

RISPIN FINANCIAL

THE BOTTOM LINE

JULY 2007



FROM THE EDITOR

We have come to the end of another busy financial year and would like to thank all of our clients for their great on-going support.

A major theme of our work has been the introduction of the government's new "Simpler Super" reforms, perhaps the most significant change to the superannuation system ever implemented. We have seen;

- Large one-off contribution limits;
- New contribution limits going forward;
- Abolishment of Reasonable Benefits Limits and maximum withdrawal limits for allocated pensions;
- All payments from tax paid super funds tax free from age 60.

We have also seen the announcement of major changes to the eligibility criteria for Centrelink Age Pension.

It has all made for a very busy year. On top of the super and social security reforms we have seen surprise announcements from the ATO relating to non-forestry agricultural managed investment schemes (MIS's).

While the outcome remains subject to a High Court challenge we may find that such investments are unavailable beyond June 2008.

Rispin Financial has also had many changes of its own over the last financial year. These included:

- Joe Brick joining us as a partner and amalgamation of his previous practice (Point Accounting Services) into Rispin Financial;

- Jenny Sneesby joining us as a financial planner;
- Michael O'Connor joining us in a financial planning support role to replace Frances Coghlan who has joined a firm in Mornington after many wasted hours in the gridlock known as the Frankston freeway.
- Neil's Wednesday meetings now occurring on the fairways of Kingswood Golf Club.
- The staff changes have necessitated the re-issue of our Financial Services Guide (FSG) which is attached.

It has also been a very good year for investment returns but we expect that markets are likely to become a lot more challenging going forward. We therefore anticipate that much of the next six months will be spent reviewing portfolios and recommendation of asset allocation modifications.

We wish you all continued prosperity in the new financial year!

Ted Robson

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RISPIN FINANCIAL

Suite 3, 350 Charman Rd, Cheltenham VIC 3192

Ph: 03 9585 7009 Fax: 03 9585 7077 Email: marion@rispinfinancial.com.au

FINANCIAL SERVICES GUIDE (FSG)

We have attached a copy of our latest FSG which is version 5. This document requires change from time to time and in particular when there are changes to financial planning staff.

We are required to provide all new financial planning clients with the FSG and existing financial planning clients receive the updated version whenever we next provide formal advice. Although many of you have the latest FSG we have taken the decision to send it to all clients with this newsletter. Until the FSG is again changed (which we hope will not be anytime soon!) we will only provide an FSG to new clients.

The Australian Securities and Investments Commission (ASIC) requires that the FSG explains:

- the services we offer
- how we operate
- how we get paid (including any commissions)
- how we deal with customer complaints, and
- any interests, associations or relationships that could influence us.

The FSG also includes information about Integrity Financial Planners and the authorized representatives within Rispin Financial. If you have any questions about the FSG or require any other information about our financial planning services please contact Ted Robson.



SUPER SEEK AND YOU MAY FIND SOME OF THE LOST \$BILLIONS IS YOURS

With \$9.7 billion of lost superannuation lying in Australian funds, you'd think people would be lining up to claim their share but, despite easy ways to track it down, the amount of money in lost super accounts is steadily growing.

Accounts become lost when the superannuation fund loses contact with the individual account holder. This can happen when individuals change jobs or move house without advising their superannuation fund.

While superannuation funds try to contact their lost account holders, they aren't always successful.

You don't have to wait for a fund to find you. You can find missing super by searching the Lost Members Register (LMR) which holds details of lost superannuation accounts, including the name of the superannuation fund that reported the account as lost.

The Tax Office has two automated services that can be used to search the LMR and other Tax Office records for lost super.

So, if you think you may have lost track of some of your super, there are two easy ways you can search:

1. Conduct a free online search using SuperSeeker which is available at www.ato.gov.au/super. You will need to provide your name, date of birth and tax file number to start your search.
2. Phone the SuperSeeker self-help phone service on 13 28 65. Follow the prompts to enter your tax file number and date of birth. Have a pen and paper ready.

SuperSeeker is available right now to help you find and claim your share of the lost \$9.7 billion.

[ATO Jan 2007]

CAPITAL GAINS FROM PROPERTY UNDER ATO MICROSCOPE

The Australian Tax Offices (ATO) ongoing Property Data Matching Project will put those who have sold property over the last five years under the microscope, according to the nation's largest accounting and finance organisation, CPA Australia. The ATO has been collecting individual and business names and addresses, and details relating to property title transfers, from State and Territory Revenue authorities and is electronically matching them with its own data to identify non-compliance with capital gains tax, income tax and GST obligations under taxation law.

CPA Australia's Senior Tax Counsel, Paul Drum, said this may have major repercussions for people who have sold property in the last five years.

