

WESTERNBD NEWS

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Vol. 16 February 2007

TAX TIPS

The Value of Stock Management and Control in Business

Arguably one of the most overlooked factors in the effective running of day-to-day business is precise stock management. As one of the five cash drivers it plays a massive part in producing accurate and up-to-date financial reports which can aid a business in decision making as well as knowing whether a profit figure is real or not. Ideally a business will conduct regular stocktakes. Where this is not possible however once a year on the 30th June will suffice.

As well as producing accurate financial information, a stocktake should be seen as a vehicle for tax planning. In most cases this will involve attempting to minimize tax payable by using the method which can value stock at its lowest level and by identifying obsolete stock. Obsolete stock is stock that cannot be sold or scrapped and has no other use for a business. In these circumstances the stock can be kept on hand at a nil value.

There are three methods for valuing stock:

- Cost Price
- Market Value
- Replacement Price

For further information, contact Western BD.

Dan Jones

Offset Capital Gains Tax

Do you think you might have a capital gain in 2006/2007? You may be able to offset the capital gains tax by making a deductible personal superannuation contribution.

Western BD's Super Seminar on 6th March will explain how this change could work in your favour.

For further information come to the Seminar or phone Paul Ellenberg at South West Financial Management on 08 9256 1822

Marilyn Ashton

SEMINAR-UPCOMING Simplified Superannuation Tuesday 6th March 2007

How to use the new Superannuation rules to reduce tax and increase your wealth

Tuesday 6th March 2007

5.45pm for 6pm start

Refreshments provided

T: 9456 3303 or email: admin@westernbd.com.au



Firstly, let me wish all of our clients a happy new year.

Thank you for your continuing patronage of Western BD's service and we look forward to a prosperous year in business. The economy shows no signs of slowing down and most of our clients are well placed to take advantage of that.

I strongly recommend all of our clients to consider attending our upcoming seminar on Simplified Superannuation. The evening will be presented by a superannuation expert who will outline the major changes in legislation and strategies for taking advantage of the changes. The changes may affect you in major ways and also present opportunities for significant savings in tax. I look forward to catching up with you then.

Rod Western

A Time-Saving Tip for BankLink Users

You can email your BankLink coding to us – directly from BankLink! Here's how:

- Code and Save BankLink in the usual way
- Click on 'File' from the Menu, choose 'Send' from the drop-down list
- Make sure the address is admin@westernbd.com.au
- Tick the box 'Check out attached file after sending'
- Click 'Send'
- Click 'OK' to the warning message (*A program is trying to access your email address stored in Outlook. Do you want to allow this?*)

You will be surprised at how much easier it is – no more hunting through the computer files trying to find the right attachment.

At our end, the BankLink goes directly to administration – we don't have to wait for the accountants to forward your files to us.

Remember, the correct BankLink email address is admin@westernbd.com.au

SUPERANNUATION SEMINAR

WHAT WILL BE COVERED

Best time to action	Planning Opportunities
NOW	Transition to retirement strategies (anyone over 55)
Jan to Mar	\$1 million cap on undeducted contributions - Undeducted contributions to benefit from lower tax rate are restricted going forward so act now to “free up” assets - Consider bringing forward the sale of assets prior to 1/7/07 to use personal deductible contribution to offset CGT and other strategies such as the double deduction strategy
	Unwinding excess undeducted contributions without penalty
Apr to Jun	Transfer assets into super now whilst less restrictions – do this before 30 June 2007, and good planning may reduce any capital gains arising from change of ownership
	Pre-83 component can be maximised to take advantage of the freeze on pre 83 components which are proposed to be classified as exempt components (amalgamating super funds to utilise the earliest start date and lock in a higher pre 83 component)
	Double deduction strategies
Jul to Sep	TAPS & Lifetime Annuities Purchase complying income streams to lock in 50% assets test exemption before 20 September to maximise Centrelink
Other	Recycling strategies for estate planning purposes where death benefits are bound to be paid to non dependants
	Compare gearing v salary sacrifice strategies for accumulators
	Mortgage versus salary sacrifice directing principal mortgage into salary sacrifice contributions (payout mortgage post age 60)
	Personal deductible superannuation contributions for unsupported members with capital gains and no longer working
	Review insurances (including TPD) as potentially better for life cover via super from 1 July 2007

Fuel Tax Credits:

At Western BD we have clients that operate in many different industries. Some of these clients may be eligible to claim fuel tax credits when carrying on business.

Eligible activities

You may be eligible to claim a fuel tax credit for fuel you acquire, manufacture or import for use in any of the following activities:

- [road transport](#) (travelling on a public road), [agriculture, fishing forestry mining marine transport](#)
- [rail transport generation of electricity](#) (business or commercial) [non-fuel use](#) (including burner fuel and packaged fuel), or [nursing and medical](#).

Eligibility

- Do you use eligible fuel in an eligible business activity?
- If you use a vehicle on a public road, is it greater than 4.5 tonne GVM? (diesel vehicles acquired before 1 July 2006 can equal 4.5 tonne)
- Does your diesel vehicle meet the environmental criteria?

Record keeping

To support your claims for a fuel tax credit, you must keep records that show that the fuel you acquired, manufactured or imported into Australia was for use in carrying on your business. The records must be in English or easily translated into English. You must keep these records for five years after you make the claim. You do not need to send these records to us unless requested. We can examine your records within this period to ensure they substantiate your claims to fuel tax credits. If you cannot support your claims with adequate records, you may have to repay all or part of the credit you receive. You may also have to pay penalties.

If you think you may qualify for fuel tax credits, please ring Western BD to find out further information to see if you qualify, and how to register.