

Seasons Greeting & Happy New Year

Well it is hard to believe that Christmas is upon us and that 2011 is drawing near.

BTA management would like to thank our staff and our clients for their ongoing support. We are looking toward 2011 and hope that it will be a prosperous year for all.

As the year draws to a close the staff and management of BTA wish you all a very Merry Christmas and all the best for the new year.

Please note that our office will be closed from Thursday 23 December 2010 and will re-open on Monday 10 January 2011 with our team back on board refreshed from a summer break.

The bTa difference – providing your point of view.

The BTA Team

Reminder of Lodgement Dates

21 January 2011 December 2010 monthly activity statement
21 January 2011 Quarterly PAYG instalment activity statement for head companies of consolidated groups
28 January 2011 December 2010 quarter superannuation guarantee contributions
21 February 2011 January 2011 IAS
28 February 2011 December 2010 quarter activity statement
21 March 2011 – February 2011 IAS
31 March 2011 - Income tax return for companies and superannuation funds with total income in excess of \$2 million in latest year lodged (excluding large/medium business taxpayers) and Income tax return for individuals and trusts which were tax level 6 as per latest year lodged (excluding large/medium business trusts).

GIC and SIC rates for quarter ended 31 March 2011

The ATO has advised that the General Interest Charge (GIC) and Shortfall Interest Charge (SIC) rates for the period 1 January 2011 to 31 March 2011 are as follows:

- GIC rate –12.02%
- SIC rate –8.02%

ATO warns: be aware of cheque scam

Taxation Commissioner Michael D'Ascenzo has warned the community to be aware of counterfeit ATO cheques supposedly issued by the ATO and drawn on Reserve Bank of Australia.

"The counterfeit cheques are realistic in look and feel authentic; only after being put through a fluorescent scanner are they revealed to be fakes," Mr D'Ascenzo said.

The counterfeit cheques are being sent from overseas as advance payment for accommodation, quite often around or near universities. The cheques are made out for a few thousand dollars more than the asking rent, and there is an accompanying letter requesting the balance of the overpayment be returned to the sender via Western Union transfer.

"I urge the public to be diligent and alert to scam behaviour. If you feel something is suspicious alert the ATO or other federal authority as soon as possible," Mr D'Ascenzo said.

Other scams reported to the ATO involve people being asked to provide financial or personal details via phone, email or face-to-face.

"The ATO never sends emails asking people to provide their personal information or credit card details," Mr D'Ascenzo said.

Warning to self managed super funds and private companies investing in trusts

The ATO warned self managed super funds (SMSFs) and private companies not to invest in trusts with the intention of making funds available for lending to members or shareholders.

"SMSFs are not allowed to use their funds to provide financial assistance to members or relatives of members," Tax Commissioner Michael D'Ascenzo said.

"Attempting to do so by channelling it through a purportedly unrelated trust puts the fund at risk of being made non-compliant and taxed at 45 percent."

Trustees of super funds who provide financial assistance in this way face penalties of up to \$220,000 and/or jail terms of up to five years for individuals. Corporate trustees face fines of up to \$1.1 million.

The tax law is also clear for private companies. "Lending money through a trust to a shareholder or shareholder associate may be considered a dividend," Mr D'Ascenzo said.

"Taxpayers who fail to correctly report such dividends face significant penalties and interest charges."

Promoters of schemes that attempt to disguise profits in this way face penalties of either \$550,000 for individuals and \$2.7 million for body corporates, or twice the amount they receive, whichever is greater.

Processing suspended between Christmas and the new year

As in previous years, the ATO will suspend computer processing of returns and other forms for the holiday period.

They will recommence processing on Tuesday, 4 January 2011.

Business tax break - first use and installation deadline approaching

Please be reminded that for small businesses the first use and installation deadline for the business tax break is fast approaching.

Small businesses who committed to investing in an eligible asset as part of the business tax break initiative need to ensure that the assets are first used or installed ready for use by 31 December 2010 in order to be eligible to claim the 50% deduction.

The 31 December 2010 first use or installation deadline also applies to other businesses (turnover \$2 million or more) that want to claim the 10% business tax break deduction.

New ATO benchmarks focus on cash sales

The ATO released a new category of small business benchmarks which focus on cash sales within a business.

The benchmarks have initially been developed for fifteen industries including; restaurants and takeaways, hairdressing and beauty, clothing retailing, grocery retailing and hardware and building supplies.

The cash sales benchmarks are based on data matching undertaken with banks to identify credit and debit card sales, as well as information provided by small businesses to the ATO on activity statements.

By using these benchmarks, the ATO can determine the average proportion of cash sales a business should be making and which businesses are not reporting as much cash income as others in the same industry.

Businesses whose performance falls significantly outside one or more of these benchmarks are more likely to be selected for a review or audit.

The ATO are looking at contacting around 100,000 businesses in the coming year.