'In the case of CGT, and despite the introduction of taxes on capital gains over 20 years ago, the ATO has informed us that they are still finding significant discrepancies in this area,' Mr Drum said. 'For example, in 2004/05 the ATO matched 22,610 records regarding capital gains tax obligations, sent 191 letters and raised an additional \$2 million plus another \$1.4 million from 17 highly targeted audits, and this could be just the tip of the iceberg.'

'There will be little escaping from the improvements of information technology regarding data-matching for people who deliberately or unintentionally did not pay CGT on property disposals.' 'Many taxpayers may have avoided CGT on property because they have either incorrectly claimed CGT exemptions, failed to correctly report capital gains or even been involved in tax evasion.'

Mr Drum said that where there is a data mismatch, most taxpayers will get a 'please explain' letter in the mail. However in high risk cases such as where a taxpayer has not lodged a return, they will be audited. 'With year-end approaching, now is the opportunity for those who believe they may have got it wrong to consult with their accountant and consider making voluntary disclosure if necessary. The penalties for non-disclosure, pending the severity, can be as high as 75 per cent of the primary tax avoided, plus interest,' Mr Drum said.

[ATO, June 2006]



WHAT'S STOPPING YOU? - SAVE WITH FUEL TAX CREDITS

Fuel tax credits, introduced on 1 July 2006, could save your business fuel costs by 18 or 38 cents in every litre. It provides a credit for the fuel tax (excise duty) included in the price of fuel.

Assistant Tax Commissioner Beth Barry said this means that many more businesses may now be eligible for fuel tax relief. "Businesses that use petrol and diesel in heavy road vehicles or to generate electricity should check their eligibility," Ms Barry said.

Fuel tax credits are worth 18.51 cents per litre for petrol and diesel used in vehicles greater than 4.5 tonne (GVM) travelling on public roads. Diesel vehicles acquired before 1 July 2006 can equal 4.5 tonne. Credits for petrol and diesel used for electricity generation are worth 38.143 cents per litre to eligible businesses.

It's important your business is registered for both GST and fuel tax credits before you make a claim. "Once your business is registered for fuel tax credits, your business activity statement will include labels to claim the credit".

If you were a former energy grants credit scheme client and are registered for GST, then your business activity statement will already have fuel tax credit labels on it.

How to register and get more information

Businesses already registered for GST can register for fuel tax credits by calling 13 72 26 anytime. Businesses needing to register for both GST and fuel tax credits should call 13 28 66 between 8am and 6pm weekdays.

[ATO, March 2007]



SMALL BUSINESS: RECORD KEEPING AND CASH FLOW ARE CRUCIAL

Good record keeping is essential in running a successful business and meeting your tax obligations.

Sound practice in this area supports compliance with tax obligations and helps businesses manage their cash flow. But the Tax Office has found that records are often inadequate.

Common mistakes include business operators failing to record every sale or record all cash received; not regularly reconciling sales with bank statements, and failing to apportion business and private use of assets.

Small businesses can suffer cash flow problems because of circumstances beyond their control, such as temporary trading downturns or personal circumstances of the business owner.

The best way to make sure there is enough cash available to meet tax and other liabilities is to keep a cash flow budget. Budgeting for tax obligations is the same as budgeting for any other expense of the business. You will need to estimate how much tax has to be paid and then put sufficient money aside to cover the tax bill when it falls due.

Small businesses can sometimes find that they are

unable to pay amounts owing on their Business Activity Statement (BAS).

But it's a mistake to think that the Tax Office won't notice if the BAS obligations are not met. By not lodging a BAS on time, you are exposing yourself to penalties for late lodgement, in addition to general interest charge on unpaid amounts.

The Tax Office advises that the best approach in such circumstances is to:

- lodge all activity statements for 2006-07 before lodging your 2007 income tax return
- lodge your BAS on time, even if you can't pay the amount owing
- pay as much of it as you can afford, and
- contact the Tax Office to make an arrangement to pay over time and avoid being charged late lodgement penalty.

[ATO June 2006]

STAFF PROFILE: JENNY SNEESBY

Jenny has worked within the financial planning industry for over eight years and has 4 years experience as a Financial Planner. During this time she has completed her Diploma of Financial Planning and is currently studying towards the Certified Financial Planner Designation.

Jenny is married with 2 children, James and Maggie. As you can imagine she is kept very busy running around with her young family. When time permits Jenny likes to get to the Gym (which is not very often) and catch up with friends for a coffee and a chat.

Jenny commenced working with Rispin Financial in February this year. She is looking forward to meeting the clients and assisting them with their financial planning needs.



[Jenny Sneesby]

Disclaimer: The contents of this publication are general in nature and we accept no responsibility for persons acting on information contained herein without consulting your Accountant or Financial Planner.

It is our intention to improve the financial well being of our clients. We will work hard to make sure that your association with us is a positive interactive experience.