



## GraypeVine Newsletter June 2007

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Please Note: Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances.

## SA—Rust Belt No Longer

The future in South Australia looks brighter. The rust belt tag no longer fits.

Resources and defence will contribute to a surge in growth which in a small economy such as SA should have a positive effect on us all.

Is there a strategy to adopt during high growth periods?

We believe the fundamentals remain the same. Plan ahead. Consider the resources required to achieve your financial goals. Secure these resources. A major consideration should be staff. Adopt strategies to attract and keep good people. Invest in knowledge. Ensure you have a flow of information about your marketplace and emerging trends.

Protect your cash flow. Growth takes cash and this can become a cost to business. If you are successful, plan to convert some profits to passive investment. Be alert to downward trends in your industry and be willing to act fast to exit. This is often the hardest decision. To abandon a dream, hours of effort, or a family tradition is extremely emotional. Growth throws up opportunity.

Try to be in position to take advantage. Be a strategic thinker.

Business is the management of these factors to maximise reward and minimize risk. That fundamental is even more important through periods of growth.

### The Bigger Picture Matters

A market place in carbon trading is becoming a reality, the Australian Emissions Trading System (ETS).

It will be introduced around 2012 and will see a price for carbon determined by market forces.

What does it mean for business? It will mean the cost of pollution will be a cost of business. It also offers opportunity for business to create carbon offsets. It adds another dimension to business planning and strategic thinking.

We suggest knowledge is power and all forward thinking businesses should gather information about this emerging trend.





## Taxation and Superannuation

### Personal Income Tax Cuts

Income tax cuts will be phased in over the 2007/08 and the 2008/09 years as follows:

Current (2007 tax thresholds Income range (\$))	Tax Rate %	New tax threshold from 1 July 2007 Income Range (\$)	Tax Rate %	New tax threshold from 1 July 2008 Income range (\$)	Tax Rate %
0 – 6,000	0	0 – 6,000	0	0 – 6,000	0
6,001 – 25,000	15	6,001 – <b>30,000</b>	15	6,001 – 30,000	15
25,001 – 75,000	30	<b>30,001</b> – 75,000	30	30,001 – <b>80,000</b>	30
75,001 – 150,000	40	75,001 – 150,000	40	<b>80,001</b> – <b>180,000</b>	40
150,001 +	45	150,001+	45	<b>180,001+</b>	45

### Medicare Levy – Low Income Threshold

The 2006/07 Medicare Levy low-income thresholds will be as follows:

Individuals	\$16,740	(previously \$16,284)
Families	\$28,247	(previously \$27,478)

The additional amount of threshold for each dependant child student will also be increased to \$2,594 (previously \$2,523).



### Occupations and Claims Being Targeted by the ATO

The ATO has advised that its work-related expense audit programme for the 2007 income year will particularly focus on a number of different occupations, such as:

- Business professionals (including IT)
  - Hospitality industry workers
  - Factory hands, store workers and process workers
  - Mechanical, automotive and electrical trade persons
- and
- Mining site employees

**Minors** will not be taxed until annual income exceeds \$1,667 (up from \$1,333).



### Child Care Tax Offset Now a Direct Payment

From 1 July 2007, families will receive the existing child care tax offset (a 30% rebate on out of pocket approved child care costs, up to a maximum of \$4,000 per child, plus indexation) as a direct payment administered through Centrelink, soon after the financial year in which they incur child care costs.

Families will still receive the tax offset for out of pocket costs incurred in 2005/06, under the existing tax system arrangements (ie through the lodgement of the 2007 income tax return).

This means that families with out of pocket child care costs for both 2005/06 and 2006/07 will receive two rebates in 2007/08 (one through the tax system under the existing rules and one as a direct payment under the new rules).



## Deductions for Holiday Homes and Time-Share Units

### How to establish that a property is genuinely available for rent

Listing the property or rental with one or more real estate agents would indicate that the property is genuinely available for rent during a period that it is vacant.

