

Considered Value

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CoggerGurry - New Partners

By Tony Gurry



Tony Gurry, Laurie Cogger and Andrew Heazlewood welcome new partners to their firm: Hamish McDonald, Michael Fitzpatrick and Lachlan Wark.

Like Tony, Laurie and Andrew the new partners are locals, which gives them understanding and knowledge of local people and businesses.

Hamish McDonald grew up on a family farm in the Nareen district, was educated locally and in Ballarat, before completing his degree at Warrnambool.

He has had over fifteen years' accounting experience including working overseas in Ireland and in Northern Australia - Cairns. He specializes in superannuation and heads up the superannuation division of the firm. Hamish is married to Marie and they have young twin boys. Outside work he is a keen lawn bowler and has already made his mark in this area.

Michael Fitzpatrick is a well-known Hamilton identity. Michael was educated

in Hamilton and Ballarat and has worked in accountancy practices for ten years. Michael's expertise is in general tax advisory and compliance. He has a special interest in systems and is leading the establishment of **cg easybooks**, a division which will assist clients with bookkeeping. Michael is married to Mel and they have two young children. He is a keen sportsman and is well known for his expertise on the cricket field and playing table tennis.

Lachlan Wark was educated locally and in Melbourne. He has worked with this firm since graduating, some six years ago, and as a result he has developed professional relationships with many of the firm's clients. Lachlan's expertise is in general tax advisory and compliance. Outside the office Lachlan generally likes to spend time in the outdoors enjoying social sports and other interests.

Introducing partners of this caliber to CoggerGurry ensures continuity of excellence in financial services provided to clients into the future.

Photo L-R:
Tony Gurry, Andrew Heazlewood, Laurie Cogger, Michael Fitzpatrick, Lachlan Wark & Hamish McDonald.



Deadline - Midnight 30th June 2011

By Mike McCulloch

The time to begin formulating a plan to reduce your income tax bill is now.

Whether you are an employee, an investor, a contractor or a business there are opportunities to avoid a hefty 2011 income tax bill.

An employee could act immediately to save tax by 'sacrificing' more of his or her salary to superannuation.

A business may need more time to estimate its net taxable income for the financial year and to implement a tax saving plan. The lodgement date for the third quarter Business Activity Statement is a good time to start planning. With three quarters of actual transactional data, and an estimate of the final quarter, a business can estimate the income tax payable for the year ending 30 June 2011.

The next step is to consider all of the saving opportunities and to consider which tax saving tools best suit your circumstances. Here a few examples:

- Defer income in good income years & bring back income in poor income years - A tool that takes advantage of low marginal tax rates and defers tax.

- Bring forward expenses and hold back income - A short term tax deferral tool.
- Invest in Farm Management Deposits - A medium term tax deferral tool which assists farmers with variable incomes.
- Negative gear on rental properties - A longer term tax deferral tool which may result in a future capital gain.
- Contribute to your superannuation fund - This tool effectively limits your tax rate to 15c/\$1.
- Allocate income/wages to low income family members - This tool reduces the family's overall tax bill.
- Crystallise capital losses to offset capital gains - This tool reduces the current year tax on capital gains.
- Salary sacrifice superannuation in lieu of wages - An important employee tax tool.
- Use partnership salaries to allocate income to on-farm partner - An important partnership tax tool.
- Write off bad debts and obsolete stock before July - An important business tax tool.

- Start a "transition to retirement" pension from your superfund - An important retiree's tax tool.
- Invest in equities with fully franked dividends - Receive income with tax credits of 30c/\$1.
- Buy student books or a computer and claim the education tax refund - Receive a refund of 50% of the purchase price.

It is essential for all businesses and taxpayers to have a tax plan to avoid an unexpected tax bill. Contact us now to formulate your tax plan and remember at midnight on 30th June 2011 the opportunities to reduce your tax bill evaporates.

2010/11 MARGINAL TAX RATES

TAXABLE INCOME	TAX RATES
\$0 - \$6,000	NIL
\$6,001 - \$37,000	15c / \$1
\$37,001 - \$80,000	30c / \$1
\$80,001 - \$180,000	37c / \$1
\$180,001 and above	45c / \$1



Superannuation Update

By Hamish McDonald

As 30 June 2011 approaches us it is a good time to ensure we are meeting all our superannuation obligations.

Contributions

For people aged fifty or more the concessional cap is \$50,000 and for those aged less than fifty the limit will be \$25,000.

Non-concessional contribution caps remain at \$150,000 per year. The 2 year bring forward rule remains in place for people aged under 65 allowing a non-concessional contribution of \$450,000 each 3 year period.

When contributing maximum contributions care needs to be taken not to exceed these caps. Breaches of the concessional contributions cap incur additional tax of 31.5% and breaches of the non-concessional contributions cap incur tax of 46.5%.

Pensions

Not physically drawing pensions can have severe impacts on your fund. The consequences of not drawing your minimum pension in cash will be no entitlement to the exempt pension income deduction. This means losing the tax free status of the fund. We will be instructing all of our pension clients as to the amount they need to withdraw before 30 June 2011.

Real estate in superannuation

For those who have real estate in their fund remember to pay all rent due by 30 June so not to breach the superannuation rules and regulations. Make sure your property is regularly revalued and that any leases are up to date.

For all our super fund clients you will be receiving a letter detailing all actions you need to do prior to 30 June assisting you with the compliance of your super fund.

Staff Profile - Kylie Winnell



I grew up on a Dairy Farm at Terang. I commenced a Bachelor of Commerce at Geelong but didn't complete it as farming called me back to Peshurst.

