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"Christmas is doing a little something extra for someone"
- Charles Schulz

Dates to remember:

- **23rd December, 2011—9th January 2012** Office Closed
- **26th December, 2011** Boxing Day Public Holiday
- **27th December, 2011** Christmas Day Public Holiday
- **2nd January, 2012** New Years Day Public Holiday
- **23rd January, 2012** Back to school for QLD public schools
- **26th January, 2012** Australia Day Public Holiday



Buying a business: More than just the sale price

If you thought reaching an agreement on price was difficult, wait until you get to the fine details of buying or selling a business.

So you've reached an agreement on price. But, there are differences between the parties on how the sale price should be apportioned across different assets.

A solution that's sometimes proposed is to simply show the sale price on the contract and let both sides manage their own apportionment but this depends on what assets you are buying. Try and avoid this trap.

In a typical business you might be buying plant and equipment, goodwill and stock. These assets will have different tax treatments and this is why there are differences between the way a vendor and buyer wish to allocate the price. The goodwill is a capital asset. The vendor will calculate a capital gain or loss on the sale of the business. Even with a capital gain they may be able to reduce the tax to nil using the CGT small business concessions. For the purchaser, there is no tax deduction on the purchase of goodwill; it becomes a capital asset and a tax offset will only be available if and when the business is later disposed of.

The plant and equipment is also a capital asset. The vendor will account for their tax position on these assets based on their written down value. Where the assets have been substantially depreciated there will be more of an income adjustment. For the purchaser, the plant is normally a depreciable asset and will be written off over its effective life. So, you get a tax write-off but it takes time.

The stock is on revenue account. For the vendor, they will account for the stock in their assessable income in the year of sale. For the purchaser, the stock is deductible as it is sold.

With this mix the tendency is for vendors to want to push more of the sale price into the goodwill as it will create a better tax outcome for them. Purchasers will want to take full value in the stock and plant as this will give a faster tax write-off. For the purchaser, this may be about timing of the tax benefit; over time it may equalise, although there are circumstances where tax benefits can be lost.

Try to avoid the position where the contract is silent on the apportionment of the price and both parties make up their own minds. The Tax Office has a strong data matching capability and where they detect a difference between how the price was accounted for by the parties this is likely to trigger further investigation. The price should be apportioned on a fair market value basis and the ATO does have the power to allocate price where they believe there has been an artificial apportionment to achieve a tax benefit.

While they can do this even where the contract shows the apportionment, they are less likely to take this step where the parties are dealing at arms-length.

So, it's worth working through an agreement on price. It could save some later tax headaches.

Article taken from Hayes Knight

Higher Education Loan Program (HELP) - Changes to repayment bonus

A bonus is available for voluntary Higher Education Loan Program (HELP) repayments where the payment pays off your debt or is valued at \$500 or more.

From 1 January 2012, the government is changing the HELP voluntary repayment bonus, applied to payments of \$500 or more, from **10%** to **5%**.

To take advantage of the 10% bonus, you need to ensure their voluntary repayments are received by the ATO on or before **31 December 2011**. To ensure payments are received in time, you should check with your financial institutions for processing deadlines.

As in previous years, the ATO will close during the Christmas-New Year holiday period. They will be closed from noon 23 December 2011 until 8.00am 3 January 2012. If you need to confirm your payout amounts and payment reference numbers (PRN), you will need to phone the ATO before 23 December on **13 28 61** between 8.00am and 6.00pm, Monday to Friday.

For more information, refer to [Higher Education Loan Program - voluntary repayments](#) on the Australian Taxation Office website.

Do you have unclaimed money or superannuation?

There are two websites that can assist you in finding unclaimed money or superannuation.

You can use ASIC's [Unclaimed Money Online Search](#) tool to find unclaimed or lost:

- Bank, credit union or building society accounts
- Shares
- Life insurance policies

You can use the Australian Taxation Office's [SuperSeeker](#) to find super money that you haven't rolled over into your latest super fund.

When undertaking the searches you will be asked to provide your Tax File Number, family and given names and date of birth.





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Land McKaig News

Land McKaig has had a number of changes to their staff in the past few months.

Arrivals to Land McKaig

In October we welcomed Juanita Marbelli to the Townsville office. Juanita will be working in our Financial Planning section. Juanita has worked in the Financial Planning industry for a number of years. If you require any financial planning advice, please contact our offices.

Special Arrivals to Land McKaig

Cath and John Licciardello welcomed the arrival of their second child, a girl, Asha Licciardello on 16th December 2011. Just in time for our newsletter!

Farewells from Land McKaig

Recently we farewellled Toni McKaig from our Land McKaig family. Toni began working for Land McKaig in January 2006 and has retired from the firm this month. Toni and her husband Graham are now going to travel and enjoy life. We wish Toni and Graham all the best.

Merry Christmas from Land McKaig

The Partners and Staff would like to take this opportunity to wish you and your families a Merry Christmas and a Happy New Year.

Our offices will close from Friday 23rd December, 2011 at 12noon and will open for normal business hours on Monday 9th January, 2012.

