

**DFK ANZ BUSINESS & TAXATION BULLETIN**  
keeping you informed **summer 2013**



**DFK MEMBER FIRM NEWS**

**DFK AUSTRALIA NEW ZEALAND OFFERS MORE THAN ACCOUNTING**

**ARE YOU THE NEXT FASTEST GROWING  
START-UP AWARD WINNER?**

If you're a start-up, fast-growing or emerging business – listen up.

We believe it takes guts and a whole lot of passion to start a business. That's why we're proud to sponsor the Start-up Smart Awards, which recognise the best fast-growing and emerging businesses in Australia.

The 2014 Start Up Smart Awards officially open on January 13 – mark that date in your diary NOW. Your business could be eligible to win an advertising package from Private Media and a strategic review and planning workshop from DFK. This could be the kick-start you need to steer you in the right direction and accelerate success.

**WHICH AWARD WILL YOU WIN?**

There's a range of awards and categories, including:

- Overall winner, Fastest Growing Start-up Award
- Best Start-up Idea
- Best Start-up Product
- Best Online Strategy
- Best Young Entrepreneur
- Best Green Start-up
- Best Services Start-up
- Best Start-up Investor
- The Start-up Hero award

**WANT TO ENTER YOUR BUSINESS?**

For eligibility info and to register your interest, visit [startupsmart.com.au](http://startupsmart.com.au) and click on the Awards link at the top right of the page.

**SPREAD THE WORD**

Know someone who should enter? Spread the word and start a conversation about the 2014 Start-up Smart Awards. You never know, your business or someone you know could be the Fastest Growing Start-up for 2014.

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- PENRITH
- NEWCASTLE
- GRIFFITH
- CAIRNS

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## SUPERANNUATION – NEW DATA & PAYMENT STANDARDS FOR EMPLOYERS

From 1 July 2014, employers with 20 or more employees are required to make their superannuation contributions according to the new data and payment standard.

This will result in a simpler and more consistent method of making superannuation contributions and provide a single avenue for contributing to multiple funds. The standard requires employers to:

- Send all data electronically in a standard message format.
- Make superannuation payments electronically.
- Link data and money with a unique payment reference number.
- Ensure payment and data are sent the same day.
- Respond to funds request for information within 10 business days.

In preparation for the standard, it may be appropriate to review your businesses payroll software to determine if it complies and contact your default superannuation fund to determine how they are implementing electronic reporting. In some cases, it may be beneficial to engage a payroll service provider or clearing house to assist in compliance with these new rules.

Businesses with 19 or less employees are required to comply with these new rules from 1 July 2015. The Small Business Superannuation Clearing House is currently available to these small employers. This is a free service run by the government to assist with superannuation contribution compliance.

## SELF-EDUCATION EXPENSES

The proposal to cap work related self-education expenses to \$2,000 per person has been scrapped. The current rules relating to work related self education expenses will continue.

## ATO WARNING ABOUT SMSF RELATED PARTY TRANSACTIONS

The ATO has issued a warning to trustees of Self Managed Superannuation Funds that a key area of focus will be related party transactions as 25% of audit contraventions are for loans to fund members. A fund may lend money to a related party such as a company or trust, provided the loan is less than 5% of the value of the fund and interest is paid at a commercial rate. The superannuation fund rules are breached if the value of the loan is greater than 5% or the loan is to a member of the fund.

## PROPOSED TAX CHANGES

Since the election of the new Abbott government, there has not yet been a sitting of parliament for new legislation to be introduced. The government has, however, released its proposed legislation which includes many repeals and changes to tax measures introduced by the previous Labor government.

Some of these proposed changes can be summarised as follows:

- **Low Income Superannuation Contribution (LISC)** – The LISC was a payment of up to \$500 into an individual's superannuation fund if their adjusted taxable income was less than \$37,000. This will be repealed from 1 July 2013.

- **Superannuation Guarantee** – The rate at which the phased increase in the employer superannuation guarantee will be amended as follows:

Income Year	Existing Law	Proposed Law
Year starting 1 July 2013	9.25%	9.25%
Year starting 1 July 2014	9.5%	9.25%
Year starting 1 July 2015	10%	9.25%
Year starting 1 July 2016	10.5%	9.5%
Year starting 1 July 2017	11%	10%
Year starting 1 July 2018	11.5%	10.5%
Year starting 1 July 2019	12%	11%
Year starting 1 July 2020	12%	11.5%
Year starting 1 July 2021	12%	12%

- **Small Business Depreciation** – A small business is classified as any business (including any grouped related parties) with a turnover of less than \$2 million. Currently, small businesses are eligible to receive the following depreciation concessions:
  - Immediate deduction for assets costing less than \$6,500.
  - Assets costing \$6,500 or more are allocated to a general pool and depreciated at 15% for the first year and 30% for subsequent years. If the depreciated value of the pool is less than \$6,500 at the end of the income year, then a deduction is available for the value of the pool.
  - An immediate \$5,000 deduction is available for the cost of a motor vehicle, with the balance depreciated at 15% in the first year and 30% in subsequent years.
  - The proposed small business depreciation rules take effect from 1 January 2014 and can be summarised as follows:
    - An immediate deduction is available for all assets less than \$1,000.
    - Assets over \$1,000 will be allocated to a general pool and depreciated at 15% in the first year and 30% in subsequent years.
    - There will only be one asset pool, no long life pools.
    - There are no special rules for motor vehicles.
    - If the depreciated value of the pool is less than \$1,000 at the end of the income year, then a deduction is available for the value of the pool.
- **Loss Carry Back** – The 2013 income year was the first year in which a company could choose to carry back tax losses in the current year against profits derived in the 2012 income year. This tax measure will be repealed for the start of the 2013-14 income year, being 1 July 2013 for most taxpayers.

