Newsletter

March 2010

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It is almost tax planning time.

Once Easter passes, the March 2010 lodgements will soon be upon us. Please note the lodgement dates below.

Following on from this, it will soon be time to look at tax planning issues for the year ended 30 June 2010.

Please do not hesitate to contact us to organise an appointment to discuss any tax issues you may have prior to 30 June.

The earlier you get in, the better prepared you will be for tax time.

The bTa difference – providing your point of view.

The BTA Team

Reminder of Lodgement Dates

21 April 2010 – March 2010 monthly BAS
28 April 2010 – March 2010 quarter superannuation guarantee contributions
12 May 2010 – March 2010 quarter activity statement
21 May 2010 – April 2010 IAS
28 May 2010 – 2010 FBT returns
15 May 2010 - Income tax return for all other entities not required earlier (including all other consolidated groups), and not eligible for the 5 June concession.
5 June 2010 - Income tax return for non–taxable or refund as per latest year lodged as well as actual non–taxable or refund in current year (unless due earlier) – all entities with a lodgment end date of 15 May 2010 except large/medium business taxpayers and head companies of consolidated groups.
5 June 2010 - Income tax return for individuals and trusts with a lodgment end date of 15 May 2010 provided payment is also made by this date.
21 June 2010 – May 2010 IAS

GIC and SIC rates for April to June 2010

The ATO has advised that the General Interest Charge (GIC) and Shortfall Interest Charge (SIC) rates for the period 1 April 2010 to 30 June 2010 are as follows:

- GIC rate – 11.16%
- SIC rate – 7.16%

New income tax processing system

The ATO is introducing a new income tax processing system.

Due to this, the ATO has taken longer than expected to process income tax returns and issue a refund if you are entitled to one.

The new income tax processing system will result in some significant changes, including a new notice of assessment and a new statement of account.

The new look notice of assessment is designed to be easier to understand and to provide more detailed information about your income tax assessment.

The statement of account is designed to keep you up-to-date with your tax account.

It provides a summary of payments and transactions made during the statement period and shows any amounts you need to pay or refunds due to you.

If you receive both a notice of assessment and statement of account, they may have different amounts payable or refundable. This is because the statement covers more than just your income tax assessment.

The final amount that the ATO is refunding to you, or that you have to pay to the ATO, is on the statement of account.

ATO crackdown on DIY super funds

THE Australian Taxation Office has launched a blitz on unlawful self-managed superannuation funds, with almost 100 funds shut down last year.

According to the latest ATO data, it made 99 self-managed funds non-compliant in 2009, compared with 24 the previous year and only five in 2007.

After a self-managed super fund is banned, the market value of assets can be taxed at up to 45 per cent, leaving members with little more than half their savings.

The rise in penalty activity is a result of a tougher line by the ATO, rather than a rise in dodgy DIY funds, says superannuation lawyer Bryce Figot of law firm DBA.

When a fund is tagged as non-compliant it loses its discounted tax benefits, is slugged with penalty interest charges and is hit with the highest marginal rate, going back many years in some cases to the first breach of the laws.

Mr Figot says the most common reason a DIY fund is shut down is because of loans to a member of the fund or a related person.

"Often mum and dad might have a small super fund and their business might be in trouble, so they decide to strip money out of the fund for use in the business," Mr Figot says.

"The auditor then accounts for the money as a loan to a related party and a contravention report has to be lodged with the ATO."

Self-managed super fund industry group SPAA says the Australian Tax Office last year switched its role from education to enforcement.

"There's no doubt it has changed its focus to a more rigorous process of regulation," SPAA chief executive Andrea Slattery says.

"Last year the majority of the non-compliant funds involved loans to members, particularly where the trustees were either unwilling or unable to rectify or pay back the money."

About 9000 self-managed funds were tagged by auditors last year. The 99 shutdowns represented less than 1 per cent, Ms Slattery says.

ATO data shows there are 411,000 self-managed super funds in Australia, holding almost $370 billion in assets.

(source: News Limited)

Henry report out by Budget time, says Treasurer

On 23 December 2009, the Australia’s Future Tax System Review Panel (“the Panel”) delivered its final report (“the Henry Report”) to the Government. When it received the Henry Report, the Government said it would consider its contents and release it in early 2010, along with an initial response.

In a recent interview, the treasurer, the Hon. Wayne Swan, indicated that the Henry report, and the government's initial response, will be released 'by Budget time'. He said the review is about a decade-long reform program and not some 'Budget-ready set of proposals' that can be pulled out of the report and then inserted into this year's Budget.

The Henry Report was initially commissioned in May 2008 following the Government’s 2020 Summit, which proposed a comprehensive review of State and Federal taxes to consider measures to harmonise and simplify taxes, reduce inefficient taxes, ensure a progressive system and address negative interaction with the welfare system.