) and \$750 (primary school) in expenses for your child's schooling of which the government will refund 50% of. Eligible items are Laptops, stationery, school books, internet and software. Various other costs such as school fees, excursion costs and uniform expenses are not eligible for this Tax Refund.

The most important tip we can give you is to contact us, ProAcct and its team of professional advisors can guide you along and hopefully save you some tax.

Dollar Cost Averaging

In both good and bad economic times benefits can be derived by making regular contributions into unit linked investments like superannuation. If we could predict the fluctuations in the market accurately, investing would be easy and very profitable. The old adage of buy low and sell high would be simple to do rather than a dream investors aim for. However, even experienced investors are unable to accurately pinpoint when a market will go up or down. Putting a fixed amount, on a regular schedule, into your superannuation helps overcome the volatility of the market.

How it works

Investing the same amount of money at regular intervals (monthly, quarterly, half yearly), you buy more units when the unit price is low and less units when the unit price is high. Your total cost is averaged and this strategy usually results in a greater number of units than would occur if you tried to pick the market. As an example – lets assume that you put \$100 per month into an investment for 12 months. The unit price is up some months and down on others.

Month	Investment	Unit Price	Number of units bought
January	\$100	\$10.00	10.00
February	\$100	\$9.76	10.25
March	\$100	\$9.30	10.75
April	\$100	\$9.76	10.25
May	\$100	\$9.30	10.75
June	\$100	\$8.89	11.25
July	\$100	\$8.00	12.50
August	\$100	\$9.30	10.75
September	\$100	\$10.00	10.00
October	\$100	\$10.53	9.50
November	\$100	\$10.26	9.75
December	\$100	\$10.00	10.00
TOTAL	\$1200	.	125.75

Results

Average Unit Price: \$9.59 (\$115.1/12)

Average Unit Cost: \$9.54 (\$1200/125.75 units)

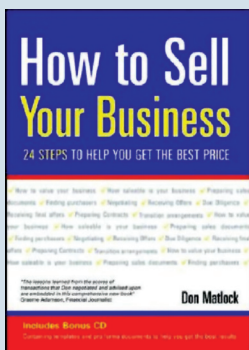
Current Unit Price: \$10.00

Current Value of Investment: \$1,257.50

This compares with an investment of the total \$1200 you would have purchased 120 units. The value of those units in December would be \$1200.

Whilst this is a simplistic model, it is worth discussing the principles of dollar cost averaging with your financial planner during your next meeting. If you would like to arrange a meeting with a financial planner fill out our online form today.

What's new



How To Sell Your Business: 24 Steps To Help You Get The Best Price synopsis

How To Sell Your Business is tailored primarily for the owners of small to medium sized privately owned businesses, it contains a route map of the main factors you need to be both aware of and to consider in contemplating the sale process. It offers clear vision and methodology through what can be a very complicated & stressful process. Drawing on Don Matloc's twenty plus years of personal experience selling & consulting on the selling of businesses big and small the book will be a must have guide to anyone entering this potential mine field. It shows you how to value your business, present for sale, maximise the price, find a potential buyer, handle due diligence and sign a contract for sale among other aspects.



Data Saviour – Data Robotics Drobo

A self-managing storage device that uses BeyondRAID, is a compact black box that you connect to a PC or Mac via USB 2.0 or FireWire 800 and fill with hard drives. So far as the computer is concerned, it's dealing with a single disk, which means you don't have to remember where you put what. But the information is duplicated automatically in real time, and if one of the hard drives dies, you just pull it out and replace it with another. At around A\$600, the basic Drobo supports four drives. With the five-drive Drobo S and the eight-drive DroboPro, you can have a double disk failure without losing data. If you run out of room, you can replace smaller drives with bigger ones and you can connect two Drobos with a DroboShare if you need network storage. You will still need an off-site copy, but with one of these, you'll be able to sleep more peacefully.



Did You Know?

Proportional to their weight, men are stronger than horses.
Iceland consumes more Coca-Cola per capita than any other nation.
Antarctica is the only continent without reptiles or snakes.
It is possible to lead a cow upstairs but not downstairs.
The first Fords had engines made by Dodge.
A mole can dig a tunnel 300 feet long in just one night.
Peanuts are one of the ingredients in dynamite.
A hippo can open its mouth wide enough to fit a 4 foot tall child inside.
Every time you lick a stamp, you're consuming 1/10 of a calorie.

Dates to Remember 09/10 10/11

MONDAY 14 JUNE, 2010

→ Queen's Birthday – ProAcct Office Closed.

Monday 21 June, 2010

→ May 2010 monthly activity statement, due date for lodging and paying.

WEDNESDAY 30 JUNE, 2010

→ End of Financial Year.

WEDNESDAY 14 JULY, 2010

→ PAYG Withholding Statements must be issued to Employees.

WEDNESDAY 21 JULY, 2010

→ June 2010 monthly activity statement, due date for lodging and paying.

WEDNESDAY 28 JULY, 2010

→ SGC Contributions quarter 4 payable to Superannuation Fund.

WEDNESDAY 11 AUGUST, 2010

→ April – June quarter activity statement, due date for lodging and paying.

****SATURDAY 14 AUGUST, 2010**

→ PAYG Withholding Payment Summary lodging with the ATO.

****SATURDAY 21 AUGUST, 2010**

→ July 2010 monthly activity statement, due date for lodging and paying.

→ GST Annual reporting election due.

****SATURDAY 28 AUGUST, 2010**

→ SGC quarter 4 payable to ATO.

TUESDAY 21 SEPTEMBER, 2010

→ August 2010 monthly activity statement, due date for lodging and paying.

**When an end due date falls on a weekend the lodgement and/or payment may be made on the first business day after the lodgement and/or payment date without incurring a penalty or general interest charge.

For a full detail listing of due dates visit our website www.proacct.com.au Tax & Accounting Calendar and select the month at the top of the page.

Important: This is not advice. Clients should not act solely on the basis of the material contained in this newsletter. Items herein are general comments only and do not constitute or convey advice per se. Also, changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. The newsletter is issued as a helpful guide to clients and for their private information. Therefore it should be regarded as confidential and not be made available to any person without our prior approval. We respect your privacy. You have received this newsletter because your details are currently included on our mailing list. If you wish to be removed from our mailing list and receive no further communications of this nature in the future, please contact our office.