



GrayVine Newsletter June 2006

Inside this Issue:

- ◆ *A Message from Michael Gray*
"Business is a challenge, not a crisis"
- ◆ *Office Matters*
 - DFK
 - Less Paper
 - Private Member Site
 - New Carpet
 - DFK Website
- ◆ *Family Business*
- ◆ *Website*
- ◆ *The Team*
- ◆ *Taxation & Superannuation News*
 - Positive News
 - GST
 - Small Business Tax
 - FBT Changes
 - Superannuation
- ◆ *IT Update*
 - Email
 - Web Cam
 - New Software

Partners of

DFK Gray Perry

James W Perry, CA
Michael D Gray, CA
Brendon J Skates, CA

Address

1st Floor, 89-92 South Terrace
Adelaide SA 5000

Telephone: (08) 8212 2366
Fax: (08) 8231 5035
Email: grayperrydfk@dfkadel.com
Website: www.dfkadel.com

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.

"Business is a challenge, not a crisis"

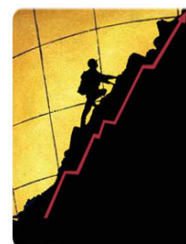
The business community is challenged daily with new legislation, new compliance, multiple options for communications and business applications, human resource issues and decisions about future resource needs in space and equipment. These represent daily change to a business.

The challenge is to manage that change.

We believe that means being in control of your information in such a manner that any change is made without a sense of crisis. Crisis Management cannot work in this environment.

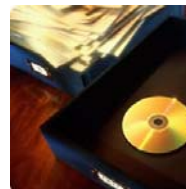
Our message is take control of change. How?

- Local Knowledge
- Improve Business Networks
- Use Budgets for Profit and Cash
- Use Industry Benchmarking
- Track economic conditions
- Understand the future of your industry



Office Matters

- **DFK** Gray Perry has been an active member of DFK International for many years. The membership has provided us with a global vision and information whilst allowing us to remain locally focused. We believe combining the best of both worlds. To bring our name in line with other members around Australia we are switching the DFK membership tag to the front of Gray Perry. From 1st of July 2006 we will be known as **DFK Gray Perry**. We are confident it will further our tradition of value adding for our clients.
- **Less Paper** We are introducing a new intranet into our office designed to help us use less paper. It is a combination of document scanning and collection, email recording and systems. We believe it will help our business and the environment.
- **Private Member Site** Together with the intranet we are also updating our website. The innovation we are most excited about is the addition of a Private Member Site (PMS). This will be designed to offer our clients 24 hour, 7 day a week access to copies of their ATO documents (more information inside).
- **New Carpet** Finally after many, many years we have new carpet in the office. It was without doubt a logistical nightmare which the Gray Perry team handled together brilliantly. Hopefully you like it as much as we do.
- **DFK Website** Please take time to review our website and discover a little more about us - www.dfkadel.com.





Family Business

Family Business is an area **DFK Gray Perry** team members have a great deal of experience in, either personally or through years of advising family business clients. We are confident in our ability to work with clients on the vast number of family issues.

One of the issues most commonly seen by us is:

The need to find a way to introduce a younger family member to take over the business. How to do this in a way that provides money for retirement and sufficient experience in the business for the next generation. This provides competing views and causes much family grief.



We recommend family board meetings to address these issues openly and honestly very early. Set a plan and stick to the timetable.

Website



We are constantly working to improve our website. Rita acts as our administrator and continues to keep the site live and up to date. Recently we have added some additional features designed to add further value to our clients.

In the near future we will include a Private Member Site (PMS) to enable access by clients 24 hours, 7 days a week. You can be provided with a secure login and you will be able to download at any time copies of your tax return and ATO Assessments. We will also offer a full service which includes using the site to keep copies of insurance policies, wills, power of attorney, loan details etc.

This is an exciting development which we believe will add real value. Please speak to Rita to discuss more about this client initiative.

For your interest our website address is www.dfkadel.com



Hint: Currently the website provides a checklist for tax return preparation and a copy of all newsletters and the Budget 2006—
<http://www.dfkadel.com/news.htm>

The Team

Again our intrepid team challenged themselves in study, travel and work.

During the year we welcomed Morgan Michie on board. Morgan has moved from England and immediately settled in as a valuable team member with international tax skills.

Sam Handley also joined our firm. Sam is currently studying hard to complete his CA program. A very difficult professional study program.

Brendon, Jim and Michael attended the DFK Australia Conference during May in Queensland. This was an opportunity to meet with other members from around Australia, New Zealand, Singapore, Hong Kong, Canada and India and share knowledge and friendship.

Jim will attend the International conference in Portugal during July.

Michael will miss his first conference in almost 10 years. Instead he is joining a group from Adelaide travelling to climb a mountain in Bolivia late July.



