

CLIENT SOLUTIONS – Winter 2013

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NASH SOLUTIONS – Practice News



"Accountants! They're not fighting over the bill,
it's the receipt."

At Nash Solutions our goal is to provide holistic solutions to client problems, to grow our client businesses and investments and to accumulate client wealth for their retirement. We seek to deliver this by providing accurate, timely and proactive advice.

We value our relationship and if you have any like-minded business associates who could benefit from Nash Solutions services then we would be most grateful for your referral.

TAX PLANNING – 2013 Year-end Review

Simple tax planning strategies for small business enterprises (less than \$2m turnover):

1. Items with longer lead times

- Acquiring small items of plant and equipment up to \$6,500 for immediate write-off;
- Acquiring new or used cars to access the \$5,000 up front write-off;
- Deferring income;
- Negative gearing new investments and prepaying interest;
- Sale and lease back to unlock cash and prepaying the lease;
- Tax deductible Income Protection Insurance;
- Tax deductible Life and TPD Insurance inside super

2. Last minute items

- Advancing expenses
- Prepaying expenses for up to 12 months;
- Writing off bad debts;
- Scrapping obsolete depreciable plant;
- Writing off small depreciable items;
- Maximising superannuation contributions;
- Farm management deposits;
- Realising capital losses to offset gains;

Please contact us as soon as possible to complete your pre – 30 June review.

CLIENT PROCESSING – 2012 Accounting and Taxation Compliance

Tax Lodgement Due Dates

2012 Non-Tax/ Refund Individual, Coy Sup	05/06/13
June 2013 BAS	28/07/13
Monthly BAS / IAS	21 st next month

We request that all outstanding business clients forward their 2012 records to us immediately so that we can schedule the processing of your returns for lodgement in order to minimise ATO lodgement penalties.

TAX OFFICE SOLUTIONS- Record-keeping for small businesses



Nash Office Solutions

Nash Solutions has a service to assist small businesses.

Services include any or all of the following:

- Administrative assistance for mail, creditor control and payment, invoicing, debtors control and collection, filing
- Secretarial and typing services
- Small business start-up assistance with registrations and record keeping
- Financial records and regular processing
- Book-keeping to a standard that your accountant would accept
- Full business advisory services

Services are available by the hour and at competitive rates.

If you are always neglecting your paperwork, or you have considered a full-time assistant but can't afford it, then **contact Grahame to tailor a cost effective solution for your business.**

TECHNICAL ISSUES – Changes to the Super Guarantee



Changes to the super guarantee rate

The compulsory super guarantee rate will gradually increase from 9% to 12%.

When making super payments on behalf of your employees based on the minimum 9% super guarantee rate, you will need to increase this rate on which you base your calculations to 9.25% on 1 July 2013.

The super guarantee rate increases to 12% over seven years, as shown in the table below:

Year	Rate
Current Rate	9.00%
1 July 2013	9.25%
1 July 2014	9.5%
1 July 2015	10.00%
1 July 2016	10.50%
1 July 2017	11.00%
1 July 2018	11.50%
1 July 2019 and onwards	12.00%

What you need to do

- Update your payroll and accounting systems to apply the appropriate increase to the super guarantee rate;
- From 1 July 2013, increase the rate you use to work out the super guarantee payments you make for your employees from 9% to 9.25%;
- Continue to increase the rate you use to work out the super guarantee payments you make for your employees each year until 1 July 2019;

The increase in percentage may be deferred if there is a change of government in September. We will advise you further as the proposed legislation is debated in Parliament.

Removal of super guarantee upper age limit

From 1 July 2013, there is no upper age limit for making super guarantee contributions for an employee. Removal of the limit is to encourage mature workers to stay in the workforce.

This means you may need to make super guarantee payments for eligible employees aged 70 years or over.

Contact us for more information.

BUSINESS & COMMERCIAL NEWS – 2013-14 Federal Budget update



Medicare Levy Increase

Effective 1 July 2014

The Medicare Levy is proposed to increase from 1.5% to 2.0% to fund Disability Care, the Government's national disability insurance scheme.

Extension of monthly Pay As You Go (PAYG) income tax instalments

Effective 1 January 2017

PAYG income tax instalments will be extended to all large entities in the PAYG system, including trusts, super funds, sole traders and large investors. This measure builds on an existing proposal to progressively introduce PAYG income tax instalments to companies from 1 January 2014. For all other entities in the PAYG instalment system with turnover of at least \$20 million, monthly PAYG instalments will apply from 1 January 2017.

Concessional Contributions Cap

Effective 1 July 2013

The Government has proposed to introduce an unindexed \$35,000 concessional contributions cap to individuals over 60 years of age and for individuals over 50 years of age from 1 July 2014.

Those who do not meet the age based requirements will be subject to the ordinary concessional contributions cap which is currently \$25,000. It is anticipated that this threshold will be indexed to \$35,000 by 1 July 2018.

Farm Management Deposit (FMD) Schemes

Effective 1 July 2014

To be eligible to claim a tax deduction for FMD scheme deposits, a taxpayer's non-primary production income for the income year cannot exceed \$65,000. It is proposed that the non-primary production income threshold will increase to \$100,000 from 1 July 2014. This will help primary producers to diversify their sources of income.