The following are common examples of where the ATO is likely to conclude that a property was not genuinely available for rent during a period it was NOT occupied:

- A taxpayer advertises their property for rent SOLELY on the basis of 'word of mouth' or through the local shopping centre
- A taxpayer advertises their property for rent by placing a SINGLE advertisement in the local newspaper
- A taxpayer buys a property with the intention of using it as a weekend retreat and lists it with a local real estate agent for rental subject to restrictive conditions
- A taxpayer buys a property mainly for their own use but will occasionally rent it to friends and relatives for nominal amounts.



## Self Managed Super Funds (SMSF)

Following on from the changes to superannuation rules we have seen a significant increase in the set up of SMSF.

We have a great deal of expertise in this area and operate the most up to date software.

The set up is simple and inexpensive.

The ongoing operation includes the production of a set of accounts based around the investments of the fund. A specific requirement of a SMSF is an annual audit.

We have a dedicated team headed up by one of our senior accountants, Kim Verrall, and liaise with a variety of financial planners to complete the expertise.

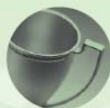
Please contact us for further information.



## Changes to Superannuation Rules for Individual Tax payers

Generally apply from 1 July 2007 and briefly include the following:

- Age based deduction limits for deductible super contributions will be abolished and replaced with a streamlined set of rules
- Undeducted contributions will be limited to \$150,000 each year (subject to a 3 year averaging system)
- Lump sum and pension payments from a super fund will generally be tax free when paid to an individual who has reached 60 years of age
- The tax treatment of employer ETP's will be simplified
- Reasonable Benefits Limits (RBL's) will be abolished.



### Quality

The **DFK Gray Perry** team are committed to the DFK International Quality Assurance program

- Member firms are committed to achieving consistent professional and ethical standards
- DFK International has a Quality Assurance programme in place, with which member firms are required to comply
- All assignments are reviewed to ensure quality and to identify opportunities to add value
- Member firms invest in good people and provide appropriate training and professional development
- Member firms regularly update their technology to support their clients' businesses



## Office Matters

Following on from last year's announcement about our name change to DFK Gray Perry we will be introducing new stationery to complete the change. This will occur over the next month.

To further our green credentials we are trialling recycled paper as a part of the stationery overhaul and as a team we are committed to promoting methods and procedures at DFK Gray Perry to help the environment. Every little bit helps.

We hope you have noticed our new street level signage. It carries the new name and the DFK globe.

Finally we have added more colour to the office with bright feature walls. The remainder of the office will receive much needed paint touch ups to compliment our new look.

## The Team

As has been the trend over the last few years team members have combined a busy work life with study, travel and family life.

As a firm DFK Gray Perry has traditionally involved itself in community.

Currently we have Glen Brewer, National Treasurer and Deputy Chair of St John Ambulance, Jim Perry as board member on Lakeside Retirement Village and Brendon Skates as treasurer of RPH Adelaide Inc.

Past board appointments by DFK Gray Perry team members include Adelaide Fringe Inc, School Council Boards and Rotary to name a few.

To continue this trend the firm is happy to support Michael Gray's nomination for an area councillor with the Adelaide City Council. Elections are held on October 19th 2007.



Photograph from article in City Messenger May 2007 announcing Michael's intention to run for Council.

## IT Matters



### Email

Please provide us with your email address. We continue to conduct more and more business and general communication via email. It saves paper and time.

- Email Hint* :
- Attempt to save important emails in an orderly file system
  - Remember an email may appear casual but it is a written response

### Website

Rita continues to administer and make ongoing improvement to our site. We recommend you visit the site to discover more about DFK Gray Perry.

- Website Hint* :
- Keep it alive.
  - Remember it is the face of your business and out of date information reflects badly

## Private Members Site

We have almost completed trials for our P.M.S. Over the course of the financial year we will release this exciting option to our clients. This will enable 24/7 access to your file documents. These can include your Tax Returns and correspondence from the ATO.

## Webcam

We have Skype software and cameras installed. Have you?

If so please provide us with your contact details.

## In-house Software

We continue to purchase the latest software to enable quality in our work.

The Benchmark software is a particularly powerful tool available to all business clients. We are able to very easily compare your results with your industry and determine any weakness in your business.

**ASK ABOUT A DEMONSTRATION.**

