

Geraghty Accountants

Newsletter

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Geraghty Accountants

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Peter's Perspective

Since our last newsletter, much has happened in the financial world. We all face uncertain times, but as we know, something good usually comes from adversity. We have to be strong and optimistic to come out the other side.

I have recently read a small book "The Tao of Warren Buffett", by Mary Buffett and David Clark. Many of Warren Buffett's 'pearls of wisdom' are explained by the authors. Here is a sample of some that you may consider:

- Anything that can't go on forever will end;
- It's not necessary to do extraordinary things to get extraordinary results;
- You should invest in a business that even a fool can run, because someday a fool will;
- You don't have to make money back the same way you lost it;
- If you hit a hole-in-one on every hole, you wouldn't play golf for very long;
- Forecasts usually tell us more of the forecaster than of the future;
- The most important thing to do if you find yourself in a hole is to stop digging;
- If you don't make mistakes, you can't make decisions;
- In the business world, the rear-view mirror is always clearer than the windshield;
- Uncertainty actually is the friend of the buyer of long term values.

During the past few months, we have been able to assist a number of businesses with leasing finance for company vehicles. So please, give us the opportunity to obtain a quote on your future business capital needs.

Belinda, Brenden, Donna, Karyn and I have been delighted with everyone's response to the new practice and our new premises. If you haven't already visited us at The Abbey in Bonney Avenue, please feel free to pop in at any time.

We have included a number of articles in this newsletter and will have another edition out after the Federal budget in May.

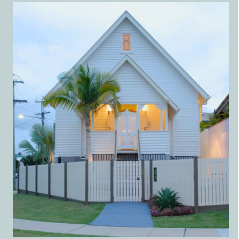
We wish you well and please let us know if we can assist you or your colleagues in the coming few months.

Regards Peter.



Parking at our Office

Several of our clients have commented that they have had trouble in finding a vacant parking position close to our office at certain times of the day. We do have a garage at the rear of our building which can fit two cars nose-to-tail. If you are planning to visit our office and wish to avail yourself of this car park, please contact us in advance of your visit so that we can have the garage door open and ready for you.



30% Investment Allowance - One time window of opportunity

With the intention of creating more demand within the business community, the Government has announced a temporary 30% investment allowance, valid for most new assets acquired between 13/12/08 and 30/6/09.

The investment allowance is available for the purchase of 'tangible', depreciating assets for tax purposes, such as:

- Cars (except those using the 'cents per kilometre' method);
- Machinery; or
- Equipment.

The investment allowance is not available for 'intangible' assets, such as:

- Computer software;
- Intellectual property rights;
- Cars using the 'cents per kilometre' method;
- Land;
- Trading stock;
- Horticultural plants or establishment of carbon sinks; or
- Capital works, buildings or construction expenditure.

The investment allowance is only available for new assets. To be considered 'new', the asset must never have been installed, ready for use by the taxpayer or another entity for any purpose, anywhere prior to 12 December 2008. Second hand assets are not eligible for the investment allowance. 'Demonstrator' vehicles are eligible for the allowance.

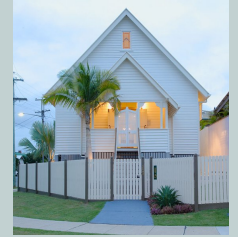
The bonus deduction can be claimed by the taxpayer who is entitled to tax deductions for the depreciation of the particular asset. Small businesses (turnover less than \$2 million) must spend at least \$1,000 on each new asset in order for the investment allowance to apply and any other taxpayers must spend at least \$10,000.

In order to obtain the 30% investment allowance in either 2008-09 year or the 2009-10 year, contracts to purchase assets should be entered into by the taxpayer between 13 December 2008 and 30 June 2009. However, the taxpayer must have started to use the asset or have it installed ready for use by 30 June 2010.

You can still receive the investment allowance if you subsequently dispose of the asset. This is provided that you can demonstrate at the time the asset was installed ready for use that the asset was to be used in Australia and for the purpose of carrying on a business.

You can also still receive the investment allowance if you stop using the asset for business purposes. This is provided that you can demonstrate at the time the asset was installed ready for use that the asset was to be used in Australia and for the purpose of carrying on a business.

