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"Happiness never lays its finger on its own pulse"

- Adam Smith

Dates to remember:

- 8th October, 2011: East Ayr State School Spring Fair
- 1st November—Melbourne Cup Day
- 5th November—Home Hill Harvest Festival Parade
- 11th November—Remembrance Day
- 4th December—Townsville Carols by Candlelight—Reid Park
- December 2011—Home Hill Centenary Celebrations
- 10th December—Home Hill Centenary Gala Dinner
- 25th December—Christmas Day
- 26th December—Boxing Day

Change to the Fuel tax credit rate for heavy road vehicles

From 1 July 2011, the fuel tax credit rate for heavy vehicles that use fuel such as diesel or petrol and travel on public roads has been changed to 15.043 cents per litre. This change is due to an increase in the road user charge.

The ATO considers a heavy vehicle to have a gross vehicle mass (GVM) greater than 4.5 tone. Diesel vehicles acquired before 1 July 2006 can equal 4.5 GVM tonne.

Please use the new rate when you complete an activity statement for the 2011-12 year if you are affected by the road user charge increase.

To substantiate your claims, you will need to keep records that show you acquired the fuel and how you used it. Fuel docketts, invoices and log books are examples of acceptable records.

For more information, you can visit the ATO website that outlines [Fuel Schemes](#).

Upgrade of Quickbooks programs

A recent audit of our computer system has brought to our attention that our current system is under pressure due to the amount of programs installed on our computers. Some of these programs are more than 10 years old and are no longer compatible with our operating system and other software platforms.

As a result, we are advising clients that as from 1st October 2011 we will only be supporting the most recent version of Quickbooks along with three previous versions, that is Quickbooks 2008/09 to Quickbooks 2011/12. To ensure ongoing compatibility with our system, clients will need to be using one of the above versions, or upgrade to one of these versions prior to the date mentioned above.

By asking our clients to upgrade to a newer version of Quickbooks, we will ensure technical support availability from both our firm and Reckon Ltd. If an outdated program malfunctions and the recovery of data/the program is required, Reckon will not assist you as their sunset policy provides you a guarantee for a maximum period of 2 years.

Should you require assistance with the Quickbooks upgrade, please contact Reckon Software Support on 1300 784 253. They will be able to advise you of the correct version required, and may also offer you specials that are not available through other stores.

Fringe benefits tax and Christmas parties

The following information has been taken from the ATO website and provides some information on what you need to consider when providing benefits to your employees during the Christmas period.

Christmas parties

There is no separate fringe benefits tax (FBT) category for Christmas parties and you may encounter many different circumstances when providing these events to your staff. Fringe benefits provided by you, an associate, or under an arrangement with a third party to any current employees, past and future employees and their associates (spouses and children), may attract FBT.

Implications for taxpaying body

If you are **not** a tax-exempt organisation and do **not** use the 50-50 split method for meal entertainment, the following explanations may help you determine whether there are FBT implications arising from a Christmas party.

Exempt property benefits

The costs (such as food and drink) associated with Christmas parties are exempt from FBT if they are **provided on a working day on your business premises and consumed by current employees**. A taxable fringe benefit will arise in respect of an associate of an employee who attends the party if not otherwise exempt under the minor benefits exemption.

Exempt benefits - minor benefits



You should note the change in our view to the application of the minor benefits exemption to Christmas parties and gifts. The minor benefits threshold of less than \$300 applies to each benefit provided, not to the total value of all associated benefits.

The provision of a Christmas party to an employee may be a minor benefit and exempt if the cost of the party is less than \$300 per employee and certain conditions are met. The benefit provided to an associate of the employee may also be a minor benefit and exempt if the cost of the party for each associate of an employee is less than \$300. For the FBT year beginning 1 April 2006 and prior years, the minor benefits threshold was less than \$100 rather than less than \$300.

Gifts provided to employees at a Christmas party

The provision of a gift to an employee at Christmas time may be a minor benefit that is an exempt benefit where the value of the gift is less than \$300.

Where a Christmas gift is provided to an employee at a Christmas party that is also provided by the employer, the benefits are associated benefits, but each benefit needs to be considered separately to determine if they are less than \$300 in value. If both the Christmas party and the gift are less than \$300 in value and the other conditions of a minor benefit are met, they will both be exempt benefits.

