



# The PA

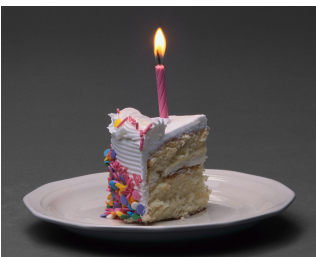
NEWS FROM YOUR PUBLIC ACCOUNTANT

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## Happy New Financial Year

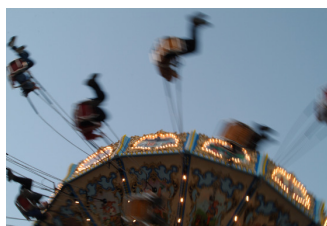


"The PA" is sent to you to highlight current issues we think will be of interest to clients. Our aim is to make financial matters readable and interesting. Of course, we would welcome your feedback and most of all, to have the opportunity to discuss any topics in more detail with you that are of direct relevance.

### Staff News

**Deborah Mulvogue** joined our team in May as a Bookkeeper to support the Accounting Tax Team. Deborah has picked up the work (the Pollock way) very quickly and is contributing extremely well with anything asked of her. Deborah worked for an accountant in Croydon on her own, so she's delighted to have some company in the office

these days. May would normally be a busy time to start anyway with all the final tax lodgements to be completed. But Deborah's timing couldn't have been more perfect with **Eloisa Galang** taking extended leave for 3 months. Eloisa has taken up a wonderful opportunity to be a volunteer in the USA at a children's summer camp as a cook! Sounds a long way from preparing tax returns. We heard from Eloisa recently and she is having a fabulous time. She left us after the busiest period of the year plus finishing some extremely intensive study to complete her Chartered Accountants degree, so we were pleased to hear how quickly she had relaxed into holiday mode. **Robert Manson** has also just completed his CA degree. Both don't get their results for a little while, but we're sure there will be some large congratulations coming their way.



### ATO Target Hotspots

In preparing your information for your 2006-07 tax return, you should be aware that the ATO has a number of data-matching programs on the boil at present. In addition to financial information details (like interest and dividends), the ATO is collecting details about: horse trainers, owners, jockeys, stable-hands and track-riders

(through the NSW Thoroughbred Racing Board). property title transfers (from all States and Territories) property title transfers by non-residents (from the Foreign Investment Review Board) residential tenancy agreement (in Qld, NSW and Vic). securities held in all Australian ASX listed entities.

**James Ogilvie** has also finished a stint of exams and as a result will be heading off on a months leave in early August to go fishing in northern Queensland. In the mean time, James is the first port of call for any queries from Eloisa's clients. John, Robert and Deborah of course will be speaking with some of Eloisa's clients, so they may call you also.

### Send Marketing Calls Packing

The federal government recently setup a free service to help Australians reduce the amount of annoying marketing calls invading our homes. It won't completely prevent them, but it will help significantly. Call **1300 792 958** or visit [www.donotcall.gov.au](http://www.donotcall.gov.au) to register.



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### Better Business Club

A new initiative is about to start to bring likeminded business brains together that wish to share ideas, discuss challenges and to benefit from others experience in the quest for running a successful business. The "Club" is currently being formulated. If you would like to know more, please call Janette for full details on 03 9886 4822.

### Quote of the day...

Trial balances don't . Working Capital does not. Liquidity tends to run out. Return on investments never will.



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## Is your business super saving you time and money?



### Why every business owner should contribute to super.

Your employees' superannuation is one of the biggest assets they will have in their lifetime. On the other hand, business owners are often so busy running their business they forget to build up their own super for retirement.

If you are a business owner, you might plan to sell your business later and live on those benefits in retirement. However, this means being dependant on the success of your business, which could be impacted by any number of unforeseeable social or economic conditions. By not looking after your super you run the risk of not having enough to live on later.

### Benefits of contributing now

Investing in your super as well as your business means that you have two 'pools' of wealth to draw on later.

Superannuation savings are invested in many different asset classes all at once, for example, Australian shares, property, and cash, so your retirement funds are 'balanced,' between these areas, as well as in your business.

### Tax benefits of contributing to super for business owners:

If you are self-employed and are making personal contributions into super, you can take advantage of generous tax concessions:

- **From 10 May 2006** - If you are self-employed you could contribute \$1 million to super over your lifetime from the sale of your business. Also, this will not be included in the yearly limit of \$150,000, so now you can contribute more to prepare for retirement.
- **From 1 July 2007** - Self-employed people will be able to claim a full tax deduction for all pre-tax contributions to their fund. This is up to the maximum limit of \$50,000 if you are under 60, and \$100,000 until 2012 if you are over 60! Currently, only the first \$5000 is fully deductible, and only 75 per cent beyond that.
- **From 1 July 2007** - The Government Co-contribution scheme will be available to the self-employed as well as employees, so if you earn less than \$58,000 pa you could be eligible to receive a co-contribution into your super fund from the Government.

## It's that time of year again. 4 step guide to Tax Return Preparation.

### Step 1: Get your records straight

To help prepare your tax return so you can be confident that it accurately reflects your optimum tax position, the starting point is assembling all your tax records. You will need to put together all the relevant records, which will include things like evidence of

your income (e.g., Payment Summaries for your salary and wages, dividend and interest income statements, rental property income, and any information on the sale of any of your assets during the year like the sale of an investment property or shares); and

your allowable deductions (e.g., invoices, receipts of expenditure).

### Step 2: Identify your assessable income

Keep in mind that your total assessable income could well be

more than just your salary. If you have investment income (e.g., interest or dividends) or cash income (e.g., tips and gratuities), make sure you keep a record of them and let us know about them.

If you're not sure whether some income you've received is taxable, it's best to tell us about it so we can work out the correct tax treatment for you.

Here is a checklist of some of the more common types of assessable income:

- salary and wages
- tips, bonuses and gratuities
- interest income
- dividends
- allowances provided by your employer
- pensions or annuities
- lump sum payments

- capital gains on any asset sales during the year

### Step 3: Maximise your tax deductions

As an employee, you may be able to claim a range of work related expenses, as well as some non-work related items like donations of more than \$2 to an approved charity.

Here is a checklist of some of the more common work-related deductions:

- special work clothing
- subscriptions and union dues
- self education expenses relevant to your current employment
- work related travel expenses
- home office expenses

### Step 4: Make the most of tax offsets

As with previous years, the ATO is still finding that taxpayers are not taking advantage of a number of rebates (now called "tax offsets") and other concessions.

Tax offsets reduce any tax you may have to pay on your taxable income and can in some instances even result in a refund.

Get advice to make sure you are not overlooking an offset that may be of benefit to you (such as the *medical expenses offset*).



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The advice provided is general advice only. Before making any financial decision on the basis of this advice, you should consider how appropriate the advice is to your particular financial needs, objectives and circumstances. Please contact our office for any personal advice relating any content covered in this bulletin.