After marriage to Graham, we

commenced the Vermont Angus Stud for the Paterson family and continued a successful operation until it's dispersal in March 2010. Among my varied roles at Vermont I also administered all financial aspects of the business.

I have now completed a Diploma in Rural Business Management and work as part of the Taxation Team and cg easybooks division at CoggerGurry.

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*Other than for the acts or omissions of financial services licenses.



Changes to Youth Allowance

By Michael Fitzpatrick

On 1 April 2010, changes were made to Centrelink's Youth Allowance rules, mainly affecting full-time students and Australian apprentices.

If you are a full-time student or an apprentice aged 16 - 24 you may be eligible for Youth Allowance, as either a "dependant" (based on a parental income and assets test), or as an "independent" (based on a work participation test).

OLD RULES - INDEPENDENCE

To be classed as an independent under the old rules, you needed to have satisfied either of the following:

- You had been out of school for at least 18 months and had earned approx. \$19,500 or more in a two year period, or
- You had worked part-time (at least 15 hours per week) for at least 2 years since leaving school.

This was usually quite achievable for a student who took a "gap" year after completing year 12, then headed to University the following year.

NEW RULES - INDEPENDENCE

To satisfy the independence criteria under the new rules, you need to have worked full-time (at least 30 hours per week) for at least 18 months since leaving school. This would be quite difficult for a student taking a gap year, as they would normally commence University 15 to 16 months after finishing secondary school.

TRANSITIONAL RULES - INDEPENDENCE

Students who finished year 12 in 2008, have taken a gap year and commenced

University in 2010, had the opportunity to satisfy the old rules for independence (see above) if they either:

- Needed to live away from home to study (ie. parents home more than 90 minutes from the University), or
- Their parents income is less than \$150,000.

SPECIAL RULE FOR REGIONAL OR REMOTE STUDENTS - INDEPENDENCE

Under the new rules, students living in regional or remote areas who commence University may qualify for independence under the old rules (see above) if:

- Your family home is in a location classed as outer regional, remote or very remote (see <http://www.youth.gov.au/yamap.html> to find out how your area is classed), and
- Your parents income is less than \$150,000.

Note: If you live in Hamilton, you will not qualify under this rule as Hamilton is classed as Inner Regional, but the surrounding area around Hamilton is classed as outer regional, so you would qualify living outside Hamilton.

At the time of print (21/2/2011), a bill was currently being argued in parliament to have students in inner regional areas also qualify under the special rule.

DEPENDANT RULES

From 1 July 2010 the parental income test thresholds have increased, so students who may not have been eligible for Youth Allowance previously, may now become eligible for a Youth Allowance payment.

The parental income threshold where you can access the maximum rate of Youth Allowance has increased from \$33,300 to \$44,165. The upper thresholds where Youth Allowance cuts out altogether have increased even more significantly, due to a much lower "phase-out" rate.

For example, under the old rates, a family with two students away at University would have received no Youth Allowance payment once their family income exceeded \$80,201. With the new rates, the entitlement to Youth Allowance would not cut out completely until the family income exceeded \$142,454.

STUDENT START UP SCHOLARSHIPS

University students who qualify for a Youth Allowance payment (even just one dollar) will also be eligible for a start-up scholarship for each year of their course.

In the 2010 year this payment is \$1,300, and in 2011 it is going up to \$2,128. This payment will be payable to the student in two equal instalments, one at the beginning of each semester.

RELOCATION SCHOLARSHIPS

University students who have to live away from home to study, and are eligible to receive a Youth Allowance payment as a dependent will also be entitled to a Relocation Scholarship, which is a payment of \$4,000 in the first year of the course, and \$1,000 in each subsequent year.

These students will also be entitled to the fares allowance, which pays for two return trips between home and University each year.



Support available to primary producers and small business as a result of flood and hail

By Andrew Heazlewood

Rural Finance is currently administering two programs to provide support to both primary producers and small businesses that have been impacted by floods between August 2010 and January 2011 and hail damage in November 2010.

Firstly, one-off clean up and restoration grants of up to \$25,000 are available to cover, for example, stock losses, building and fencing repairs etc (loss of income is not an eligible claim). Applications close July 2011.

Secondly, loans of up to \$200,000 are available, for a period of time at a concessional interest rate of 2.8% to fund working capital requirements due to loss of income.

Please visit the Rural Finance website at www.ruralfinance.com.au for further information.

CoggerGurry's email newsletter service

If you wish to receive our newsletter electronically, please email us with 'Newsletter' in the subject line and the next issue will be sent via email to your nominated address.



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cg easybooks



Introducing **cg easybooks**, an exciting new initiative by CoggerGurry Chartered Accountants.

The partners at CoggerGurry chartered accountants are excited to announce the launch of '**cg easybooks**' - their new & innovative bookkeeping division!

- Are you tired of spending hours & hours every quarter doing your books?
- Are you maximising your BAS entitlements, and minimising income tax?
- Are you tired of expensive software upgrades?

Relax! The team at **cg easybooks** can help.

We at cg easybooks are a team of fully trained and experienced individuals who specialise in improving bookkeeping **efficiency** and **accuracy**.

We make sure your books are prepared just the way your accountant likes them, therefore minimising your fees.

We'll ensure you are set up on the right system for your business, and that you are making the most of the very latest technological advances in bookkeeping systems & software.

Whether you do your bookkeeping yourself, need occasional support such as at BAS time, or want us to do all the work for you; we will save you time, money and headaches!

- Start spending less time on your bookkeeping today!
- If preferred, we will come to your home or office.
- You will find this service is very cost effective.

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