
Gatherum-Goss & Assoc

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As the end of another financial year approaches I would like to take the opportunity to ensure every one of our valued clients are aware of our tax planning services and how we can help minimise your tax or at least allow you to prepare for any tax payable that might come from property sales or business success. If you would like to discuss tax planning please contact me by phone or email and I will endeavour to help.

Also, Dale Gatherum-Goss' book, 'Trust Magic' has recently been updated and there is quite a lot of new content. It is well worth a read, being hailed as the best book on trusts in Australia! Visit www.trustmagic.com.au for more information.

Bec Mackie

Managing Partner

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WELCOME!

Adriana Chioda is the newest addition to the team at GGA.

Adriana has a background in administrative services for accounting practices and possesses the excellent 'people skills' that we are renowned for.

Adriana will be taking over Robyn's position as the Corporate Secretary in our Administration Team and will be supporting the accountants and Karen.

As you may have already read, Robyn has been promoted to the Marketing Co-ordinator amongst the team and will be organising many exciting events for our team in the months to come (including our recent Investing and Economics seminar which was a booming success!).

Please feel free to welcome Adriana when you speak to her, or congratulate Robyn if you do pop in the office.

PAID PARENTAL LEAVE

Taking time away from work for a new baby is a common part of working life. The Paid Parental Leave (PPL) scheme was introduced on 1st January, 2011 and while this has brought smiles to the faces of mums-to-be, it is causing headaches for some employers as they take on the associated administrative responsibilities.

How is this headache cured? By learning exactly what is involved...easier than popping an aspirin...just read on.

The Basics

The PPL scheme:

- ☞ is government funded
- ☞ is for eligible working parents of children born or adopted on or after 1 January, 2011
- ☞ can be transferred to the other parent
- ☞ is paid at the National Minimum Wage - currently \$569.90 a week before tax
- ☞ is paid for up to 18 weeks
- ☞ can be taken any time within the first year after birth or adoption, however the parent must not have re-turned to work between the birth and taking the payment .

Eligibility

Full-time, part-time, self-employed, casual contract and seasonal employees all have access to the PPL. The payment can be made to either the mother or father.

To qualify, the employee must:

- ☞ have worked for at least 10 months in the 13 months up to the date of the baby's birth, having worked at least 330 hours with no break longer than eight weeks between two working days
- ☞ have earned less than \$150,001 in the previous full financial year (this is adjusted taxable income so it includes add backs for fringe benefits, reportable superannuation contributions, tax free pensions, targeted foreign income and investment losses, less child support payments. Spouse income has no effect.
- ☞ must have worked for 12 months or more in the current place of employment and must be accessing more than eight weeks of PLP (if less than 12 months have been worked at current place of employment or less than eight weeks of PPL are available, a business can choose whether or not to provide PPL. Either way, the government will still pay the employee the PPL)

Employer Obligation

Although PPL is a government funded initiative, employers will be responsible for distributing the payments to their employees.

As an employer you can opt to be an early adopter of the scheme and begin handling payments from January 1, 2011, however the government has allowed this role to be voluntary until June 30, 2011 so you have time to make any necessary adjustments to your payroll system without having to make changes halfway through the financial year. From 1st July, 2011, you will be responsible for providing PPL to eligible employees.

We would encourage that you discuss with your employees their leave intentions well in advance to their proposed leave in order to make the necessary arrangements.

For example, you will need to provide a number of details to the Family Assistance Office including bank account details and employee information. The easiest way to provide this information is online. You can register for the PPL scheme through Business Online Services (at www.centrelink.gov.au) or you can call the Centrelink Business Hotline on 13 11 58.

When you received the PPL payments from the Family Assistance Office it will be recorded as taxable income to your practice and the corresponding payment to the employee will be recorded as a tax deductible expense so the result has no affect.

You will be responsible for deducting tax from the payment on behalf of your employee and it must be included in the PAYG summary. The PPL amounts are not considered in payroll tax or workers compensation calculations. While a parent is on paid parental leave they do not accrue long service leave or annual leave and the 9% superannuation guarantee does not apply.

A Note to 'Expecting' Employees

For parents of babies born from 1st January, 2011, you will need to choose between receiving PPL or the Baby Bonus and Part B. You can use the 'Paid Parental Leave Comparison Estimator' (available at www.centrelink.gov.au) to help you decide if you want to receive PPL or the Baby Bonus. The 'Paid Parental Leave Comparison Estimator' will ask you to answer questions about your circumstances and will provide you with a comparison between the two payments.

The PPL payment is made by your current employer but you need to make the application with the Family Assistance Office.

SUPERANNUATION FOR CONTRACTORS

Contractors make up ten percent of the general workforce in Australia. As an employer, you are liable to make regular superannuation contributions on behalf of your employees. However, when you hire contractors, there are no superannuation obligations. Unfortunately the distinction between an employee and contractor for superannuation purposes is not always clear.

In recent cases, the Australian Tax Office (ATO) emerged triumphant in its view that workers employed as contractors were actually classified as employees, therefore requiring the employer to pay their super. If you get this distinction wrong, the ramification for employers can be devastating as the potential liability will go back for as long as the employment agreement has been in place.

Many factors determine whether a worker is an employee, with degree of control over the worker considered the most important factor. There is a "terrific amount of grey" that exists regarding contractors not only for employers' super obligations but also workcover and payroll tax.

If you would like clarification on whether your workers are contractors or employees please contact us for further advice.

JOINT TENANTS VS. TENANTS IN COMMON

We have been asked to differentiate between the two above terms a few times this year already. So, for those of you that may be still wondering...

If you own a property as **joint tenants**, it means that:

- You all own the property in equal shares
- If one of the owners die, then their share automatically passes to the other owners (even if you have a Will that gives your share to someone else – your Will cannot override a joint tenancy).

If you own a property as **tenants in common**:

- You can choose to own the property in equal shares, or unequally. For instance, if one of you have contributed more to the property than the other, you could hold shares of say, 1/3rd and 2/3rds)
- If one of the owners die, your Will decides who gets your ownership share (it will not automatically go to the other co-owners as it would if you held as joint tenants).

TAX RETURN LODGEMENT

A letter will be going out in the coming weeks as a reminder to those of you who have not submitted their tax info yet, Don't stress, there's no hurry, but please don't leave it until the last minute as it puts a lot of pressure on the accountant. Please also allow for our 4-6 week turnaround time.

AFFECTED BY DISASTER

If you have unfortunately been affected by the recent natural disasters and foresee that this may affect your financial affairs or ability to provide documents (past and present), please do let us know when you have time.

We will need to notify the ATO that you may require special consideration.

RECORD KEEPING

One key contributor to the success of a good investment or business is good records! Not only does it allow you to identify your net position at a given time, but it also helps to reduce your accounting fees (and stress levels!) and leave you to do what you do best—run your business.

We have a number of excellent bookkeepers that have a great deal of expertise in a range of accounting packages and can cater for all types of business and investment

A TOTAL FINANCIAL SOLUTION

OUR RANGE OF SERVICES INCLUDE:

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

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