



Tax Bonuses and the New Small Business and General Business Tax Break

By now you would have heard of these incentives instigated by the Government. Please refer to our special bulletin/newsletter that was sent to you recently for all details regarding this.

Documentation Fees

We have noticed over the last few years that clients are relying on our office to provide duplicate information (eg financial statements, tax returns etc) which has already been supplied to them.

Due to the Economic Crisis, the request for this information from banks and financial institutions has become more prevalent.

Please remember that our office charges \$25 per document duplication. We suggest that you keep all your client copies in a safe area at home/business, for quick and easy access to minimise these costs.

Claiming Family Tax Benefits for 2009

If you receive Family Tax Benefits and claim these on a yearly basis through your income tax return, you should have received correspondence from Family Assistance Office that a claim through the 2009 Income Tax Return onwards will NOT be available.

From 1 July 2009, there will be only 2 methods available:

- Lodge a lump sum claim after the end of the financial year, which can be done online at www.familyassist.gov.au or by lodging a paper claim form in person; or
- By lodging a claim for fortnightly payments, based on an estimate of your income.

Reminder about the Education Tax Refund

The Treasurer has called on parents to make sure they keep their receipts to make the most of the new Education Tax Refund.

Eligible families will be able to claim a 50% refund every year (through their tax return at the end of the financial year) for key education expenses up to:

- q \$750 for each child undertaking primary studies (maximum refund of \$375 per child, per year); and
- q \$1,500 for each child undertaking secondary studies (maximum refund of \$750 per child, per year).

The Education Tax Refund will apply to some of the most common back-to-school items, including:

- u laptops, home computers and associated costs;
- u home internet connections;
- u printers;
- u education software;
- u trade tools for use at school;
- u school text books; and
- u stationery.

Who is eligible?

Parents entitled to FTB Part A for children in primary or secondary school for the relevant financial year are eligible for the Education Tax Refund, as well as parents who would be eligible, but for the fact that the child receives certain payments or allowances, such as Youth Allowance, Disability Support Pension, and ABSTUDY Living Allowance.

Travel Expenses and Allowances

Usually, if an employee has incurred expenditure for meals, accommodation and incidentals whilst away on work, then they must be able to substantiate all expenses with written evidence (receipts, invoices etc). In addition, if the domestic or international travel involves being away for 6 or more nights in a row, a travel log or diary must also be kept, detailing dates, places, duration and nature of business activities on a daily basis.

Exceptions where Allowances are Paid

The receipt of a travel allowance by an employee does not automatically entitle them to a deduction. To be deductible, the expense must satisfy the tax provisions and must be able to be substantiated with written evidence. There are exceptions however to when written evidence or a travel record are not required (These only apply if an allowance has been received). They are as follows:

- If the allowance relates to domestic travel and the expenditure does not exceed the reasonable limits set out by the Commissioner, no written evidence of travel record is required and the employee can deduct up to the reasonable limit.
- If the allowance relates to international travel and the expenditure does not exceed the reasonable limits, no written evidence is required for food, drink or incidentals. Written evidence is required for accommodation and travel lodges are required if the travel is for more than 6 nights.

Please note that if the deduction is for greater than the reasonable limits, then written evidence for the whole of the expenditure is required. Also, if the allowance is not in respect to both accommodation, meals and incidentals then you can only claim a deduction (without substantiation) for that particular allowance. That is, if you only receive an accommodation allowance, then only accommodation can be claimed under the reasonable limits.

Log Books – Tips and Traps

As you might be aware, the Tax Office usually reviews specific audit requirements for both businesses and taxpayers.

One of the main issues under constant review is the substantiation of motor vehicle expenses.

Too often, many clients will not only have just one vehicle that is used for business purposes – they could have at least two or three! But one fact would remain the same for most clients – NOT ALL THESE

EXPENSES WOULD BE 100% BUSINESS USE.

Just remember, going from home to work (or work related area) and back is not considered part of business use. In most cases, your vehicles will still have some private component attached to them.

In order to accurately reflect this private component, we strongly recommend the use of a log book.

Log books are the primary source documentation which the Tax Office reviews to substantiate the business/private use of your motor vehicles.

It is important to note, that if you do not have a log book to substantiate your claim, then you will be limited to the other methods of claim for motor vehicle expenses (ie cents per kilometre, 12% cost method and 1/3 business use claim). This might mean that without your log book, you can stand to lose a large amount of deductions because you do not have to evidence to substantiate the expense.

Log books need to record activity of a vehicle for a CONTINUOUS period of 12 weeks and this record can be used for up to 5 years (or when the use of you vehicle has changed substantially).

Please note that just because you change over your vehicles, doesn't mean that you need to start a new log book. A new car doesn't usually change your usage of the vehicle.

Log books are available for purchase at most newsagents and stationers.

Staff Appointments

We would like to congratulate George Kallinicos, who has now successfully completed his professional program and is now a CPA.

We would also like to congratulate Emanuel Kallinicos, who, with well over 25 years professional service, has been admitted as a Fellow of CPA Australia.

March BAS due 28 April 2009

For those clients whom we prepare their Activity Statements, **please make sure that your information is sent to our office no later than 17th April 2009.**