Please note that the legislation to formalise this proposed allowance has yet to be enacted and consequently the availability of this allowance cannot be relied upon. You may wish to delay the purchase of these assets until such time as the legislation has passed through Parliament.



Government Stimulus Package: Tax Bonuses

The Federal Government will be providing five one-off payments in March and April 2009 for low and middle income households and individuals as part of its \$42 billion "Nation Building and Jobs Plan".

1. Tax Bonus for Working Australians.

This bonus payment will be available to Australian resident taxpayers who paid tax in the 2007/08 financial year, after taking into account available tax offsets and credits. The payment is subject to an income threshold test and will be payable as follows:

Taxable Income	Amount of Bonus
Up to and including \$80,000	\$900
\$80,001 to \$90,000	\$600
\$90,000 to \$100,000	\$250

Taxpayers need to have lodged their 2007/08 tax return to receive the bonus payment. If you have not already done so, you need to lodge your return prior to 30 June 2009, to be entitled to the payment.

2. Single Income Family Bonus

The Single Income Family Bonus will provide a one-off payment of \$900 to families with children that are eligible to receive the Family Tax Benefit (FTB) Part B. The payments will be made automatically by Centrelink, in the fortnight commencing 11 March 2009. Families that elect to receive the FTB entitlements at the end of the year when they lodge their tax returns will receive the payments when they lodge their 2008/09 income tax returns.

3. Farmer's Hardship Bonus

The Government will provide a one-off payment of \$950, to farmers and rural-dependent small business owners who, on 3 February 2009, were receiving one of the following:

- Exceptional Circumstances Relief Payment for Farmers
- Exceptional Circumstances Relief Payment for Small Business
- Interim Income Support for Farmers
- Interim Income Support for Small Business
- Transitional Income Support; or
- Farm Help Income Support

These payments will be made in the fortnight commencing 24 March 2009.

4. Back to School Bonus

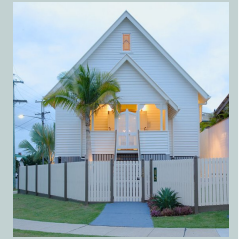
The Government's \$950 Back to School Bonus will provide a one-off payment to families that were eligible for the FTB Part A on 3 February 2009. Eligible families will receive \$950 for each school aged child (aged between 4 and 18 inclusive on 3 February 2009).

5. Training and Learning Bonus

The Government's Training and Learning Bonuses include a one-off bonus for recipients of the Youth Allowance (students and apprentices), Austudy or Abstudy and related payments. (If the student is entitled to the Back to School Bonus they will not also be eligible for the Training and Learning Bonus.) The one-off bonus will also be available to recipients of the Sickness Allowance and Special Benefit (for those under aged pension age).

Also included is a temporary supplement to the Education Entry Payment (EdEP) of \$950. This is in addition to the existing EdEP payment of \$208, which provides assistance with the costs of training courses, for income support recipients who are returning to study.

STOP PRESS: This package is now subject to a High court challenge which could stop or delay the payments.



Fringe Benefits Tax (FBT)

The FBT year ends on the 31st March, and most of our business clients will soon be receiving our annual FBT letter requesting that they submit details of any fringe benefits provided to employees and associates during the year. It is important that the recipients of this letter take the time to consider the information carefully and if necessary, provide details of their motor vehicle odometer readings, as it is often quite difficult to recall these details when asked, sometimes twelve months later.



Services we Provide:

Accounting: Trusts, Superannuation Funds, Companies, Partnerships and Sole Traders.

Auditing: Self Managed Superannuation Funds, Solicitor's Trust Accounts, Real Estate Trust Accounts, Community Organisations, School P&C's and General Audits

Taxation: Income Tax, Fringe Benefits Tax, PAYG, GST, Capital Gains Tax & Payroll Tax.

Financial Planning: Peter is an authorized representative of the Securitor Financial Group and, under the business name of Viniris Financial Services, provides financial planning advice and related services..

We can also assist with the preparation of Budgets, Cash Flow Reports and Special Purpose Reports for the Purchase or Sale of a business, and we can provide expert advice on Taxation Law, Superannuation, the benefits of Salary Sacrificing and other similar matters.

If you require any assistance in these areas, or know someone who could benefit from our services, please let us know.



Kevin Rudd consulting with Peter over the Economic Stimulus Package