

THE REPORT



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Brian's Bit

We all may have an opinion on how effectively politicians and bureaucrats spend our tax dollars. However most people recognise tax as a necessary cost of living in a civilised society.

In Australia we have tax legislation which runs to almost 16,000 pages supported by innumerable tax ruling, tax determinations and private binding rulings. The Chief Justice of the Federal Court is quoted as saying "Opening the Tax Act is like entering the door to a parallel universe".

The system is so cumbersome and complex it is beyond the untrained person's ability to discharge their tax obligations without professional support.

That support is provided by Registered Tax Agents such as this Practice. We not only study and attend hours of training to acquire that knowledge but we also act as an interface between the Taxpayer (our Client) and the Australian Tax Office (ATO).

As part of that arrangement the ATO allows Tax Agents to utilise an extended Tax Return Lodgement Programme. In essence we are not required to lodge every Client's Tax Return by 31st October each year but rather have until 15th May the following year. That is not a blanket extension and other due dates are applicable according to the criteria laid down by the ATO. No extension is available to those who have outstanding Tax Returns beyond their designated due date. In the past any penalties for non lodgement have been applied to the person who has failed to meet their obligations.

The ATO have now advised that if we retain Clients who have outstanding Tax Returns we will jeopardise our entire Lodgement Programme and consequently disadvantage our other Clients who have met their lodgement obligations.

This of course would be an intolerable situation and we have taken steps to withdraw our services from the late lodging Clients. The course of action forced upon us by the ATO has no flexibility to take into account

either the defaulting Clients' circumstances nor our relationship with them.

The denying of Tax Agent services to the defaulting Taxpayers simply disengages them from the system. It will make it harder for them to redress their failure to comply. It may even make it less likely they will attempt to comply.

It will be interesting to see how the ATO administrates the problem it is creating. Given their track record, one is entitled to believe not very well.

On a brighter note have a great New Year irrespective of what happens in Canberra and remember

CARPE DIEM

Signs Lost in Translation

TOKYO HOTEL: Is forbidden to steal hotel towels please. If you are not a person to do such thing is please not to read notis.

BUCHAREST (ROMANIA) HOTEL: The list is being fixed for the next day. During that time we regret that you will be unbearable.

ATHENS (GREECE) HOTEL: Visitors are expected to complain at the office between the hours of 9 and 11am daily.

HONG KONG TAILOR SHOP: Ladies may have a fit upstairs.

RHODES (GREECE) TAILOR SHOP: Order your summers suit. Because is big rush we will execute customers in strict rotation.

SOVIET NEWSPAPER: There will be a Moscow exhibition of Arts by 15,000 Soviet Republic painters and sculptors. These were executed over the past two years.

ROME LAUNDRY: Ladies leave your clothes here and spend the afternoon having a good time.

CZECH TOURIST AGENCY: Take one of our Czech-driven city tours. We guarantee no miscarriages.

Payroll Software

Do you use a software package for your Payroll? Please check to make sure the Tax Rates for 2011/12 include this year's Flood Levy.

Keep the Faith

Sister Mary, who worked for a home health agency, was out making her rounds visiting homebound patients when she ran out of gas. As luck would have it, a gas station was just a block away.

She walked to the station to borrow a gas can and buy some gas. The attendant told her that the only gas can he owned had been lent out but she could wait until it was returned.

Since the nun was on her way to see a patient she decided not to wait and walked back to her car. She looked for something in her car that she could fill with gas and spotted the bedpan she was taking to the patient.

Always resourceful, she carried the bedpan to the station, filled it with gas and carried the full bedpan back to her car.

As she was pouring the gas into her tank, two men watched from across the street. One of them turned to the other and said, "if it starts, I'm turning Catholic".

Warning: Investing in Overseas Property

ASIC has recently received a number of complaints about promoters who are encouraging Australians to invest in the United States property market.

The distressed property market in the United States means a house can be bought much more cheaply than in Australia.

However investing in overseas property is a lot more risky than investing in property in Australia and it is much more difficult to make sure the investment suits the investor's needs without local knowledge and the ability to regularly inspect the property.

According to ASIC, some people have lost a lot of money in the US property market including investors who are sold properties that need extensive renovations and repairs, or that are in neighbourhoods which are prone to squatters or vandalism, making it almost impossible for owners to find reliable tenants or property managers.

Investors must also factor in Australian tax laws, local property taxes, insurance, management costs and ongoing repairs.

ASIC recommends: "if you've been 'invited' to invest in a supposedly 'cheap' overseas property, ask yourself why they need someone in Australia to invest. Why aren't savvy locals investing? Chances are it's a dud investment.

"Remember – if it sounds too good to be true, it probably is".

Ref: ASIC article "Overseas property investing – Stay between the flags" by Delia Rickard, Senior Executive Leader ASIC.

Bright Spot

A recent study found that the average golfer walks around 900 miles a year.

Another study found that each year, a golfer will, on average, drink 22 gallons of beer.

This means that the average golfer gets 41 miles to the gallon.

Superannuation Contributions: Common mistakes made by employers

The ATO has reminded employers of their superannuation obligations, setting out common mistakes they are seeing including:

- Paying insufficient super contributions for eligible employees;
- Missing the quarterly cut-off dates (28 October, 28 January, 28 April, 28 July);
- not understanding that in some circumstances super should be paid for contractors, even if the contractor quotes an ABN (super contributions need to be paid for contractors employed under a contract that is wholly or principally for the contractor's labour);
- not keeping accurate records;
- not lodging a Superannuation guarantee charges statement if they have not paid their employees' super to the fund by the due date or don't pay the correct amount; and
- not passing on an employees tax file number to their super fund. Employers must provide their employee's tax file number to their super fund within 14 days of receiving it. If they don't the employees' super contributions will be subject to extra tax and may not be accepted by the super fund (and the employer may also be penalised).

To find out more about employer super obligations, visit www.ato.gov.au/employersuper.

CHRISTMAS BREAK

It doesn't seem so long ago that we said hello to 2011 and here it is we are saying goodbye. So once again it is time to take a break, rejuvenate yourself and get ready for 2012.

We will be closing the office over the Christmas and New Year period. Those times are:

From 11.30am Thursday 22nd December 2011

To 8.00am Monday 9th January 2012

We wish you and your families a happy and joyous Christmas and a healthy and prosperous New Year.

Bev, Bianca, Brian, Cheryl, Dan, Gavin, Helen, Jess, Julie, Kathryn, Linda, Marg, Mark, Neridah, Olive, Pippa, Sally, Shirley and Sue.

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 further advice to independently verify their interpretation and the information's applicability to their particular circumstances.