

## Save money on your business fuel costs

From 1 July 2008, fuel tax credits will be expanding which means more businesses than ever will be able to reduce their business fuel costs.

Many businesses will be able to claim fuel tax credits for the first time, and many others will be able to claim additional fuel tax credits. Until now businesses have only been able to claim fuel tax credits for fuel used in heavy vehicles, such as trucks.

The only fuels that are not eligible are fuels used in cars or other light weight vehicles, with a gross vehicle mass (GVM) of less than 4.5 tonne, traveling on public roads, alternative fuels and aviation fuels.

This means that fuel used for your Plant and Machinery, i.e. from heavy earthworks machines to tools and motor mowers.

To qualify for this rebate, you must register with the Australian Taxation Office on 137226. You have to be registered for GST to qualify and be able to quote your ABN and Tax File Number.

Claiming the Fuel Tax Credits will be via your BAS statement. The claim will be based on 19c per litre of fuel used. You will have to keep your fuel receipts separate from those used for your vehicle whose gross vehicle mass is less than 4.5 tonne. **No receipt showing litres—no claim.**

Should you require assistance in registering, please phone our office. For additional information, call me on 3396 1025 or phone the Tax Office Publications on 1300 720 092 and ask for the publication "Fuel Tax Credits for Small Business" (NAT 14584-04.2008)



## REMINDERS

### How long since you have kept a motor vehicle log book?

To be able to claim your motor vehicle expenses, the Tax Office requires a new log book to be kept for 13 consecutive weeks every 5 years.

### Record Keeping:

Please remember to keep all your business records (including receipts, tax invoices, bank statements, loan statements, etc) for 5 full financial years. This includes tax invoices for assets disposed of within the year.

To assist us with your work, would you please ensure that your business records for the year/quarter are provided to us in a neat and orderly manner. If using a manual cash book, each month should be totalled off and where applicable, reconciled with your bank statements. Please also have a column for personal drawings/cash expenses and make as many notes as possible.

If using a computer package, please ensure each period is reconciled to the bank statements and also provide a copy of the statements either by paper or email.

This will make our job much easier and should lead to a reduction in the amount of time spent on your work and therefore result in reduced fees.

Please get your BAS details to us as early as you can, as the next two months will be very busy.

This newsletter is intended to provide you with helpful information, however we recommend you contact us for more detailed advice.

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Trevor Wolff & Associates

## Business Supplement 2009

### IMPORTANT DATES TO REMEMBER

13 July 2009	PAYG Statements should be issued to employees
14 August 2009	PAYG Payment Summary Report to be sent to the ATO

### PAY SUPERANNUATION GUARANTEE BEFORE

28 July 2009  
28 October 2009  
28 January 2010  
28 April 2010  
28 July 2010

### QUARTERLY BAS DUE

28 July 2009  
28 October 2009  
28 February 2010  
28 April 2010  
28 July 2010

In most cases, Tax Agents receive additional time to complete and lodge BAS returns

## **MONTHLY BAS IS DUE 21st OF EACH MONTH - NO EXTENSIONS**

### **Penalties for Late Lodgement:**

The Tax Office has stated that they will enforce the new rules where Tax Returns, IAS and BAS Returns are not lodged on time. The penalties are \$110.00 per offence per 28 days to a maximum of \$550.00 per offence.

Please lodge on time even if you have to pay interest on outstanding tax—the interest **can be** tax deductible. The penalties for late lodgement are **not**.

**Pick up new PAYG Withholding Tax Tables from your newsagent for the start of the new financial year.**

### **Tax Return Bonus:**

The Small Business and General Tax Break (the Tax Break) is one of the measures implemented by the Government to support economic activity and employment in Australia and stimulate new capital investment by Australian businesses in the face of a deteriorating global economic environment. To be eligible for the Tax Break, the asset (motor vehicle, equipment etc. must be **new**), purchased between 13 December 2008 and 31 December 2009 for Small Business (that is a business with a turnover of less than \$2M). The asset must cost more than \$1,000 net of GST and used in the business. The Tax Break is that your income will be reduced by 50% of the cost of the asset, e.g. if the business purchased a new truck, say for \$30,000 net of GST, then the Taxable Income will be reduced by \$15,000 — as well as receiving Depreciation.

