
Gatherum-Goss & Assoc

ISSUE 68 - SPRING 2010

Wow, October already... starting to think about Christmas trees, presents, and most importantly, Christmas parties! Keeping in mind that the end of the year is fast approaching, if you would like to receive your refund before Christmas it would be a good idea to get your information in to us as soon as possible to ensure there are no delays. The ATO are still having teething problems with their new system and turn-around times for assessment notices (and therefore refund cheques) can be up to 28 days.

It is with great pleasure that I let everyone know Alysha has passed her mortgage broking course and now holds Cert IV in Financial Services (Mortgage Broking). As you may or may not know, Alysha heads up our SMSF Property Warrants Division, where we do the broking ourselves, so this is a fantastic achievement for her, well done Alysha!

As always, please do not hesitate to let us know if you have any feedback, good or bad, we welcome it all. And of course, our door is always open (or the email system) should you have any questions or queries.

Bec Mackie
Managing Partner

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TAX RETURN CHANGES

There are a small number of changes to the tax returns for the 2010 financial year, with the most noticeable ones being:

1. Employee share scheme discounts applied are now reported on the tax return. As well as filling out and signing a Section 139E, clients are now required to disclose the value of shares received at Item 12 of their tax returns.
2. Income tests—the "IT" items on your tax return will now assist you in determining your 'adjusted taxable income' which may be needed when determining any medicare levy surcharge payable, family assistance office payments eligibility and HELP repayments, to name a few.
3. Eligible super contributions—there is now a section where you can enter your eligible super contributions (non-employer sponsored) to assist with determining if you are eligible for the governments co-contribution of up to \$1,000. Check out the ATO website for more information on thresholds and eligibility or call the office.

A WORD FROM OUR FINANCIAL ADVISOR

Property— a key factor in providing Holistic Financial Advice

This statement sums up our approach to Financial Advice.

Many clients have successful property portfolios and create strategies for their wealth and financial independence via this medium.

This approach to wealth accumulation is commonly used by our clients but is only one component to consider when protecting your wealth and planning for the future.

Holistic financial advice relies on more than whether to purchase residential and/or commercial property, it extends to your estate planning; succession planning; superannuation; risk insurances and other investments. Quality, holistic financial advice will ensure that all these areas of your wealth accumulation are considered.

The two most important questions that we ask our clients are:

1. "What is your desired annual income for the duration of your life?" and;
2. "At what age do you want this income to come from your investments?"

When these two questions are answered with the potent mix of optimism and realism, they will naturally create a target for your financial goals and thus, become the two pillars to create your working 'Financial Blueprint'.

The Blueprint will forecast the potential growth in your current portfolio; identify other investments that should be considered in the ensuing years and identify what impact significant issues like gearing, income tax and capital gains tax have on your Blueprint.

Once your Blueprint is created we revisit as required and this remains the working document for your future and is adjusted to reflect your lifestyle changes. A Blueprint, sophisticated in its financial construction, provides clients with clarity, clear direction and a final destination.

Off the back of your personal financial information, risk profile and investment strategy, the Blueprint answers the most sought after question that our clients ask us, "How do I get there", and there can be no more powerful way we can help you achieve your goals.

Call Darren at the office today on 03 8813 0162.



NEW SMSF BORROWING LAWS

The new super borrowing laws in effect from July 7, 2010 bring about a number of changes with the main ones seen below:

SINGLE ASSET RULE

Only a 'single' asset can be acquired with a borrowing. The conservative view is that a separate borrowing is needed for each title being acquired. However, a collection of assets that are identical and have the same market value is deemed a single asset (eg, a parcel of ordinary shares in a company). A parcel of RIO shares bought one day and a parcel bought the next day, although the same share, are not a single asset for this purpose.

REFINANCING

Refinancing is now allowed. SMSFs can search for a better deal, and while the new law only applies to arrangements after 6 July 2010, refinancing an old arrangement will subject it to the new law.

REPAIRS AND MAINTENANCE

Money borrowed for repairs and maintenance of an asset are now allowed. Certain repairs that improve the form or function of the asset however constitute an improvement and are prohibited.

GUARANTEES

Guarantees and indemnities can be allowable, subject to certain criteria being met. Accordingly, it's important that the borrowing documentation has been closely checked.

An asset cannot generally be replaced. However, shares, stapled securities and units in a unit trust can be replaced in certain cases.

BEWARE OF:

Properties that come with more than one title may need several borrowing arrangements put in place. This is common with apartments and commercial premises sharing common property or that come with a separate car park as well as farms (as they are often spread over multiple titles).

Check that the documents being used reflect the new law as older templates pose a compliance risk and many are yet to be updated.

Some information provided by DBA Lawyers.

INTERESTINGLY ENOUGH...

Australian property investors still believe property is a secure long-term investment regardless of the state of the recent GFC, according to a new survey.

A recent property investor survey has revealed that a staggering 98.6% of respondents are still confident in property as an investment proposition - a fall of only half a percent from the prior year. Eighty per cent believed that we will see growth over the next year, while 70% said that now is a great time to buy. Over half of those surveyed said they were actively planning to buy an investment property in the next year.

Lenders appear to be relaxing some of their policies, providing opportunities for investors who are not afraid to go against the herd to take advantage of some outstanding buying opportunities.

While four-fifths of respondents thought interest rates will rise over the next year, this has not affected the plans of three-fifths of those surveyed. Eighty-five per cent of respondents also argued that now is not a good time to fix their mortgage interest rates, while 64% had reviewed their mortgages to see if they could get a better deal within the last 12 months.

HANDY READING

We have recently been enjoying some excellent investment articles from a couple of magazines that don't often get enough mention.

'Your Investment Property', Australian Property Investor' and 'Money' magazine often have some fantastic content, so get reading now!

RENTAL PROPERTY RELATED TRAVEL

Whilst you can claim the costs of travel using one of four methods to inspect investment properties, it is important that you actually **MUST HAVE** visited the property—and not just driven past it.

Trips to inspect, make repairs, collect rent etc. are claimable, but please make sure you actually do go to the property.

CLIENT DATA FILES

PLEASE PLEASE PLEASE do NOT change your MYOB, Quickbooks, Quicken or other data files after you have sent them to us for tax return preparation. Of course, this only counts for the financial year we are working with, and if you **MUST** make changes please give us a new copy ASAP!

VARIATIONS

Keep in mind that if you need a little extra in your payslip each pay period and you have negatively geared property, it may be worth considering a PAYGW variation application which can be lodged right up until May 2011. A form is available on our web.

A TOTAL FINANCIAL SOLUTION

OUR RANGE OF SERVICES INCLUDE:

Tax advice * Accounting * SMSF loans * Property warrants * Mortgage broking * Financial services

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