

# Beancounter's Bulletin

Baumgartner Partners Quarterly Newsletter

4th Quarter 2008/09

## Introduction

Welcome to this quarter's edition of Beancounter's Bulletin. We hope that you find the contents informative and useful and as usual we welcome any suggestions for future editions. Please refer to our website for regular updates on new and relevant information that may affect you.

The current challenging financial environment has dominated the new year and businesses have been forced to adapt to changing circumstances, through control of their cash flow, banking relationships, stock management and foreign exchange, among other things. We are here to support you in these difficult times and encourage you to contact us if you require any advice or assistance.

## Taxation matters

### Further information regarding the temporary investment allowance

The ATO has released an exposure draft on the investment allowance concession, as discussed in our last quarter's newsletter. The temporary investment allowance, touted in December 2008, has been increased from 10% to 30%, in the form of an additional tax deduction.

This investment allowance is only available to businesses. Small businesses (i.e. with group turnover of less than \$2m p.a.) will be eligible for this additional allowance when investing in *new* depreciating assets costing over \$1,100 (inclusive of GST), whilst larger businesses must invest in *new* depreciating assets costing over \$11,000 (inclusive of GST).

The asset must be new when it is used or installed ready for use for the first time by the taxpayer, or any other taxpayer, and used for the principal purpose of carrying on a business. If you are considering a leased asset, please contact us first to discuss.

Installed by:	New Investment by:	
	30 June 2009	31 December 2009
30 June 2009	30% in 2008/09	
30 June 2010	30% in 2009/10	10% in 2009/10
31 December 2010	10% in 2010/11	10% in 2010/11

Motor vehicles used principally for business are eligible for this allowance. Computer software is not a depreciating asset and is not eligible for this allowance.

### Are you a share trader or investor?

Those who claim share trading as their business, rather than just being an investor, must convince the ATO before they can claim trading losses as tax deductions.

Whether a person is an investor shareholder or a trader is determined on a case-by-case basis. But a universal rule is that a share trader is classed as someone who is undertaking "business activities for the purpose of earning income from buying and selling shares". The volume and frequency of transactions are important determining factors - not necessarily the amount of capital invested. Other important determinants are evidence of a business plan and the keeping of records in a "business-like manner".

*Further change to the temporary investment allowance*

*When can you claim this allowance and how much?*

*Trader or Investor?*

*It's FBT lodgement time again*

## **Baumgartner Partners**

Level 1  
1102 Toorak Road  
Camberwell VIC 3124

Phone:  
(03) 9831 7777

Fax:  
(03) 9889 9106

Email:  
[beancounter@baumgartner.com.au](mailto:beancounter@baumgartner.com.au)

Web:  
[www.baumgartner.com.au](http://www.baumgartner.com.au)

Traders must declare proceeds from the sale of shares as ordinary income, but can claim the cost of purchase of trading shares in the year of purchase as a deduction, **net of the movement in any unsold trading shares, valued at the lower of cost or market value.**

Investors' share purchase transactions are taxed on capital account at the time of disposal, as either a capital gain or loss. If the shares are held for more than twelve months, a capital gain is eligible for the general CGT discount.

Dividends received are treated as ordinary income, whether a taxpayer is a share trader or an investor.

The same analysis applies to property transactions, with each situation needing to be considered on a case-by-case basis.

### **Fringe Benefits Tax (FBT)**

You must lodge a *Fringe Benefits Tax (FBT) return 2009* if you have a FBT liability for the year ended 31 March 2009. You do not need to lodge a FBT return if your fringe benefits taxable amount for the year ended 31 March 2009 is nil, but you should lodge a *Notice of Non-lodgement* if you are registered as a FBT payer. If you paid FBT instalments during the year, lodging a nil FBT return will enable the ATO to update their records and refund these credits to you upon request.

You must lodge your return by 21 May 2009 unless you lodge via Baumgartner Partners, in which case there is an extended lodgement due date of 29 May 2009. Please contact us if you require assistance with the preparation of your FBT return.

### **Accountant Joke of the Quarter**

Who is the greatest financier since biblical times?

Noah. He floated stock when the rest of the world was in liquidation.

### **Around the traps**

We congratulate Gurjeet Singh on his recent marriage to Sureena. The happy couple honeymooned in Fiji.

We take this opportunity to thank our staff for their generous contributions to the Bush Fire Appeal, which the firm matched dollar for dollar. We have also donated our staff's time to travel to the Red Cross in Yea and assist with volunteer work, if required.

### **Superannuation Issues**

#### **50% reduction in the 2009 minimum pension rates**

On 18 February 2009, the government announced that due to the economic downturn, there will be temporary relief from minimum account-based pension draw down requirements for the 2009 year, i.e. superannuants need only draw down 50% of the minimum pension limit for the period 1 July 2008 to 30 June 2009. If superannuants have exceeded the reduced limit to date, they need not draw down any further sums for the 2009 year.

---

*Please let us know if you would like us to do any special features in future editions of Beancounter's Bulletin.*

The information contained in this newsletter is of a general nature and is not intended to address the circumstances of any individual or entity. It does not constitute advice per se and should not be relied on or acted upon without appropriate financial advice from Baumgartner Partners. The information is objectively ascertainable and therefore does not constitute financial product advice. As legislation may change rapidly, we cannot guarantee that the information contained in this newsletter is accurate at the time of reading or will continue to be accurate in the future. Liability limited by a scheme approved under Professional Standards Legislation.