



CALLAUGHANPARTNERS
ACCOUNTANTS & BUSINESS ADVISORS
PASSION | INTEGRITY | LOYALTY

TAXING TIMES

WELCOME TO THE FIRST EDITION OF THE TAXING TIMES



AT CALLAUGHAN PARTNERS

'PRICE IS WHAT YOU PAY, VALUE IS WHAT YOU GET'

In This Issue we Cover: -

- * Tax time is upon us
- * The new financial year and what it means for you.
- * What the Carbon Tax means to you
- * Issues facing Families
- * Stop working in your business and start working on it
- * Search Engine Optimisation or SEO's

TAX TIME IS UPON US

We would like to welcome all our clients and friends to the new Tax Season and to our new office. For all of you who are not aware yet we have taken the big leap and set up our own office in NORWEST BUSINESS PARK. The Office is perfect for what we need, it is very easy to find and has loads of client parking. We hope that you will all drop around at some point to see us or have a coffee with us. If we can help you with anything please let us know. We have also revamped our website so please feel free to check it out at <http://www.callaughanpartners.com.au>

Don't forget our current special and help us raise our profile by referring us to a friend .

SPECIAL

10-20% OFF

Become a new **CALLAUGHAN PARTNER'S**
client and you can receive

10% off your previous accountants bill if over **\$99**
and **20% off** if over **\$1,500** up to **\$10,000.***

PLUS REFER A FRIEND AND GET A FURTHER 10% OFF *

Expiry Date: 31/12/2011 * Conditions Apply

THE NEW FINANCIAL YEAR AND WHAT IT MEANS FOR YOU

Welcome 2011 -2012 tax year and what a great year it is going to be. The government had release a tight budget in May and we all need to be aware of how some of those changes are going to affect us and our families.

INCREASE TO MINIMUM WAGE

The annual review by Fair work Australia has resulted in an increase of the minimum wage to \$589.30 per week or \$15.51 per hour. This is an increase of 3.4%.

PAID PARENTAL LEAVE

From the 1 July businesses will now need to pay for the parental leave. If you are due to go on maternity leave you should check with your employer and make sure they are aware of this scheme and have all the relevant paperwork filled out with Centre link.

FLOOD LEVY

This is a levy imposed by the government and will affect anyone earning over \$50,000. If you earn \$55,000 your contribution is \$25. If you earn \$75,000 your contribution is \$125 and if you earn \$100,000 then your contribution is \$250.

EDUCATION TAX REFUND

Finally you can claim school uniforms including shoes, hats and sports uniform, purchased from the 01 July 2011. They have to be school approved uniforms and you will need receipts to prove it. Other items are computer, laptops, stationary supplies, computer supplies, internet, computer repairs, educational software & textbooks.

DEPENDENT SPOUSE OFFSET PHASED OUT

From 1 July 2011 this offset will be phased out for anyone born after 1 July 1941 (40 years of age or less).

WHAT THE CARBON TAX MEANS TO YOU

We have heard a lot of talk about this new carbon tax, so for what it is worth I will add my two cents. I believe that consumers are going to be the first losers as they will have to wear the price increase passed on from small business and the second loser will be small business with landlords keen to pass on any increase to their costs, along with the fact that this new tax will cause an increase in costs of living which in turn will increase inflationary pressures, also putting pressure on interest rates to go up. Now you might be saying thank you 'captain obvious' but I'm really pointing all this out so that we can be prepared.

Now we have a little under a year to prepare for this extra tax. As part of preparing for this new tax we could also put into place cost savings measures by looking at our reducing our Carbon foot print. A few quick things to look at are; make sure lights are turned off, avoid computer standby use, make sure unused appliances are switched off, if your office has a shower disconnect the hot water to that, change your travel plans and use email or video conferencing like Skype. These are just a few things.

ISSUES FACING FAMILIES AT TAX TIME

With Tax Time upon us, here are few things that you may find useful when planning your 2011 tax return.

The Medical Expense threshold has now been lifted from \$1,500 to \$2,000 at which point you are eligible to 20% tax offset of eligible expenses over \$2,000.

Donations over \$2 are tax deductible. Make sure you retain your receipt for taxation purposes.