## FOR MORE INFORMATION & FUTURE NEWSLETTERS

For more information on anything contained in this bulletin please telephone or email us.



- **Schoolkids Bonus** – As part of the Mining Tax repeal, the schoolkids bonus of \$410 per primary school child and \$820 per high school child will be axed. These payments were eligible to families in receipt of Family Tax Benefit A with school aged children.
- **Income Support Bonus** – Recipients of various government benefits and pensions were eligible to receive an additional bonus payment in September and March each year. This additional payment is proposed to be repealed.

## GIC & SIC RATES

The ATO has published general interest charge (GIC) and shortfall interest charge (SIC) rates for the second quarter of the 2013-14 income year. The GIC annual rate for October – December 2013 is 9.6%, and the SIC rate is 5.6%.

## FINANCIAL MARKET UPDATE

The US economy, the Australian dollar and interest rates are expected to be the major influences on share market performance for the remainder of 2013.



## Australian Dollar

A lower Australian dollar brings some relief to manufacturing, tourism and other trade-exposed industries.

Approximately 30% of the profits generated by the Australian share market are sourced abroad. Therefore, a 10% fall in the Australian dollar adds around 3% to profit growth. If the Australian dollar falls another 10%, taking the total fall to 20%, six percentage points are added to profit.

## US Economy

James Gorman, the Australian born Chairman of Morgan Stanley, recently made some very interesting observations about the outlook for the US economy.

*"I see three factors. One the individual consumer has de-leveraged, so the consumer engine is primed. Two the housing market is no longer unstable, it is recovering unquestionably. Three the US has population growth."*

Mr Gorman highlighted a significant fourth element being shale gas leading to a structural change in the US economy. *"Cheap energy will continue to benefit the US. It's a ten year story, but priced in gradually. US domestic output grew by a record 766,000 barrels a day to the highest level in 15 years, putting the USA on pace to surpass Saudi Arabia as the world's largest producer by 2020."*

## Interest Rates

An article on 25 September in the Australian Financial Review by Tony Boyd provided current figures on cash balances.

There is about \$1.8 trillion of cash on deposit in the Australian banks. To put that in context, the market capitalisation of the S&P All Ordinaries Index is \$1.56 trillion. The most mobile segment is said to be in the self-managed super system. About one-third of the \$500 billion in self-managed super funds is held in cash, which is about \$150 billion. There is a theory that self-managed super will have a mean reversion to normal cash weightings of about 10%. If that proves accurate, about \$100 billion in cash will move.

The article points out that those retail investors who opted for the security of term deposits are starting to consider the alternatives. That change in sentiment is significant.

## Conclusion

If we are seeing the US recover, and stronger domestic profit growth due to low interest rates and a lower Australian dollar, then we are going to continue to see significant amounts of cash move from fixed interest into the equity market.

*We make it happen!*

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## UPCOMING KEY DATES & DEADLINES

1 DECEMBER 2013	Due date for payment of income tax for returns due on 31 October 2013
1 DECEMBER 2013	2013 Income Tax payment due for large/medium companies and super funds (lodgement of the return is due 15 January 2014)
21 DECEMBER 2013	November Monthly Activity Statement due for lodgement and payment
15 JANUARY 2014	2013 Income Tax Returns for large/medium companies and super funds due for lodgement
21 JANUARY 2014	Quarterly PAYG Instalment activity statement due for lodgement and payment for head companies of a consolidated group
28 JANUARY 2014	Superannuation Guarantee Contributions due for payment for October – December 2013 quarter
21 FEBRUARY 2014	January Monthly Activity Statement due for lodgement and payment
28 FEBRUARY 2014	October - December 2013 Business Activity Statement due for electronic lodgement and payment
28 FEBRUARY 2014	Due date for lodgement and payment of income tax for returns for new registrants in 2013 year
28 FEBRUARY 2014	2013 Income Tax Return due for non-taxable large/medium companies and super funds
28 FEBRUARY 2014	Annual GST report due for lodgement and payment if the taxpayer does not have an income tax return obligation

### FOR MORE INFORMATION & FUTURE NEWSLETTERS

For more information on anything contained in this bulletin please telephone or email to our details below.

### DFK AUSTRALIA NEW ZEALAND

For further information or enquiries about any of the latest business and taxation topics discussed in this newsletter, please contact the Directors and team at DFK ANZ.

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