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## **Client Newsletter June 2003**

Tax time is almost here again and we would like to wish you a Happy New Financial Year. Our staff has remained fairly stable over the last twelve months with Peter Irving, Carol Taloni and Jane Harris as Tax Accountants, Martin Wells as Tax Preparer, Colette Taylor as Bookkeeping Specialist, Sue Wadey in Auditing and James Irving doing all the extra jobs. But of course the office would not run efficiently without the Front Desk in Paula Ogilvie and Margaret Palmer.

### **Tax Office Focus**

The ATO has now changed its focus from education to compliance and the key areas of Audit focus for individuals this years are: Overclaiming Work related expenses, overclaiming rental expenses, overclaiming interest and dividend deductions, not reporting interest and dividend income and not reporting capital gains on shares and properties. If you are making claims please ensure you have the evidence to back up your claim and be aware that the tax office will get information from many sources such as banks, stock exchange etc to ensure all income is declared. All expenses need to be backed by valid receipts and be sure to obtain receipts if the credit card voucher is not showing details.

In the business area the ATO is focussing on Superannuation Guarantee Obligations to ensure that superannuations payments are being made and compliance of Self Managed Superannuation Funds. There will be more GST compliance audits. Please ensure you have a valid Tax Invoice if you are claiming GST not just a minimal credit card slip. Credit card statements are generally not sufficient evidence of a deductible expense or GST paid. The ATO will also be targeting high risk areas of the cash economy.

### **Capital Gains**

If you own shares, units in unit trusts or property it is necessary to keep Capital Gains Tax records for each asset so that when sold the capital gains can be accurately determined. If you are reinvesting dividends these details need to be declared each year for Income Tax purposes and need to be kept for future use in Capital Gains calculations. There are information books available from us or the ATO website [www.ato.gov.au](http://www.ato.gov.au).

### **Deductions for 2003**

If you wish to claim deductions for your Accounting fees and Superannuation Guarantee contributions in 2003 they must be paid by 30 June 2003. To be able to claim a deduction for Superannuation the amount must be paid and received by the superannuation fund by the 30 June 2003.

From 2002 businesses were no longer allowed to write off immediately purchases under \$300. Some businesses were changed to the Simplified Tax System and under this System they are allowed to write off \$1000 immediately.

A change which came through late last financial year is a claim for sunprotection – this year receipts will be necessary to substantiate claims.

If you are claiming items that are used both for business and private use it is essential to keep a diary for a period of one month to substantiate the amount of the claim you are making. The onus of proof is on the taxpayer to prove the proportion of private use.

### **Superannuation Guarantee in 2004 Year**

Businesses should note that from 1 July 2003 the superannuation guarantee charge must be paid quarterly by 28 October, 28 January, 28 April and 28 July. It is also necessary to report to employees in writing, details of the contributions at least once a quarter. Please contact us if you require further information.

### **Timely Lodgements**

The Tax Office is becoming tougher on those who lodge late – this includes BAS's, IAS's and Income Tax Returns whether money is owed or not. Even if you cannot pay the BAS or IAS on time it is better to lodge the form then you will only have to pay the interest on the late payment not the \$110 (minimum) per month late lodgement fee.

### **PAYG Annual Instalment**

Annual instalment payers will have to pay their instalment in October 2003 for the 2003 year as opposed to April/May in past years. The bill should come in September. If you are expecting one and do not receive it, please let us know.

### **Financial Decisions**

If you are thinking of buying, selling or making other financial transactions it is advisable to ring and check the tax implications of your decisions – we are not financial advisors but we can go through the tax implications. For example: the sale of an investment property in a different financial year may make big difference to your tax position. It is also possible to increase the amount of baby bonus received if you can plan in advance and perhaps salary sacrifice.

### **Website**

We have now a Website with Checklists, Links to other associated sites and hope to put more information on it in due course. It is [www.peterirving.com.au](http://www.peterirving.com.au).

### **Checklists**

You will find checklists on the following pages to help you to get your information ready for your Tax Return. Please read carefully and try and organize your paperwork so you can bring everything in together. If we have to revisit your tax return it just increases time and thus cost to you.

We do look forward to seeing you in the near future so we can get your Tax Return done early. It would be nice not to have the last minute rush to get Income Tax Returns lodged. We can hold off lodgement if you are in a payable situation and if you are due for a refund on your income tax why give a loan to the Tax Office when it could be in your hands.

