

31 HOSKEN STREET  
BLUFF POINT WA 6530  
PH: 08 9923 1174  
FAX: 08 99231660

## CLIENT NEWSLETTER



**Adam Hunter Pty Ltd**  
CERTIFIED PRACTICING ACCOUNTANTS  
Professional Practices Network

### WELCOME TO NEW STAFF

Nicole Stevens—Receptionist  
Jade Higgins—Receptionist

### Professional Training

At Adam Hunter Accountants we strive to ensure that all of our staff members remain up to date on all Taxation and Superannuation matters. To achieve this our staff attend an annual seminar run by the National Tax and Accountants Association (NTAA), of which our firm is a professional member. We also conduct a monthly internal training course for our staff to keep updated on any current matters that may impact our clients.

Our Bookkeepers also attend business software seminars to ensure they possess all of the necessary skills and knowledge required to assist any of our clients with software related issues.

Consistent training ensures you can rely on the staff at Adam Hunter to meet any of your Taxation, Superannuation & Business Software Needs.

### Client Software Training & Support Now Available

We have recently expanded the bookkeeping department at Adam Hunter Accountants and are pleased to announce that we now offer our clients full support and training for accounting software as follows:

- Georgina Grimley: MYOB, QuickBooks and Banklink
- Donna Exten: Agrimaster
- Ashleigh Hunter: Cash Flow Manager

## AUSTRALIAN TAXATION OFFICE UPDATES

### Employee or Contractor?

The ATO has recently launched an interactive tool which has been developed to help address areas of confusion when deciding whether a worker is an employee or a contractor. This tool also highlights common reasons why businesses get the employee or contractor decision wrong as well as offering industry specific information and a summary of the obligations businesses need to meet for their employee or contractor. The tool can be found by following this link: [www.ato.gov.au/employeecontractor/](http://www.ato.gov.au/employeecontractor/)

### New Taxable Payment Reporting—Building & Construction Industry

From 1st July 2012 there is a new reporting requirement for businesses in the building and construction industry. Businesses must report to the ATO the total payments made to each contractor throughout the financial year.

For each financial year, businesses will be required to complete a “Taxable Payments Annual Report” with the following details; each contractors’ ABN, name, address, gross amount paid for the financial year (including GST) and total GST included in the gross amount you paid.

## SUPERANNUATION

### SMSF Processing Improvements

Through our software provider, we are now able to receive electronic copies of transactions relating to Self-Managed Superannuation Funds for bank accounts, term deposits, share registry and share trade data, managed fund data, holding balances and tax statements. This service is provided at no extra cost.

#### How will it affect your SMSF?

As we receive copies of documents throughout the year from your bank, stock broker etc. it will save you time collating and sending statements to our office.

The audit of your Superannuation Fund will be more efficient, as the service will help minimise issues relating to lost/misplaced documents.

#### How you enable us to receive data feeds:

For each provider you are currently associated with, you will need to sign an authority form to allow us access to the data feeds.

Please contact Alicia Costantino for further information.

### Concessional Contributions

In the 2012-13 Federal Budget the government announced that from 1 July 2012, individuals earning income of more than \$300,000 will have their contributions tax rate increase from 15% to 30% (excluding Medicare levy).

From 1 July 2012, all individuals have a concessional contributions cap of \$25,000.

Concessional Contributions are employer contributions, including contributions made under a salary sacrifice arrangement, and personal contributions claimed as a tax deduction by a self employed person.

### Quarterly Superannuation

Business clients who have employees are reminded that they need to pay superannuation quarterly for all eligible employees (generally those who are paid \$450 gross or more per month).

Payment needs to be made by the 28th day of the month following each quarters end. No extension is given for the December quarter which falls over the holiday period being 28th January 2013.

Consequently, clients who are going to be away during this period need to make sure they have made arrangements to pay superannuation by the due date to avoid having to pay additional superannuation charges and interest for late payments.

### ACCOUNTANCY AUDIT INSURANCE

Adam Hunter Pty Ltd provides an Audit Shield Service; an insurance to cover the professional fees incurred in preparing documentation and responses to the ATO, or the relevant Government Agency conducting an audit, review or investigation. The ATO and other Government Agencies are getting tougher and often conduct audits on Business Activity Statements and Tax Returns. This small annual fee, which is 100% tax deductible, will cover any accounting fees incurred in what is normally a very costly process. Should you have any queries in respect to this offer please contact Alicia Costantino.

### Upcoming Deadlines in 2013

Tax Returns lodged by: 15 May

Quarter 2 BAS's due: 28 Feb

Monthly BAS's/IAS's due: 21 Jan

### Adam Hunter Website

We are pleased to announce that Adam Hunter will be launching a website early in the new year.

### MERRY CHRISTMAS AND A HAPPY NEW YEAR

All the staff at Adam Hunter and Indian Ocean Financial Services would like to wish you a Merry Christmas and a Happy New Year.

Please note our offices will be closed from  
12:00pm Friday 21st December  
and will reopen at 8:30am Wednesday 2nd January 2013.





