



ATO toughens stance on payment arrangements

The message from the tax office is clear; the global financial crisis is over – now pay your tax!

During the recent financial crisis the ATO were able to provide interest free payment arrangements for many small businesses who were struggling to kept their tax commitments up to date. However, the tax office has since changed their stance and the lenient attitude they once held in relation to payment arrangements has passed. This is not to say the tax office will not accept a payment arrangement however, the process is becoming much more difficult to negotiate than previously.

The tax office would much rather see the client meet their tax obligation rather than see the business wound up. However, they do use a ratings system to assess the client's risk of

defaulting on the arrangement. To decide how 'risky' a taxpayer is the tax office will look at whether the taxpayer has defaulted on any previous payment arrangement and the taxpayer's payment history.

Depending on the taxpayer's risk rating the ATO may not accept a payment arrangement or may require a larger upfront payment or the provision of security to ensure that the arrangement will be met. In many instances the tax office are requesting a 50% upfront payment of the debt or an attempt to finance the debt through a financial institution prior to approving the arrangement.

The end of the financial crisis means more rigorous debt compliance and collection activity from the ATO.

If you are need of assistance with payment arrangements please contact one of our friendly team members.

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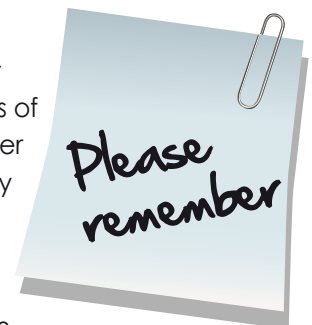
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Ashlee Duniam

Remember, by necessity the contents of this newsletter are summary only. Clients should contact us on 6431 3933 to discuss matters prior to acting.



Change at Elphinstone Stevens

We wish to announce that there has been a change in ownership of your accounting firm, Elphinstone Stevens Pty Ltd.



From 1st July, David has purchased Bob's share of the business. However, you will notice very little, if any change. The name and all contact details

will remain unchanged. Bob will continue to work with the firm on a full time basis and will remain a director of the firm.

Along with David & Bob, the firm also has some experienced and qualified management staff. Troy Franks has been with the firm for nine years and is in the final stage of his CPA qualification. Alysha McCreadie has had five years experience with the firm, completed her degree in 2010 and is well advanced in her CPA studies. The firm also now boasts five other accounting staff at various stages of qualification

and experience due to the recent addition of Sophie Hood. We welcome Sophie to the team. You can be rest assured that any of your business accounting or tax queries can be resolved by our firm.

Please remember that we also actively promote referrals from our valued existing clients to any new ones and sincerely thank those clients that have given us referrals in the past.



Paid Parental Leave:

What Does It Mean For Families?

The federal government introduced the Paid Parental Leave (PPL) scheme entitlement for working parents for children born or adopted after 1st January 2011. The scheme introduces some eligibility criteria, and provides up to 18 weeks of government funded leave at the National Minimum Wage of \$589.40 per week before tax, which is paid through your employer. This scheme is designed to financially assist parents so they can take time off work to care for their child in the early months.

To be eligible you must have been employed in the previous 12 months, have earned less than \$150,000 in the previous financial year, and must not work while in receipt of the paid parental leave.

What does this mean for new parents? By meeting the eligibility requirements, you will need to decide whether to receive Paid Parental Leave or the Baby Bonus. Currently the Baby Bonus

is \$5,437 per child paid equally over 13 fortnights. It is tax free, does not require the primary carer to refrain from paid employment whilst receiving the payments. It also doesn't have an impact on existing Family Tax Benefit payments..

Paid Parental Leave – What Does It Mean For Employers?

The Family Assistance Office and Centrelink will determine whether an employee is eligible for PPL.

If the benefit is received as PPL it is taxable and will be paid through their employers payroll system. The employer will receive the funding in advance.

Obviously there will be extra work for the employer administering the receipt & payment of the PPL

The benefits to the employer are relief from funding PPL and keeping in contact with skilled and valuable staff and the possible return to the workforce by the employee.

Voluntary HECS Repayment Changes

Many people once finishing their university education will be left with a HECS debt. Currently those making voluntary repayments to this loan have received a 10% discount for any voluntary repayments over \$500. However from the 1st January 2012 this bonus will be reduced from 10% to 5%.

It's also bad news for those that pay there university course fees up front that at the present time enjoy a 20% reduction in their fees. From the 1st January 2012 this has also been halved to 10%.

Therefore those looking to take advantage of the current discount have just a few months to take advantage of this.

Remember if you intend to repay your total debt with a voluntary repayment you should do so prior to lodging your tax return. If your tax return is completed before your voluntary repayment is credited, a compulsory repayment may be raised on your income tax notice of assessment and you may not receive the bonus on the voluntary repayment.



persons are required to be registered with TasBuild. Annually, TasBuild pays out in excess of 1.1 million dollars in entitlements to workers in the construction industry.