Education Tax Refund – You may be eligible to claim some expenses for your children's education. You must first be registered and receive FTB Part A. An example of eligible expenses include: - buying and maintaining home computers & laptops, computer related equipment, USBs, home internet connections, computer software for education, school text books and other printed learning material or study guides, prescribed trade tools for secondary school trade courses. There are some other circumstances you may be able to receive and to check these visit

<http://www.educationtaxrefund.gov.au/am-i-eligible.html> or call FAO on **13 61 50**

Medicare Levy Surcharge thresholds for this year are as follows:-

Singles (no dependants) \$77,000pa

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Families - \$154,000 pa (plus \$1,500 for each dependent child after thereafter)

Prepayment of expenses – you may be able (cash flow permitted) to prepay some expenses for this year, like interest on a rental property or membership fees that may fall due in July or August, union fees, subscriptions etc.

Motor Vehicle deductions – did you know that you are able to claim a deduction for business related travel. You must keep a log book or diary of your travels and be able to prove that those km were related to business use.

Salary Sacrifice Superannuation – people approaching retirement age (say 55-60 and still working) it is beneficial to consider salary sacrificing 80-90% or even 100% of your salary into your Superannuation Fund. The tax benefit is that you will pay nil or close to nil on your tax in your individual name and only 15% tax in the superfund. (Every individual's situation is different and you should contact us to discuss this further before doing anything).

Government Co-Contributions – If you or your partner earn less than \$31,920 consider making a contribution of \$1,000 to super and the government will match it, dollar for dollar. The co-contribution gradually decreases from \$31,920 until it ceases at \$61,920.

Salary Sacrifice arrangements – the end of the financial year is the opportune time to review these arrangements. There are still some advantages of salary packaging arrangements although these areas are very complex. Employer-provided car, notebooks, computers, I pads, Professional association memberships are all examples of exempt fringe benefits that are still beneficial.

Capital Gain Tax – if you made a gain throughout the year consider you're non-performing or loss making shares and sell them within the same year to offset the gain.

STOP WORKING IN YOUR BUSINESS AND START WORKING ON IT

The old adage that you should be working on the business and not in the business is always tossed around in mentoring circles. I do understand the significance but the majority of small businesses hearing this would be saying 'if I stop working then there is no business'. However I want to walk you through what I believe to be the most important part of this statement, which relates to planning.

You would have heard the saying 'fail to plan, plan to fail'. Well I'm here to tell you that this one is true. We can get in the car and drive and yes you will end up SOMEWHERE but my point is that you

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will not end up where YOU want to be without pre-planning that journey. This is one of the biggest mistakes small business make. Lack of planning or direction can be the cause of your demise. If you are not looking at where you are going how can you see opportunities or threats or be prepared to deal with uncertainties like cash flow or profit fluctuations, interest rate rises, increase in material costs and the list goes on.

I mentioned Interest rates and you might say well I don't have an overdraft or a business loan. No, that's not what I'm talking about. I'm talking about the effect that interest rate rises have on consumer spending which in turn effects small business. It's not hard to work out that rising interest rates make consumers less willing to spend their hard earned, not only as they have less disposable income (as they are putting that money into higher mortgage payments) but the uncertainty of what is to come.

If we are working on the business and looking at appropriate timely reports including KPIs and financial indicators you will be able to make quick decisions, meeting with your accountant regularly can also help you to see the turn in sales and react accordingly, which may include reducing overheads, cut spending or turn to your banker for short term finance. In your business you will experience what impact Interest rate fluctuations have on the industry you are in and the impact that these interest rate fluctuations will have on your business and industry, planning and monitoring is the key to your survival.

SEARCH ENGINE OPTIMISATION OR SEO'S



Everybody knows the importance of Search Engine Optimisation or SEO for their business. However many businesses do not understand the negatives associated with bad SEO techniques and how it can affect your Google ranking.. Search Engine Optimisation is one of the most important traffic generation methods for most online businesses. For many businesses SEO can drive over 80% of the traffic to their website and so it's important to understand the fundamentals of Website Optimisation.

Search Engines on a very basic level combine a number of on page and off page optimisation techniques to analyse where your site should rank for a given keyword. If your site has quality content, is built well and has relevant high quality links then it will rank well.

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SEO is not about getting many links, it's about getting quality, relevant links. If Search Engine Optimisation was just about number of links then it would be easy. To ensure you are getting the right kind of links in your website optimisation plan the best thing to look for is their page rank.

The higher the page rank of the site the better quality link they can provide for SEO purposes. Remember, Search Engine Optimisation can drive high quality and large volumes of traffic to your site when done correctly.

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