

### Tax time is upon us.

Another tax year has come and gone which means it is that time of year again to start putting together the information for your income tax returns.

Once you have put everything together, please do not hesitate to give bTa a call to organise an appointment so we can attend to the preparation of your income tax return.

Alternatively, please do not hesitate to call bTa if you require assistance in putting together your information.

The bTa difference – providing your point of view.

The BTA Team

### Reminder of Lodgement Dates

21 July 2010 June 2010 monthly activity statement  
28 July 2010 June 2010 quarter superannuation guarantee contributions  
11 August 2010 June 2010 quarter activity statement\*  
14 August 2010 PAYG payment summary report  
21 August 2010 July 2010 monthly activity statement  
25 August 2010 June 2010 quarter activity statement\*\*  
21 September 2010 August 2010 monthly activity statement

\* for those lodging their own

\*\* for those lodging via a tax agent

### GIC and SIC rates for June to September 2010

The ATO has advised that the General Interest Charge (GIC) and Shortfall Interest Charge (SIC) rates for the period 1 June 2010 to 30 September 2010 are as follows:

- GIC rate – 11.80%
- SIC rate – 7.8%

### Division 7A and unpaid present entitlements

The ATO has issued a finalised Tax Ruling TR 2010/3 and a Draft Practice Statement PS LA 3362 concerning the treatment of an unpaid present entitlement (UPE) to a private company beneficiary which arises on or before 16 December 2009 as being a deemed dividend under the general provisions of Division 7A.

The deemed dividend will arise at the end of the year after the year in which the distribution is made. This is different to prior years, where the making of such unpaid distributions did not have adverse tax implications.

Draft Practice Statement PS LA 3362 provides certain administrative concessions so that no deemed dividend arises where the funds are held on a sub-trust and special rules are met so that there is an agreed return on those funds as well as a repayment of the principal funds.

Alternatively, the trustee would be required to pay the distribution by the due date of lodgement for the private company's tax return for the year after the year in which the distribution is made or convert that distribution into a complying Division 7A loan by that date.

Accordingly, if the distribution is taken to be made at 30 June 2010 a deemed dividend will arise on 30 June 2011 which must be paid or converted into a loan before 15 May 2012.

As the Draft Practice Statement has yet to be finalised, the ruling may have some limited retrospective application in some circumstances.

### No more trust income streaming from 2010

The ATO has advised in Practice Statement PS LA 2010/1 that trustees will no longer be able to stream different classes of income (eg: capital gains) to different beneficiaries from 1 July 2010.

Further, from that date, any distribution of a capital gain will have to be included in an income beneficiary's share of net income even where the amount is actually distributed as part of trust accounting income to separate capital beneficiaries.

Accordingly, the year ended 30 June 2010 will be the last year in which a trustee will have the potential flexibility to stream trust net income and capital gains.

As such, all trust deeds will now have to be updated to accommodate these changes. For further enquires please do not hesitate to contact us.

### 2010/11 personal tax rate changes

If you have payroll software, you will need to ensure that you keep your software up to date so you can download the latest tax rates from your supplier.

The new tax rates starting 1 July 2010 are:

2010/2011 Taxable Income	Tax Rate
\$0 – \$6,000	0 per cent
\$6,001 – \$37,000	15 per cent
\$37,001 – \$80,000	30 per cent
\$80,001 – \$180,000	37 per cent
\$180,001 +	45 per cent

Plus Medicare Levy 1.5 per cent

### Temporary Investment Allowance

A claim can still be made for the temporary investment allowance. The claim is 50% of the cost of any new depreciating assets used in a business that were purchased for a cost of \$1,000 (net of GST) or more before 31 December 2009 and installed ready for use by 30 June 2010.

### Warning to self managed super funds acquiring employee shares

The ATO today warned that nominating your (SMSF) as the acquirer of shares or options from an employee share scheme can have serious tax and superannuation consequences.

"For the individual who has nominated their SMSF there can be penalties if the discount on the shares and options isn't accounted for in their tax return," Tax Commissioner Michael D'Ascenzo said.

"For an SMSF, acquiring an asset from a related party can put the fund at risk of being made non-compliant and taxed at 45 percent."

It is the trustee's responsibility to ensure that assets transferred from related parties can be acquired by the fund.

"Trustees who intentionally acquired shares or options from related parties contrary to the superannuation law may face up to one year in jail," Mr D'Ascenzo said.

### Transitional arrangement for the superannuation concessional contributions cap

A transitional concessional contributions cap applies until 30 June 2012 for people 50 years old or over. If you were 50 years old or over, the annual cap for the 2007-08 and 2008-09 financial years was \$100,000. If you are 50 years old or over, the annual cap for the 2009-10, 2010-11 and 2011-12 financial years is \$50,000. If you have more than one fund, all concessional contributions made to all your funds are added together and count towards the cap. This cap is not indexed.