

The Simplified Tax System (that I don't think anyone truly believed was a simplified system) went out the door on 01/07/07. The new system should give greater benefits to a broader range of businesses as well as allowing you to choose what parts of the system you want to apply and which ones you don't. The new system includes the following initiatives:

1. From 01/07/07 a business with annual turnover of less than \$75,000 (\$150,000 for not profit) will no longer required to be registered for GST
2. From 01/07/07 purchases valued at \$75 or less (excluding GST) will no longer require a valid tax invoice to claim an input tax credit.
3. The turnover test is now an aggregated turnover of less than \$2 million. If you passed the \$2 million turnover test in the previous year, then you automatically qualify for all the concessions in the current year.
4. With GST you can choose to account for the private portion of purchases made annually rather than on each BAS.

If you want more information on the new system or want to take advantage of the new thresholds regarding GST, etc and are wondering what your next step is, please contact us.

Three new tools have been released by the Australian Taxation Office to help business owners understand and meet their tax and super obligations and are available free from the ATO website (www.ato.gov.au). The tools will help an employer or contractor work out if their new or existing workers are defined as employees or contractors for tax and super purposes; to determine if they are obliged to make super contributions for their employees and to calculate how much super they should be contributing. To locate the tools click on the 'for business' link on the website and visit the 'employer essentials' page. Please note that these tools are intended as a guide only. If you want confirmation please do not hesitate to contact this office.

Few people really enjoy the process of preparing their accounts, however those businesses that have put in place ways of getting it done easily and efficiently find they have useful information available at their fingertips to help them budget, plan and grow. SO accounts should not be seen only as a compliance or tax return requirement but instead businesses need to shift their thinking to help them gain benefits from their accounts throughout the year. For example, regular reports and budgeting enable a business to manage its finances more effectively, reducing the cost of funding by improving internal funding in areas such as inventory or trade debtors. Accounting software such as MYOB or Quickbooks can help to improve a businesses' efficiency in producing these accounts, giving business owners instant reports and an insight into the status of a number of business areas. Successful business owners recognise that up to date accounts help with good decision making – both for internal reasons but also so that the business is 'opportunity ready' for other things such as new business ventures, acquisitions, larger jobs, etc. So change your business mindset and see accounting procedures as not just a burden or a cost centre but a valuable source of useful (if not essential) management and financial reports that will ensure you are not simply doing business but are a healthy, vibrant business.

Want an audit? I don't think you'll ever find a business owner who will put up their hand! There are some things that a business may do however that will 'raise a red flag' with the Tax Office and it is essential that businesses are aware of what the ATO are looking for when they are selecting a business to look at. Following is a simple, non-exhaustive list of what may attract the ATO's attention:

1. Inconsistencies with other returns and payments, such as BAS
2. Undisclosed income (such as interest) reported to the ATO from other sources
3. Financial or tax performance that varies substantially from industry patterns
4. Significant variations in the amounts or patterns of tax payments compared with past performance, relevant economic indicators and industry trends
5. Unexplained variation between economic performance, productivity and tax performance
6. Unexplained losses, low effective tax rates, and cases where a business or entity consistently pays relatively little or no tax
7. A history of aggressive tax planning by the corporation, group, board member or accountant
8. Weaknesses in the compliance structures, processes and approaches (usually highlighted in a record keeping audit)
9. Tax outcomes that are inconsistent with the policy intent of the law

This is not an exhaustive list but with data matching (with BAS, TFN and sale of assets), record keeping audits, industry focuses and industry benchmarks the ATO is able to determine those businesses that consistently fall outside these guidelines. Most of these factors can be avoided if good accounting records are maintained and the advice of your accountant is taken. Certain industries (such as building) need to be particularly focused on maintaining good accounting records and be prepared for a potential audit. If good records are maintained and up to date, any audit becomes a relatively simple process and the business still benefits by having useful information on the health of the business.

I would like to extent a welcome to Colleen Perrott who has joined our team as an in-house book-keeper both for my accounts and for those clients that have need of this service. If book-keeping is something that you are struggling to stay on top of and are looking to outsource then please contact us and we will ensure that Colleen has you up to date in no time!

Thankyou to those clients that donated to the Women With Altitude Ball. The exact amount raised will be known by the summer newsletter so I will let you all know then. Victoria my hard working receptionist and I had a fabulous time working (and working and working) and eventually dancing the night away.



Welcome to E Tax Talk, our email newsletter designed primarily for businesses in Spring and Autumn when the 'hard copy' newsletter is not sent out. We are all systems go in the office at the moment and have already seen many of our clients and welcomed them to the 'revamped' office.

If one of your new financial resolutions was to get your business accounts done in a timely matter where you could plan, print reports and ensure your business is healthy and viable but it was lost somewhere along the way in the business of your year - then I hope this issue inspires you to get organised! And if you simply can't do it yourself then read on and find information of our new in-house book-keeper Coleen, who is ready to whip anyone into shape that needs it!

I hope you find this edition both useful and informative. If you would like to see any subject or topic covered in future editions of any of our newsletters please email me.

From Melissa and the team.



Referral Sweeteners

A big THANKYOU to those clients that have made referrals to me this year.

For those that have referred business clients I hope you enjoyed the 'sweeteners' you received while for those referring individual clients – you will receive a discount on your tax next year!

This is my way of actively showing my appreciation for your referral.

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Tori and Melissa enjoying the Women With Altitude Ball.