Quality

- 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

The **DFK Gray Perry** team work to Quality Charter



Taxation and Superannuation

Positive News



Personal Tax Cuts

The 2006/07 Federal Budget will provide personal tax cuts worth \$36.7 billion over the next four years.

Significantly, the top marginal tax rate will drop from 47% to 45% and will apply to taxable income over \$150,000.

The 42% marginal rate will also be cut to 40% and will apply from \$75,001 and the 30% band will again be widened.

The resident tax rates for the 2005/06 and 2006/07 years are summarised below:

2005/06	
\$ Income	Rate
6,001—21,600	15%
21,601—63,000	30%
63,001—95,000	42%
95,001 +	47%

2006/07 as per 2005/06 Budget	
\$ Income	Rate
6,001—21,600	15%
21,601—70,000	30%
70,001—125,000	42%
125,001 +	47%

2006/07 as per 2006/07 Budget	
\$ Income	Rate
6,001—25,000	15%
25,001—75,000	30%
75,001—150,000	40%
150,001 +	45%

GST

Are you varying your GST/PAYG Quarterly Instalment Notice?

If so please note that the ATO has removed concession for lodgements. This means that if you decide to vary the amount to be paid, the form needs to be completed and lodged by the payment due dates listed below. While these forms can be lodged electronically they are not eligible for the electronic lodgement concession.

- 28 July 2006 (quarter 4, 2005-06)
- 28 October 2006 (quarter 1, 2006 -07)
- 28 February 2007 (quarter 2, 2006-07)
- 28 April 2007 (quarter 3, 2006-07), and
- 28 July 2007 (quarter 4, 2006-07)

Small Business Tax

The government has announced a great alignment of the various small business tax concessions, including those under the STS, CGT, GST, FBT and PAYG Instalment regimes, including:

- Align the STS and GST definitions of 'turnover'
- Align the period over which STS and GST turnover is calculated.
- Increase the STS annual turnover threshold from \$1million to \$2million
- Increase the GST cash accounting turnover threshold from \$1million to \$2million
- Removal of the requirement that related businesses must have total depreciating assets of less than \$3 million.
- STS taxpayers will be able to pay quarterly PAYG instalments on the basis of GDP=adjusted notional tax.
- The depreciation asset rollover relief has been extended in certain circumstances.

These reforms are effective 1 July 2007.

Fringe Benefits Tax Changes

- FBT rate reduced from 48.5% to 46% with effect from 1 April 2006.
- In-house fringe benefits tax-free threshold increased from \$500 to \$1,000, with effect from 1 April 2007.
- Minor benefits threshold increased from \$100 to \$300, with effect from 1 April 2007. Tax Office to review existing guidelines and provide further clarification in relation to what is 'irregular' and 'infrequent'.
- Reportable fringe benefits threshold increased from \$1,000 to \$2,000 (pre gross-up), with effect from 1 April 2007.





Superannuation

The Government proposes dramatic changes to superannuation from 1 July 2007.



Contributions

- Abolition of age-based limits for deductible superannuation contributions.
- Concessional deductible contributions subject to an effective annual ceiling of \$50,000 per person pa to age 75 (transitional rules for employees aged over 50).
- Deductible contributions exceeding \$50,000 taxed at the highest marginal rate.
- Undeducted contributions subject to an annual limit of \$150,000.
- Self-employed persons able to claim full deduction for their superannuation contributions.
- Employer ETPs unable to be rolled over.

Benefits

- Abolition of Reasonable Benefit Limits.
- Benefits paid from taxed fund to retirees from age 60 or above (either as a lump sum or pension) are tax-free.
- Benefits paid to persons aged 55-60 generally taxed under existing arrangements.
- Members who have reached preservation age may establish pension income streams or leave money within superannuation indefinitely and draw on it at their discretion (abolition of compulsory withdrawal).
- Pensions subject to simplified rules.
- Lump sum death benefit payments to dependants are tax-free.

IT Update

Email

Following the trend of less paper we **strongly encourage** you to set up an email address and provide that to us.

We are working toward providing all newsletter material via email. It saves a lot on post and paper and you are able to read online or download it to paper.

Please ring Rita or Kayla to discover how to connect to our information.

Our address: grayperrydfk@dfkadel.com

Web Cam

A trend becoming real is web cam software. Essentially it enables visual communication via broadband using your computer—a face to face meeting on the net.

It adds the personal touch that an email often cannot convey.



New Software

Benchmarking is an effective tool in managing your business.

We have recently purchased benchmarking software which is able to compare your performance with that of your industry peers. Our champion of the product is Morgan Michie. We invite you to call and discuss how we can use it to help your business.

“We love it so much we use it for our own business”

Other Management tools available to our clients:

- Optimist, what if analysis
- Winforecast, budget software
- Profit Cents—simple management report
- Management report

