

### Your Partner In Business

Welcome to the November edition of the CPD Accountants newsletter.

## FLOOD LEVY FOR INDIVIDUALS - UPDATE

The government has introduced a Temporary Flood and Cyclone Reconstruction Levy (flood levy) that will apply to taxable income for the 2011/2012 year only.

The levy is designed to assist affected communities to recover from recent natural disasters by providing additional funding to rebuild essential infrastructure such as roads, bridges and schools. The flood levy will only apply to taxable income derived from 1 July 2011 to 30 June 2012.

### Who will have to pay the flood levy?

Individual taxpayers who have a taxable income over \$50,000 in the 2011/2012 financial year will have to pay the flood levy. This includes foreign residents who have Australian income.

### Who will be exempt from the flood levy?

If you have a taxable income of \$50,000 or less in the 2011/2012 financial year you will not be charged the flood levy. In certain cases, some people affected by natural disasters will also be exempt from paying the flood levy, regardless of whether their taxable income is under or over \$50,000.

### Tax Rates

| Taxable Income       | Flood Levy (2011/2012)                    | Tax Rate |
|----------------------|---|----------|
| \$0 - \$50,000       | Nil                                       | 0.5%     |
| \$50,001 - \$100,000 | 0.5c for each \$1 over \$50,000           | 0.5%     |
| Above \$100,001      | \$250 plus 1c for each \$1 over \$100,000 | 1%       |

For further information about the flood levy, including who is and who is not exempt, what to do if you are exempt, what to do if you are an employer – and more – visit:

<http://www.ato.gov.au/individuals/content.aspx?doc=/content/00216565.htm>

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.



## CPD CLIENT UPLOAD PORTAL

We would like to remind all of our clients about our new easy-to-use Client Portal. The Portal is a web-based upload/download facility that allows you to quickly and easily send us files and documents of all types at any time of the day or night via our website. The Portal will also enable us to electronically send documents to you.

No more worries about whether your electronic document might be too large to send by email, or whether your email might get diverted by our spam filter. No longer will you have to copy documents onto a disc or memory stick, or suffer the inconvenience of having to mail or hand deliver electronic files to our office.

If you have not yet been set up on our Client Portal, and would like us to do so, please contact Jessica Harney on +61 7 3245 9966. Portal accounts can generally be set up and ready to use within an hour.

## JOKE OF THE MONTH

Two confirmed bachelors sat talking in a bar and their conversation drifted from politics to cooking. 'I got a cookbook for my birthday one year,' said the first man. 'But I could never do anything with it.' His friend asked: 'Too much fancy cooking in it, eh?' And the first man replied: 'You said it. Every one of the recipes began the same way: "Take a clean dish and..."'

**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.

## **PROPOSED CGT RELIEF FOR VICTIMS AFFECTED BY NATURAL DISASTERS**

The Assistant Treasurer recently released a discussion paper that proposes Capital Gains Tax (CGT) relief for taxpayers affected by a natural disaster. Proposed CGT concessions include:-

- A choice for a full CGT exemption with respect to property lost, destroyed or disposed when receiving a replacement asset from an Australian government agency;
- Ensuring that the pre-CGT nature of disposed assets under an Australian government replacement arrangement will continue to apply to the replaced asset;
- Provision of a CGT exemption for any gains or losses on rights arising under a cash or Australian government replacement arrangement; and
- Ensuring consistency of the main residence exemption for taxpayers whose main residence is destroyed under particular circumstances.

To learn more, visit:

<http://ministers.treasury.gov.au/DisplayDocs.aspx?doc=pressreleases/2011/137.htm&pageID=003&min=brs&Year=&DocType=> OR

[http://www.treasury.gov.au/documents/2139/PDF/Discussion Paper CGT relief.pdf](http://www.treasury.gov.au/documents/2139/PDF/Discussion%20Paper%20CGT%20relief.pdf).

## **SMALL BUSINESS BENCHMARKS UPDATED BY ATO**

The ATO have published new small business benchmarks for the following industries:

- Landscape construction
- Motor vehicle retail – new and used
- Panel beating and smash repairers
- Lawn mowing and garden services
- Tattooing services
- Pharmacies

Over the next 12 months, the ATO intend to publish benchmarks for an additional 30 industries.

If you would like further information about small business benchmarks, visit:

<http://www.ato.gov.au/businesses/pathway.aspx?pc=001/003/102>.

If you have any questions or concerns regarding how these benchmarks may affect your business, please contact your Business Services Manager on +61 7 3245 9966.



## **MANAGING BUSINESS RISK**

### **Internal Factors That Can Affect Performance & Profitability – Part 1**

#### **Bad Debts**

When it comes to improving the performance and profitability of your business from within, a good place to start is by managing your debtors. Overdue debtors can affect your net profit due to bad debts, the costs of collection and the time spent by your staff on the debtors process.

You may wish to consider the following strategies to mitigate the possibility of a bad debt:

- Educate your staff on the implications and possible pitfalls of overtrading on your business (eg. creditors pay on 14 to 30 days but debtors paying on 45 to 60 days).
- Increase your chances of setting up the “right” new customer by ensuring your staff use the systems and processes in place for new debtors such as filling out a credit application form and collecting trade references.
- Automate document delivery wherever possible (eg. emailing PDF copies of invoices may result in faster approval and payment).
- Employ effective debt collection techniques such as reminder and collection letters and follow up telephone calls. Ensure these techniques are carried out regularly and on a timely basis.

Check our December issue for Part 2 of this article series – Loss of a Key Person.

*(Source: Kevin Higgins (Vantage Performance), Business Strategy Blog)*

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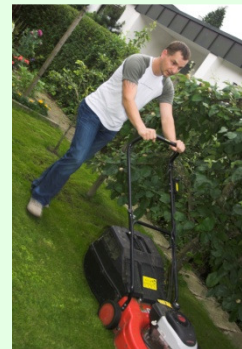
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