For Large Business (turnover over \$2M) the asset purchased must be more than \$10,000. If purchased before 30 June 2009, the Tax Break is 30% of the purchase price. If the asset is purchased after 30 June 2009 and before 31 December 2009, the Tax Break is 10% of the purchase price. Note that software, buildings, structural improvements, land, trading stock, and some cars are not eligible for the Tax Break. Be wary of purchasing a demonstration

vehicle or you may not get the Tax Break. You must be in business to be able to take advantage of the Tax Break. If you are working with an ABN on an hourly rate, you will have difficulty in convincing the Tax Office that you are in business.

### **Superannuation:**

The Co-Contribution is here for the Sole Trader where 2009 income does not exceed \$60,342. The Co-Contribution amount is \$1500 for a \$1000 contribution of unclaimed deductions made to the Super Fund and Taxable Income is less than \$30,342. The Co-Contribution is reduced when income exceeds \$30,342 and it phases right out at \$60,342.

### **Tax Hint:**

If the Taxable Income is less than \$34,000, think carefully before you make the decision to claim deductions to superannuation. Yes, the contribution will reduce your Taxable Income and the Super Fund will pay 15% of your contribution to the Tax Office. The tax rate is 15% + Medicare Levy where applicable for income between \$6,000 and \$34,000. It would make sense to have the full amount of contributions to superannuation working for your retirement rather than claim a tax deduction. For example, tax on \$34,000 is \$3,670 which relates to a flat tax of 10.79%.

### **Tax Deductible Contributions:**

Under 50 as at 1st July 2009, maximum contribution including superannuation Guarantee is \$25,000.

Over 50 as at 1st July 2009, maximum contribution including Superannuation Guarantee is \$50,000.

Amounts contributed over the above amounts, and a tax deduction is claimed, are subject to an additional tax of 31.5% payable by the taxpayer.

### **Declaring Correct Income:**

The Tax Office is assisting taxpayers to declare all their income. They have released industry benchmarks so you can compare your income with what the Tax Office believes it should be. They have released these benchmarks for the following industries:

- Metal roofing and guttering
- Floor sanding and polishing
- Printing
- Roofing
- Taxi

- Concreting
- Timber floor installation
- Bricklaying
- Roof painting

These are available from the Tax Office website and search for "benchmarks". I can send you copies if you wish — please phone 3396 1025. The Tax Office has released a "Personal Living Expense Worksheet". You can go onto the Tax Office website — [www.ato.gov.au](http://www.ato.gov.au) and type in "72958" at the search area and it will take you to the worksheets and booklet. The information in these worksheets is used during an audit. You could use these worksheets to see how you would go during an audit so you are prepared.

### **Tax Hint:**

To claim a deduction this year, Superannuation must be paid so that the Superannuation Fund receives the contribution before 30th June.

### **Added Services:**

As an endeavour to help our clients to keep up-to-date with their accounting, we are offering a complete Bookkeeping, BAS and Tax Preparation Service. Hopefully, this service can reduce the time spent on your work and overall be more financially attractive.

We are working with an organisation called "BankLink". This service is available to taxpayers who do not have accounting packages (software). We get your permission to download your bank statements each month and code your income and expenses. We would then send them to you to fill in the remaining information and ask you to return the completed bank statements and any cash income and expenses for the month. We will keep your accounting up-to-date and then when it is BAS time, we can lodge in a timely manner.

The other system is where you have an accounting package, we can download your system at any time (with your permission) and update our records. If you are having problems, we can look at your work and help you make adjustments if need be. We will send you more information on this in the near future. If you are interested in the above packages, please contact me and I will explain them further. Of course, there are costs involved. We hope that by using these systems, we will save time on your work so we should be able to absorb the cost.

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From 1 July, we are required by our accounting body to offer engagement letters prior to commencement of tax returns and we have had to install a credit policy which we can explain to you at the interview.