

Tax Laws Amendment

The Government has introduced a Bill into Parliament to amend certain provisions of the tax laws. The proposed amendments include ensuring:

- The GST liability on the sale of a real property calculated under the margin scheme will include the value added by the entity which made the original supply; and
- The taxable value of a fringe benefit for an investment asset will be limited to an employee's interest if it is held jointly with an associate of the employee. An 'associate' includes a spouse, immediate family members and children.

Education Tax Refund

The Government has introduced a Bill into Parliament seeking to

implement the Education Tax Refund. Broadly, eligible families can qualify for a 50% refundable tax offset for eligible education expenses up to a maximum of \$750 for children undertaking primary studies and \$1,500 for children undertaking secondary studies.

TIP: Eligible families should keep all receipts to ensure that they will be able to claim the refund when the Bill is enacted.

Medicare Levy Surcharge Thresholds

The Government's Bill to increase the Medicare levy surcharge thresholds has been rejected by Parliament. However, the Government has introduced another Bill seeking to once again increase the Medicare levy surcharge thresholds:

- For individuals it will rise from \$50,000 to \$75,000; and
- For families it will rise from \$100,000 to \$150,000. The increase to the thresholds is still proposed to apply from the 2008/09 income year.

Luxury Car Tax

The Government's Bill to increase the luxury car tax (LCT) has received enactment. The amendments in the Bill apply from 1 July 2008.

The LCT regime changes include:

- Increasing the LCT from 25% to 33%;
- Exempting fuel-efficient vehicles that do not exceed the fuel-efficient car limit from the LCT (\$75,000 for 2008/09);
- Providing for refunds of the increase in LCT to eligible primary producers and tourism operators;
- Providing for CPI indexing of the LCT threshold from 1 July 2012; and
- Ensuring vehicles ordered before 7.30pm (AEST) on 13 May 2008, but not delivered until after 1 July 2008 are not subjected to the increase in tax.

Tax Laws Amendment Update

In the July 2008 issue, it was stated that the Government introduced a Bill containing amendments concerning shareholders and unitholders rights, and restricting GST refunds.

On 20 September 2008, the amendments were enacted as law.

Your Recommendation Is The Best Compliment

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Our longevity is due largely to you our client and your faith in mas accountants.

As small business operators, you may well know someone running a small business similar to yourself, who could also benefit from the wide range of services we offer.

Please feel free to recommend mas accountants, and rest assured that your small business referrals are greatly appreciated, and will be given the highest level of service that you have come to expect from us.

Borrowings of Money and SMSFs

The Tax Office has released a Draft SMSF Ruling in which it states the Commissioner's preliminary view on the meaning of the phrases 'borrowing money' and 'maintaining an existing borrowing of money'.

The Draft states that both phrases take on their ordinary contextual meaning. In determining whether an arrangement constitutes a borrowing of money, it is necessary to consider the circumstances of the arrangement.

Generally, a trustee of an SMSF is prohibited from borrowing money or maintaining an existing borrowing. However, the superannuation legislation provides exceptions such as where a trustee borrows to settle on the acquisition of certain financial instruments, or to make a payment to a beneficiary.

Death Binding Nominations and SMSFs

The Tax Office has also released a Draft SMSF Determination which sets out the Commissioner's preliminary view on whether a trustee of an SMSF can accept a death binding nomination from a member.

The Draft states that a trustee of an SMSF is permitted to accept a death binding nomination from a member, provided it is permissible under the fund's deed.

A death binding nomination 'binds' a trustee of an SMSF to distribute the superannuation benefits of a deceased member in accordance with the nomination.

In the absence of a nomination, a trustee has the discretion to distribute a deceased member's benefits in accordance with the superannuation law.

Exempt Fringe Benefits

The Tax Office has issued two Interpretative Decisions (IDs) relating to exempt fringe benefits. In the first ID, the Tax Office states that a GPS navigation device is a 'portable electronic device' for the purposes of the exempt fringe benefits provision.

According to the ID, a 'portable electronic device' is a device that is easily carried by hand and is based on electronics.

In the second ID, the Tax Office states that a laptop computer provided to an employee, who regularly visits clients, was provided primarily for use in the employee's employment.

The Tax Office states that whether a laptop computer is primarily used in an employee's employment is based on its intended use at the time it was provided to the employee.

When is an Invoice Issued?

In a recent case, the AAT found that a taxpayer had correctly reported the GST liability for an invoice in the correct quarter.

In doing so, the Tribunal affirmed that the date appearing on an invoice should only be taken to be the date the invoice was issued in the absence of any evidence to the contrary.

The date of issue of an invoice is important for an entity who is reporting its GST obligations on an accrual basis. This is because the tax period to attribute the GST liability on an invoice is determined by reference to the first tax period in which an invoice is issued (if no consideration is received or provided before that time).

ITC and Termination of Enterprise

The District Court of Queensland has reduced the indemnity costs payable by a plaintiff by the input tax credit (ITC) that an applicant could have claimed, even though the applicant was no longer carrying on an enterprise for GST purposes.

The District Court found that in resisting the plaintiff's claims, the applicant had carried on an incidental aspect of its business, while terminating its enterprise. Therefore, the applicant was entitled to claim the ITC.

It is the Tax Office's view that whether an activity relates to the termination of the enterprise is one of fact and degree, which depends on the circumstances of the termination.

GIC and SIC Rates Released
The Tax Office has released the general interest charge and shortfall interest charge rates for the second quarter of the 2008/09 income year:

Rate	Annual (%)	Daily (%)
GIC	14.31	0.03909836
SIC	10.31	0.02816939

The Tax Office has also released the interest rate for overpayments, early payments and delays in refunds for the second quarter of the 2008/09 income year. The applicable interest rate is 7.31%.

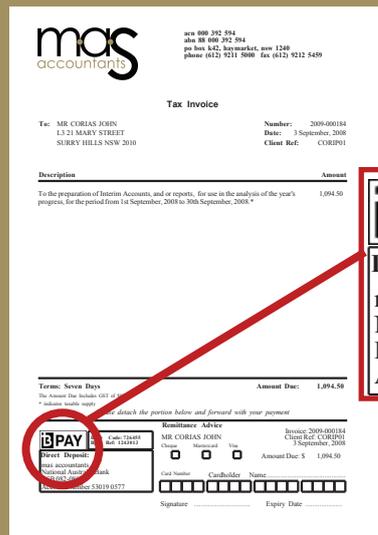
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To pay bills online or over the phone with BPAY follow these simple steps

1. Register for Internet or phone banking with your financial institution, if you haven't already.
2. Look for the distinctive BPAY logo on your bills.



The image shows a sample tax invoice from mas accountants. At the top left is the mas accountants logo. To the right are contact details: 080 392 594, also 80 800 392 594, po box 642, baymarket, nsw 1280, phone (612) 9211 5000, fax (612) 9212 5489. The invoice is for MR CORIAS JOEN, 13 21 MARY STREET, SURRY HILLS NSW 2010. The amount due is 1,094.50. A red circle highlights the BPAY logo in the bottom left corner of the invoice. A red arrow points from this logo to a box on the right containing payment details.

BPAY	Billers Code: 726455 Bpay Ref: 1243013
Direct Deposit: mas accountants National Australia Bank BSB 082-080 Account Number 53019 0577	

3. Log on to your Internet banking site or call your phone banking service.
4. Select the BPAY or bill payment option and follow the simple instructions.
5. Wait for and record your receipt number.