**Mick Steffan**, M. Taxation, B. Bus & Dip. FP  
Certified Financial Planner™, Professional & Specialist  
SMSF Advisor™, Registered Taxation Agent, Authorised  
Representative of AFSL 34766

Telephone: 08 9950 0349

Website: [ifswa.com.au](http://ifswa.com.au)

Email: [info@ifswa.com.au](mailto:info@ifswa.com.au)

## Is a Self- Managed Superannuation Fund suitable for you?

### Mick Steffan, our Specialist SMSF Advisor shares some handy tips and traps

A Self-Managed Superannuation Fund (SMSF) is by far the most popular way to save for retirement. According to the latest ATO SMSF statistical report September 2012. SMSF's are the fastest growing retirement savings vehicle with approximately 488,576 SMSF's operating in Australia, further increasing by 8,000 each month! Furthermore, SMSF's now represent 32% of all superannuation assets, with a total pool of \$1.34 trillion dollars.

### What are they?

A Self-Managed Superannuation Fund is a small fund to build retirement savings for a maximum of four individual members. The fund is controlled by trustees/directors, who are also members. The members decide how the fund will operate and what investments the fund will invest in.

### What are the advantages of a SMSF?

A SMSF is set up for a number of reasons including:

- Cost savings on investment and administration fees;
- Preference of direct investment rather than through managed funds;
- Flexibility; range of investments available and timing;
- Increased control regarding when and what to buy, hold and sell;
- Tax benefits that are not available in a retail or employer superannuation fund; and
- Estate planning strategies to accommodate wealth transfer to beneficiaries.

### What does it cost to set up and run a SMSF?

The set up cost of a typical SMSF is approximately \$2,000.00 and includes the creation of a new SMSF trust, registration with the ATO and the creation of an investment strategy.

The annual running expenses of a typical SMSF is approximately \$1,500.00 to \$2,000.00. This includes the lodgement of an annual SMSF tax return, audit and ASIC fees as well as a review of the SMSF investment strategy.

### How much superannuation do you need to start up a SMSF?

The Tax Office has indicated that ideally you and the potential members of the fund should have a minimum joint balance of approximately \$150,000- \$200,000 to take advantage of the reduced fixed running cost of a SMSF. However, there are some exceptions to this and the ATO report –“Total asset range table” shows that 22% of the SMSF's have a balance of less than \$200,000.

- Some tips to achieve the minimum recommended balances are:
- Commence a Salary Sacrifice arrangement with your employer;
- Make self employed contributions;
- Having up to four members join one SMSF to pool the superannuation savings;
- Contribute before or after tax money to your new SMSF account; and
- Contribute a private asset to your SMSF.
- Rollover your retail, employer and foreign super into one SMSF.

## What are the disadvantages of an SMSF?

When you have set up a SMSF you assume the role of trustee of your SMSF. Depending on the chosen structure, you are required to comply with a number of laws including the SIS-Act. You are furthermore responsible for the proper investment of the SMSF assets for all the members.

The above duties can be an onerous task without the help of a professional advisor, as investment markets, legislation and personal circumstances of the member change.

## Common misunderstandings about SMSF's

### 1. SMSF are only suitable for rich people

False! The average retail or employer super fund cost is approximately 1.75% of the balance. SMSF average annual running costs are approximately \$1,750 p/a. Thus, from a joint superannuation balance of \$175,000 an SMSF can be cheaper!

### 2. Superannuation and SMSF are bad investments

False! Superannuation including SMSF's are tax entities just like companies, trusts, partnerships and you as an individual. Each of these entities can make similar types of investments. In other words, you can own investments such as shares and property in your personal name or in your SMSF. The main difference is an SMSF is taxed at 15% (in accumulation phase) and often 0% (in the pension phase) while your marginal tax rate can be as high as 46.5%!

### 3. SMSF's take a lot of time or effort to run

Again, this is not true. With the help of the right professionals you can delegate most of your tasks while staying in control.

## Other tips and traps

When adding assets to your SMSF there are strict guidelines regarding what and how much assets you are allowed to add to your SMSF. Some things to consider are:

- The member's age;
- The member's employment;
- The type of asset;
- If the asset came from a related party;
- The type of current superannuation benefits;
- Capital Gains Tax and stamp duty when contributing an asset to an SMSF; and
- Whether a member's previous superannuation fund contains Life, TPD or Income Protection insurances, or other employer benefits.

## Where can I find out more?

On the ATO website there is a host of information regarding what you need to know, tips and traps and how to establish an SMSF: <http://www.ato.gov.au/superfunds/>

If you require further advice about:

- 1) If a SMSF is suitable for you;
- 2) Establishment of an SMSF;
- 3) Direct share, property, cash & fixed interest investments;

Or any other financial planning matters, please contact Mick Steffan, the senior financial adviser of Indian Ocean Financial Services. Mick is a SMSF Specialist Adviser and Certified Financial Planner. Please phone 9950 0349.

