

### Your Partner In Business

Welcome to the August edition of the CPD Accountants newsletter.

#### WELCOME TO THE TEAM

CPD Accountants extends a warm welcome to Jessica Harney, our new Corporate Services Officer, who joined the team in July 2011. Jessica is the new "face" and "voice" of the business, responsible for greeting and welcoming our clients when they telephone or pop into our office.

#### CASH IS KING

While the economy is currently performing reasonably well, many consumers are still cautious about parting with their cash. This mistrust stems from the fact that around 50% of Australia's growth is being generated from 10% of the economy, causing the consumer sentiment to be generally insecure.

For many businesses, this means that discounting and long decision making processes are likely to continue. Some very high profile and established businesses have recently dissolved, so the message is to take the 'cash is king' principle to heart. Stick to your trading terms and watch your debtors, so that you do not find yourself caught out by someone else's problem.

#### 2011 MINIMUM WAGE INCREASE EFFECTIVE 1<sup>ST</sup> JULY 2011

Fair Work Australia has released its decision to increase the modern award minimum wage by 3.4%, effective from the first pay period on or after 1 July 2011. This decision raises the new national minimum wage to \$589.30 per week or \$15.51 per hour. All employers should check their payroll to ensure they meet the new standards.

To find out more on how the minimum wage increase affects you, please visit the *Fair Work Ombudsman* website: <http://www.fairwork.gov.au>.

#### WARNING AGAINST OVERSEAS PROPERTY INVESTMENT

ASIC is warning investors about the risk in overseas property investment, after a recent spike in complaints about promoters urging Australians to take advantage of the troubled United States property market.

The weak property market in the US, coupled with a strong Australian dollar, means that an investment property can be purchased more cheaply than in Australia, however ASIC cautions that it is also a lot more risky.

Among the list of complaints were investors being sold properties in need of extensive repairs or in neighborhoods prone to squatters and vandalism, prompting ASIC to advise against investment in properties without having local knowledge or the ability to regularly inspect the property.

Investors should also factor in Australian taxation laws, local property taxes, insurance, management costs and ongoing repairs before considering investing in overseas property.



**Did you know that CPD Accountants can prepare business plans?**

**Call us on 3245 9966 for more information.**

**Please Note:** Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances.

## **SUPERANNUATION: COMMON MISTAKES MADE BY EMPLOYERS**

The ATO has reminded employers of their superannuation obligations and has set out common mistakes they are seeing, including:

- Paying insufficient super contributions for eligible employees;
- Missing the quarterly cut-off dates (28 October, 28 January, 28 April, 28 July);
- Not understanding that in some circumstances super should be paid for contractors, even if the contractor quotes an ABN;
- Not keeping accurate records;
- Not lodging a Superannuation Guarantee Charge statement if they have not paid their employees' super to the fund by the due date or don't pay the correct amount; and
- Not passing on an employee's tax file number to their super fund. Employers must provide their employee's tax file number to their super fund within 14 days of receiving it. If they don't, the employee's super contributions will be subject to extra tax and may not be accepted by the super fund (and the employer may also be penalised).

## **CAR DEPRECIATION LIMIT FOR 2011/12**

The ATO has advised that the car depreciation limit for 2011/12 financial year is \$57,466, which remains unchanged from the previous financial year.

This amount also applies to the luxury car tax (LCT) threshold for 2011/12, which is used to determine if luxury car tax is payable. The LCT threshold for fuel-efficient cars is \$75,375.

### **Example:**

On 18 August 2011, a taxpayer purchases a \$65,000 motor vehicle for the sole purpose of carrying out their business.

When calculating the vehicle's tax depreciation for the 2011/12 financial year, the cost of the car is effectively reduced to \$57,466.



## **CONGRATULATIONS!**

***Congratulations to CMG Plaster for being awarded the Best Home in Queensland for between \$50k-100k in Plastering.***



## **QUOTE OF THE MONTH**

"Small opportunities are often the beginning of great enterprises." - Demosthenes

## **LOW INCOME TAX OFFSET – CHANGES FOR MINORS**

As part of the 2011/12 Budget, the Australian Government has announced that minors (children under the age of 18 years) will no longer be able to access the low income tax offset for unearned income, including distributions from trusts, dividends, interest, rent, royalties and other income from property. Exempt from this change are minors who are disabled, an orphan or those engaged in a full-time occupation. Furthermore, inheritances, property transfer or payments resulting from marriage breakdowns also remain unaffected by this measure. Minors are still able to use the low income tax offset to reduce tax payable on their earned income, such as wages and salary.

*If there are any topics you are specifically interested in reading about, please contact us on [newsletter@cpdaccountants.com.au](mailto:newsletter@cpdaccountants.com.au) and we will do our best to include these topics in future issues.*

**Please Note:** Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances.