



Land McKaig

Late Mail

September, 2009 Issue 21

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Fuel Tax Credits

From the 1st July 2009 the fuel tax credit rate for on road vehicles with a Gross Vehicle Mass of 4.5 tonne or more is 16.443 cents per litre. The previous rate was 17.143 cents per litre. Therefore, any fuel purchased after the 1st of July eligible for fuel credits must be calculated at the new reduced rate. There have been no changes to the off road and other activity rates.

QuickBooks & MYOB

As a general reminder, please use the memo section when entering data in your accounting programs to help us identify the nature of the transaction. Many expenses are self explanatory, like bank charges, however an example of where extra detail should be provided would be where you pay Queensland Transport. In this example, you should describe the vehicle being registered in the memo section. This helps us to identify if it is a business or personal vehicle.

Wage Rates

Please note that from the 1st of July, any clients paying wages should be using the updated tax tables to calculate the correct amount of tax to withhold from wages. Please contact your nearest Land McKaig Office if you do not have the latest weekly or fortnightly tables.

Education Tax Rebate

If you are eligible to claim the Education Tax Rebate this year, one thing to keep in mind is that the parent who received Family Tax Benefit Part A from Centrelink is the only person who can claim the rebate. In most cases, it is the wife, not the husband whose name is on Centrelink's file. If the person who claims FTB does not have to do a tax return, the rebate can still be claimed by completing a paper form and sending it to the ATO. For more information on the education tax refund visit the ATO [website](#) or refer to the [frequently asked questions](#) on this same site.

Investment Allowance

If you carry on a business with an aggregated annual turnover of less than \$2 million (otherwise referred to as a small business entity), then it is still not too late to claim the 50% Investment Allowance. The Government announced in the Federal Budget in May that small business entities have now got until 31 December 2009 to acquire a new asset and still qualify for the Investment Allowance. The asset does not have to be paid for by this date, however a contract or commitment (preferably in writing) must be in place before midnight on the 31st December 2009.

Entities with a turnover of more than \$2 million will receive a 10% Investment Allowance, provided a contract or commitment is entered into by the same time as above.

Direct Deposit Payment of Fees

When depositing funds to the Land McKaig Bank Account via the internet, can you please put your client code in the reference section of the deposit. The client code can be found at the top right hand corner of your invoice next to Ref or alternatively by calling your local Land McKaig Office.

If you are paying your Land McKaig account over the counter at your Bank or Building Society Branch can you please, remember to either phone, fax or email us, giving us the date and amount of your payment to us.

In some instances where this has not happened, this has caused delays in the correct receipting of payments. Without the correct code being applied you may at times receive a reminder phone call or email, which is unnecessary, given that the amount has been paid.

We thank you for your assistance in this matter and if you have any queries in relation to your client code or the process please call your local Land McKaig Office.

Twelve-month general interest charge (GIC) free payment arrangements

On 1 June 2009 the Tax Office introduced new measures to help small businesses that are struggling to manage their tax payment obligations in the current economic climate.

Businesses with an annual turnover of less than \$2 million and an activity statement debt can apply for a GIC-free payment arrangement from now until 30 June 2010. GIC will be remitted for a maximum period of 12 months, provided the payment arrangement is maintained.

There is no limit on the amount of debt under arrangement.

Who is eligible?

To be eligible a business must:

- have an annual turnover of **less than** \$2 million
- have an activity statement debt, and
- negotiate a mutually acceptable and sustainable payment arrangement with the Tax Office that is entered into between 1 June 2009 and 30 June 2010.

How does it work?

- The GIC-free period applies to activity statement debts (e.g. GST, PAYG).
- Superannuation guarantee charge (SGC) debts are not included as the GIC forms part of the employees' entitlements.
- No GIC is payable for a maximum of 12 months from the day on which the arrangement is entered into.
- The actual GIC-free period (maximum of 12 months):
 - starts on the day on which the agreement was made, and
 - finishes on the day the final instalment is due.

If the arrangement defaults, the GIC-free period ends on the date of default.

If a payment arrangement entered into prior to 1 June 2009 is renegotiated after 1 June 2009, the new arrangement will be treated as a GIC-free payment arrangement subject to the eligibility criteria being satisfied.

How do I apply?

Phone the ATO on **13 11 42** from 8.00am – 6.00pm Monday to Friday or if your debt is less than \$25,000 you can use the automated self help service to apply for a payment arrangement by calling **13 72 26**. The self help service operates 24 hours a day, seven days a week. Alternatively you can call a Land Mckaig office to correspond with the ATO on your behalf.

Keeping Payroll Records

As part of your obligations as an employer you must keep as a minimum certain details on all employees. These details can be found at www.netlawman.com.au/info/workchoice-update-australia.php but include items such as:

Personal details

Employers must keep details of:

- Employee name;
- Employer name;
- Employee date of birth;
- The name of each law under which the employee is permitted an entitlement;
- Whether the employee is full or part-time;
- An idea of the number of hours the employee must work per week;
- Whether the employee is permanent, temporary or casual;
- The employment commencement date.

As an employer you have statutory requirements in relation to employees but by not keeping adequate records you may also be paying an employee for leave already taken or leave they are not entitled to. If you wish to discuss these requirements please contact either Wageline www.wageline.qld.gov.au , the workplace authority www.workplaceauthority.gov.au or a Land McKaig office.

Managing in Times of Financial Difficulty

With the economy being in a period of relative instability we are finding some businesses are experiencing financial difficulties. The common issue experienced is a lack of cashflow, which is the key for long term sustainability in your business.

In response to this difficult time we provide some handy tips of managing your cashflow.

- Marketing can improve revenue for your business and can be achieved cost effectively such as:
 - Yellow Pages Ads
 - Mail outs to Customers
 - Registering with local directories or chamber of commerce
- Review Debtors on a more frequent basis than you currently are. Keeping up to date records and following up debtors improves cashflow and ensures sustainability.
- Reduce the stock you carry on hand. This will enable a short term injection of cash as you will not have creditors relating to purchases.
- Review your costs structure. It is fundamentally important to any business to be charging enough for your product or service to ensure your sustainability in the market.

Should you wish to discuss any of these topics further or for an analysis of your business please contact your local Land McKaig office.

Where to now for interest rates?

Short-term interest rates are at historically low levels because the Reserve Bank of Australia (RBA) has aggressively eased official rates in the face of the Global Financial Crisis (GFC). This has eased the debt burden faced by everyday Australians, and helped to soften the impact of the GFC.

Recent economic data suggests that the worst of the crisis has now passed and the RBA has signalled that it is likely to begin increasing short-term interest rates when it is sure that the recovery is sustainable.

In the medium term, the RBA will increase interest rates to 'neutral' levels, which they believe will not stimulate economic activity by being too low and will not hamper activity by being too high. That level is around 5% p.a. for short-term interest rates, which is significantly higher than the current level of 3%.

Interest rates and you

Although it is likely to be some time before we see interest rates at 5%, it is worthwhile considering how this could affect your personal circumstances and your investment portfolio.

Debt

For variable rate loans, higher interest rates will mean higher repayments. If interest rates are around 5%, standard variable mortgage rates are likely to be between 7.5–8.5% p.a. Interest rates on other loans, such as personal loans and credit cards, will also be around 2–2.5% p.a. higher than they are currently. It's important to make sure that you can manage these increased repayment levels.

Bonds

Higher interest rates are likely to be bad news for bond holders and bond funds because as interest rates rise, their capital value diminishes. However, as these assets are generally priced in the fixed interest market, which tends to anticipate changes in interest rates before they occur, we have already witnessed at least some of the change.

Cash holdings

On the other hand, higher interest rates are good news for those with cash holdings. Banks will pay higher levels of interest on accounts and term deposit rates are likely to rise. It is now time to make sure your accounts meet your needs and have the potential to pay higher interest in due course.

Growth assets

For growth assets, such as property and shares, rising interest rates can be a double-edged sword. The fact that interest rates are rising means that the economy is getting stronger, so that the environment for these assets is good.

However, residential property prices may become less affordable and there may be some pressure on share prices as higher yields are sought.

There are many factors to take into account when designing your investment portfolio. Your Land McKaig adviser through our dealer group Futuro can work with you to ensure that your portfolio is well positioned to benefit from future interest rate movements.

Sources:www.rba.gov.auwww.rba.gov.au "Opening Statement to House of Representatives Standing Committee on Economics" Governor Glenn Stevens 14 August 2009www.lendingcentral.com "RBA leaves rates unchanged, on a neutral footing –economists" AAP August 5 2009.www.sbs.com.au "Economy to grow this year" AFP August 7 2009www.theaustralian.news.com.au "Reserve Bank shifts to neutral by removing easing bias" M Stutchbury August 4 2009**Stock market watch****Bell Potter Securities Ltd – Stock watch 13/10/2009**

| Company | Price | 12 Month high | 12 Month low | Target |
|----------------------|-------|---------------|--------------|--------|
| JB Hi-Fi Limited | 18.53 | 19.90 | 6.87 | 18.95 |
| BHP | 37.80 | 39.85 | 20.00 | 42.50 |
| Primary Health Care | 6.27 | 6.56 | 3.46 | 6.98 |
| Ten Network Holdings | 1.43 | 1.485 | 0.615 | 1.30 |
| Tatts Group Limited | 2.46 | 2.97 | 2.15 | 3.00 |

SPECULATIVE STOCK

| Company | Price | 12 Month high | 12 Month low | Target |
|---------------|-------|---------------|--------------|--------|
| Cougar Energy | .096c | .12c | .04c | - |

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