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Newsletter March 2011

Dear Client,

We have had a busy last few months with events around Australia and the world. If you have been affected, our thoughts are with you.

Tax planning for 2011

Now is the time to start thinking about the end of this financial year ending 30 June 2011 for tax planning purposes. Things to consider:-

- Consider sale of capital assets, but remember capital losses may only be offset against capital gains (and not revenue items)
- Prepayment of expenses – there are some restrictions based on the size of the business
- Superannuation contributions – pay prior to 30 June 2011, but remember there are limits based on your age
- Trading Stock – consider obsolete stock

Cashflow – the lifeblood of your business

Cashflow is the lifeblood of all business – the business may be profitable, but cashflow may be tight. Debtors, creditors and stock can have an impact to cashflow. Ideas to consider:-

- Debtors – if debtor days (ie how long it takes the average customer to pay) are improved (or let slip) by 'x' days, what impact does that have on cashflow
- Stock – if stock levels are reduced/increased, what impact does that have on cashflow
- Creditors – if creditor days (ie how long until the average supplier is paid) are stretched (or paid more promptly), what impact does that have on cashflow
- Sales – what impact does increasing the price on sales have to cashflow compared with increasing the number of sales

Superannuation and borrowings

Superannuation funds may be able to purchase allowable assets and use borrowings to do so, in certain circumstances. For example, a super fund may have some, but insufficient, cash reserves to purchase a factory. These cash reserves in conjunction with an instalment warrant and a limited-recourse loan may be able to be utilised to affect the purchase of the factory. Rent from the tenant and superannuation contributions can then be used to pay off the loan. Please note that this is a simplified example, each circumstance is different and there is specific and strict legislation regarding super funds and borrowings that must adhered to.



Insurance – time to review

Given recent events around the country and world, now is a good time to review your insurances. Insurance policies should be reviewed to ensure they cover you for what you need. Your circumstances may have changed – for example had a baby, taken on a loan for a new property, become self-employed – if this is the case, then it would be prudent to review your insurances. Insurance policies include:-

Income Protection
Life/TPD Insurance
Farm, House & Contents
Car, Boat, Caravan, Truck
Travel & Transit
Strata Title
Business, WorkCover
Public Liability

If you need assistance reviewing your insurances, please contact us.



Current items on the go

2010 Tax Returns

For those of you who have not lodged their 2010 income tax returns, now is the time to deal with them. Please forward your information to us as soon as possible to ensure we have sufficient time to prepare your returns before their due date for lodgement. Please note the ATO may impose general interest charges and/or penalties on overdue income tax returns.

2011 FBT Time

For those of you with vehicles owned by your businesses, where those vehicles have some private usage, put the date 31 March 2011 in your calendar to record the odometer reading of those vehicles.

Flood Levy – current proposal

The proposed flood levy currently provides that individuals with taxable income of less than \$50,000 (or those who have received an Australian Government Disaster Recovery Payment) will not be liable for the levy, individuals with taxable incomes between \$50,001 and \$100,000 will be liable for a levy of 0.5%, and those with taxable incomes exceeding \$100,000 will be liable for a levy of 1%. The flood levy is expected to be implemented in the 2011/2012 income year and is anticipated to be paid through the PAYG system and deducted from wage payments.

ATO and Tax Crime

Below is a link to the ATO website discussing tax crime and what the ATO is doing. The link discusses Project Wickenby, the Fusion Capability (new program designed to combat serious and organised crime), anti-money laundering activities, refund fraud and recent scams.

<http://www.ato.gov.au/download.asp?file=/content/downloads/snc00271327.pdf>

Footy Tipping Competition

We've started up a footy tipping competition for clients and staff with prizes for 1st, 2nd, 3rd places and a weekly prize for anyone who tips all 8 winners. If you didn't receive our email detailing how to join, please contact our office. Good tipping!



If you would like to discuss any of the above, please contact us.

Regards,

Mathew and Michael

IMPORTANT DISCLAIMER: This update does not constitute advice. Clients should not act solely on the basis of the material contained in this update. Items herein are general comments only and do not convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of these areas. This advice is issued as a helpful guide to clients and for their private information. It should be regarded as confidential and not be made available to any person without our prior approval.