Tax deductibility of a Christmas party

The cost of providing a Christmas party is income tax deductible only to the extent that it is subject to FBT. Therefore, any costs that are exempt from FBT (that is, exempt minor benefits and exempt property benefits) cannot be claimed as an income tax deduction.

The costs of entertaining clients are not subject to FBT and are not income tax deductible.

Christmas party held on the business premises

A Christmas party provided to current employees on your business premises or worksite on a working day may be an exempt benefit. The cost of associates attending the Christmas party is not exempt, unless it is a minor benefit.

Fringe benefits tax and Christmas parties cont.

Example

A small manufacturing company decides to have a party on its business premises on a working day before Christmas. The company provides food, beer and wine.

The implications for the employer in this situation would be as follows.

If...	Then...
current employees only attend	there are no FBT implications as it is an exempt property benefit.
current employees and their associates attend at a cost of \$180 per head	<ul style="list-style-type: none"> for employees - there are no FBT implications as it is an exempt property benefit, and the minor benefit exemption could also apply* for associates - there are no FBT implications as the minor benefit exemption applies.*
current employees, their associates and some clients attend at a cost of \$365 per head	<ul style="list-style-type: none"> for employees - there are no FBT implications as it is an exempt property benefit for associates - a taxable fringe benefit will arise as the value is equal to or more than \$300 for clients - there is no FBT payable and no income tax deduction.

- Where the benefits are indicated as qualifying for the minor benefits exemption, it is on the basis that the necessary conditions have been satisfied.

Christmas party held off business premises

The costs associated with Christmas parties held off your business premises (for example, a restaurant) will give rise to a taxable fringe benefit for employees and their associates unless the benefits are exempt minor benefits.

Example

Another company decides to hold its Christmas function at a restaurant on a working day before Christmas and provides meals, drinks and entertainment.

The implications for the employer in this situation would be as follows.

If...	Then...
current employees only attend at a cost of \$195 per head	there are no FBT implications as the minor benefits exemption applies.*
current employees and their associates attend at a cost of \$180 per head	there are no FBT implications as the minor benefits exemption applies.*
current employees, their associates and clients attend at a cost of \$365 per head	<ul style="list-style-type: none"> for employees - a taxable fringe benefit will arise for associates - a taxable fringe benefit will arise, and for clients - there is no FBT payable and the cost of providing the entertainment is not income tax deductible.

- Where the benefits are indicated as qualifying for the minor benefits exemption, it is on the basis that the necessary conditions have been satisfied.

For more information you can visit the ATO website page that refers to [FBT and Christmas parties](#)



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Happenings at Land McKaig

Land McKaig has had a number of changes to their staff in the last few months. We have also had some exciting additions to the Land McKaig family.

Departures from Land McKaig

In June, we had three departures, Renee Stent and Peter Nielsen from the Townsville office and Sonia Duncan from the Ayr office. Peter has moved down south and Renee is working at another business in Townsville. Whilst Sonia left in June, she returned in August for a few weeks to assist in training the new starters in the Ayr office.

In August, Caitlin Barr resigned from the Ayr office to undertake her university studies on a full time basis. Although she has resigned from full time employment, she is undertaking some part-time work in the Townsville office while she completes her studies.

In September we farewelled Carolyn O'Sullivan who retired from the Townsville office, Carolyn began working for Land McKaig three years ago when we purchased the accounting firm, PKF. Carolyn had previously worked for PKF for over 20 years. We wish Carolyn and her husband, Neville all the best in their retirement.

Arrivals to Land McKaig

In July we welcomed Kate Rucci to the Townsville office. Kate is filling the receptionist role in the Townsville office.

In August we welcomed Grace Mottin and Danielle Aguirre to the Ayr office. Grace is filling the receptionist role and Danielle will be assisting in the administration duties within the Ayr office.

In September we welcomed Monica Bauman to the Ayr office, Monica will be undertaking bookkeeping work.

Special deliveries

Land McKaig has had some special deliveries in the last few months

Alaina and John-Ross Dale welcomed the arrival of Harmony Alaina Dale on 25th May, 2011

Fiona and Brett Christensen welcomed the arrival of Lacey Grace Christensen on 1st August 2011.

Mark and Christina Land welcomed the arrival of Lyla Mai Land on 15th September 2011, making Chris a very proud first time grandfather.