

Your Partner In Business

Welcome to the May edition of the CPD Accountants newsletter.

FLOOD LEVY PASSED

The Flood Levy has been passed and will impose a 0.5% levy on incomes from \$50,001 to \$100,000 and 1% above \$100,000. The levy will be assessed in the same way as the Medicare Levy.

ATO & RENTAL PROPERTIES

Recently some of our clients received a letter from the ATO regarding their rental properties.

Enclosed with that letter was a booklet letting clients know how to treat damages from natural disasters in their income tax returns.

In past years, our office has received notices in relation to Repairs and Maintenance versus Improvements versus Capital Expense. However, in 2011, due to the floods and cyclone Yasi, these types of claims will probably increase.

The ATO has asked us to remind our clients that they should only claim expenses they are entitled to, and to keep appropriate information to support their claims.

If you have any queries in relation to your business and / or rental properties with respect to what you can claim on your tax for 2011, please call your Business Services Manager for advice.

The ATO booklet can be found at the following link:
<http://www.ato.gov.au/individuals/content.aspx?doc=/content/00275211.htm&pc=001/002/002/013/003&mnu=0&mfp=&st=&cy=>

DIRECTOR PENALTY NOTICES

Changes were announced in the budget that will significantly impact on insolvency and business restructuring.

The Director Penalty Notice (DPN) regime was extended to include unpaid superannuation guarantee payments.

Under the current regime, the ATO can only issue a DPN in relation to unpaid PAYG Withholding Tax.

A DPN has the effect of making directors personally liable of their company's failure to pay PAYG and gives the directors 21 days in which to pay the outstanding tax.

The proposed changes will allow the ATO to commence action against directors without waiting the 21 days in circumstances where certain unpaid company liabilities remain unreported after three months of becoming due.

These measures are proposed to take effect from 1 July 2011.

Joke of the Month

How was copper wire invented?

2 accountants were arguing over a penny

What do accountants do to liven up their office party?

Invite a solicitor

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.

ATO WARNS ABOUT CLAIMING HOLIDAY TRAVEL AS A WORK RELATED INVESTMENT OR SELF-EDUCATION EXPENSE

Tax Commissioner Michael D'Ascenzo is concerned that some people are getting involved in arrangements to deliberately claim inflated deductions which they are not entitled to, particularly in relation to overseas travel.

"We have seen some instances of overseas seminars that have little or no connection with a taxpayer's current income being claimed as deductible work-related or investment expenses, or even self-education expenses," Mr D'Ascenzo said.

Under these arrangements, taxpayers purchase a self-paced study package and take it with them to a holiday destination of their choice, or participate in seminars whilst travelling overseas or on cruise ships. The taxpayers then claim a deduction for the cost incurred including travel, food and accommodation.

"Arrangements of this nature may be appealing as the organisers are promoting them on the basis that the taxpayers are able to claim a deduction in full for overseas travel by participating in self-study activities, which ordinarily may not be deductible," Mr D'Ascenzo said.

However, there is also the question of whether the purpose of the travel is education rather than private. Legitimate arrangements have a clear relevant connection with income earning or self-education activities.

Please contact CPD Accountants if you are unsure of your situation.

Coming Up – CPD's Free Seminars & Workshops

Using Self-Managed Super to Buy Property

Guest Speaker: Joe Bennett, ANZ Bank

Date & Time: Wednesday 15 June, 7.45am

Venue: Shangri-La Gardens, Wynnum West

Format: Seminar and Networking



If you would like more information about our seminars and workshops, or if you would like to be added to our mailing list, please contact us on eventssup@cpdsuperannuation.com.au

Quote of the Month

"All life is an experiment. The more experiments you make the better." – *Ralph Waldo Emerson*

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

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