The fund is made up of contributions from employers and the self-employed. It is administered as a Trust Fund by TasBuild Limited as the Trustee. In this capacity the company can invest and manage the fund with the best interests of all persons who have, or may have, in the future, an entitlement to a payment from the fund.

Typically, private sector employees become entitled to three months leave for each ten or fifteen years of service (depending on the jurisdiction) with a single employer, pro rata entitlements commencing after a period of usually seven years. However, it was recognized by legislation in 1971 that there are certain employment fields where, although persons remained in the same industry for long periods of time, they are unable to secure long term continuous employment with a single employer. The Construction

Industry (Long Service) Act 1971 commenced on March 22, 1972.

The basic principle of the legislation is to allow persons employed in the construction industry to count broken service with different employers in establishing an entitlement to long service leave.

Industries that fall under the construction field include, all units mainly engaged in constructing buildings, roads, railroads, aerodromes, irrigation projects, harbor or river works, water, gas, sewerage or storm water drains or mains, electricity or other transmission lines or towers, pipelines, oil refineries or other specified civil engineering projects. Also included are units mainly engaged in the repair of buildings or of other structures that have previously been mentioned, as are those that are engaged in the renovation or alteration of buildings, preparation of mine sites, demolition or excavation.

The contribution rate for returns after October 2009 is 2%. To calculate the contribution required simply multiply the gross weekly wage by the contribution rate.



TasBuild Limited is responsible for providing long service benefits to workers in the construction industry.

All members of the construction industry including employers, workers and self-employed

Action Auto Glass moves ahead!

Paul and Rose Kemp took over the reins of Action Auto Glass Burnie (formerly Ability Windscreens) in October 2006. In March 2008 they became the franchisees of Tint-A-Car, which was incorporated within the existing business. In November 2010 the decision was made to undergo a complete re-brand & name change. This was a huge task but has been well received & supported by all customers. In the five years of the Kemp's ownership the business has experienced some excellent growth, which in turn has allowed the increase of employees from seven to currently nineteen.

Earlier this year Paul and Rose took the plunge and purchased Ability Windscreens Devonport. The business was renamed to Action Auto Glass Devonport & given a much needed facelift & overhaul to tie in with the new look in Burnie. Moving into Devonport seemed to be a natural transition as it now allows the servicing of a much broader part of Tassie. Action Auto



Glass employs six staff in this branch.

Recently a Techni Water Jet Cutter was purchased to support the flat laminated glass production. It allows far more accuracy & efficiency in cutting flat laminated windows for all types of machinery. Action Auto Glass can cut splash backs, shower screens & delicate leadlight. The Water Jet not only cuts glass, it has the capabilities to cut with the uttermost precision 6 inch stainless steel, wood, plastic & stone. When making the decision to purchase the Cutter there was confidence it would enhance the already established flat glass side of

the business & give another direction for the business to grow further than just automotive glazing.

Very recently, Paul & Rose were awarded the O'Brien Authorised dealer of the year award for the Victoria/Tasmania region. This was a great achievement considering these awards usually go to the larger dealers interstate. Elphinstone Stevens congratulate Paul & Rose and the entire team at Action Auto Glass in their success to date and into the future.



Unearned Income (Minors)

In the 2011-12 Budget, The Australian Government announced plans to change the way in which minors (children under 18 years of age on the last day of the income year) could claim the low income tax offset on unearned income.

Examples of unearned income include distributions from discretionary trusts, dividends, interest, rent, royalties and other income from property.

In the 2010-11 year it was possible for minors to receive \$3,333 of non personal exertion income tax free, in the 2011-12 year this amount has been

reduced to \$416.

This announcement has a big effect on discretionary trusts distributing to minors. For example, a trust with 4 beneficiaries who are minors could distribute \$13,332 with \$0 tax payable on this amount in the 2010-11 financial year.

Without the ability to claim the low income tax offset on unearned income discretionary trusts will now only be able to distribute \$1,664 to a trust with 4 beneficiaries who are minors and still have \$0 tax payable.



Staff Profile: Ashlee Duniam



In this issue we would like to introduce Ashlee Duniam.

Ashlee commenced her traineeship in November 2010 after taking part in work experience with our firm and completing college. Since then she has completed her first semester studying towards a Bachelor of Business

Degree. She is involved with the preparation of financial statements, income tax returns and assists with the administration of client's Self Managed Superannuation Funds. In her spare time she enjoys getting outdoors and catching up with friends.

We are delighted to welcome Ashlee to the team at Elphinstone Stevens and believe she will be a valuable employee.

“The early worm gets the bird!”

Do you require any further information from this edition?

Simply tick which of the items interest you and we will be pleased to send you further information

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TasBuild

Paid Parental Leave

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Voluntary HECS Repayments

Unearned Income

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