For ease of management, depositors may want to consolidate multiple FMDs into a single FMD account, if they have been held for longer than 12 months without triggering tax liabilities.

FMDs allow primary producers to claim tax deductions for deposits made during an income year, provided the deposits remain in an FMD for at least 12 months (unless there are exceptional circumstances). Withdrawals from FMDs are included in assessable income in the income year the deposit is withdrawn. As such an FMD can be a smart planning vehicle to help primary producers smooth out their cash flow and taxation liabilities.

Client Implications

- Consider the option of consolidating multiple FMD's from 1 July 2014 (where held for longer than 12 months);
- Those with non-primary production income for the income year between \$65,000 and \$100,000 may become eligible to use FMDs.
- Some taxpayers may have limited their non-primary production income to be eligible to use FMDs. There may be an opportunity to increase the amount of their non-primary production income.

FINANCIAL PLANNING – Economic Updates

We remind clients that we provide a full range of financial planning services including investments, savings and retirement plans, life and income protection insurance, superannuation, super pension and Centrelink age pension analysis using our 'DomaCom Guided Planning System'.



Economic Update Summary

Australia – the consumer price index (CPI) was weaker than expected at 2.5% for the year to March, on a seasonally adjusted basis.

Australian unemployment fell 0.1% in April to 5.5% on a seasonally adjusted basis beating market expectations of 5.6%. The participation rate increased 0.2 pts to 65.3% from March.

The RBA lowered the official cash rate by 25 bps to 2.75% at its May meeting. The key motivation to the easing decision was to address the stubbornly high Australian dollar that continues to hurt the non-mining sectors of the economy.

Europe – Eurozone unemployment reached another record high at 12.1% in March, up from 12.0% in February. The manufacturing sector also weakened to 46.7 in April from 46.8 in March.

The ECB lowered its main refinancing rate 25 bps to a record low of 0.5% in response to the ailing economic conditions. This boosted confidence in the market on the back of the ECB's commitment for another round of easing should conditions continue to deteriorate.

United States – The initial US GDP estimate for Q1 2013 fell short of market expectations at 0.6%, bringing the annualised figure to 2.5% despite rebounding from the December quarter lows. US manufacturing activity also softened in April as the ISM business survey posted 50.7 from 51.3 in March.

US unemployment fell to a four year low in April to 7.5% from 7.6% in March while the US housing market, as measured by the S&P/Case-Shiller House Price index, accelerated to 9.4% over the year to February 2013 compared to March.

China – Q1 GDP disappointed at 7.7% over the year compared to 7.9% over the year to Q4 2012. Consumption growth surprised on the downside, as the government continues to discourage luxury spending along with new controls on residential property lending.

The Chinese manufacturing sector, as measured by the HSBC Chinese Manufacturing purchasing manager's index (PMI), slipped to 51.1 in April from 53.5 in March while CPI accelerated at a faster-than-expected 2.4% over the year to April compared to 2.1% in March.

Investment Outlook by asset class

Australian Equities – Australian Shares recovered from last month's sluggish performance predominantly led by the financial sector. The S&P/ASX 300 Accumulation Index returned 4.3% over April.

The S&P/ASX Small Ordinaries Index fell 4.7% over the month, once again underperforming the large cap index.

International Equities – Global equity markets were predominantly stronger in April. The broad MSCI World ex Australia Index rose 3.5% in unhedged terms and 2.9% in fully hedged terms as the AUD fell 0.4% against the USD in the month. More specifically, based on the relative performance of the S&P Developed ex-Australia Large mid cap indices, global growth(+3.1%) underperformed their value (+4.0%) counterparts A\$ terms.

Property – Real Estate Investment Trusts (REITs) had a positive month; Domestic REITs (as measured by the S&P/ASX 300 A- REIT Index) rallied 8.2% and Global REITs (as measured by the FTSE EPRA/NARIET Global Developed Index) gained 7.7% on a fully hedged basis.

Fixed Income and Cash – Sovereign Bond yields fell across the major markets with the exception of Japan. Ten year bond yields fell: in Australia (-33 bps to 3.09%), US (-18 bps to 1.68%), UK (-9 bps to 1.67%) and Germany (-8 bps to 1.20%) but increased in Japan (+5 bps to 0.60%).

Australian Bonds fell over the month with the UBS Treasury Bond Index and UBS Semi-Government Index returning 1.6% and 1.7% respectively while the UBS Credit Index rose 1.2%.

Currency – The Australian dollar depreciated against the major currencies during April with the exception of the Japanese Yen (JPY). The AUD fell 0-4% relative to the US dollar finishing April at USD 1.038. Against other currencies, the AUD also appreciated 3.2% against the JPY and depreciated 3.0% relative to the Euro and 2.9% against the Pound Sterling. On a trade weighted basis, the local currency depreciated 0.9% over the month.

FINANCE

Thinking of buying a new vehicle?

We remind clients that car dealers play many tricks with new car prices, trade values and in-house finance in order to spruik up their 'deal' and at the same time extract maximum profit. We are in a position to advise you on how to get the best actual deal when trading.



Find your new car, plant or equipment and then contact Suzanne for advice before you commence negotiations with the dealer.

SPECIAL TOPIC – Commonwealth Senior's Health Card



Contributed by Suzanne McCarthy, Financial Planning Client Services Manager

Commonwealth Seniors' Health Card

The Commonwealth Seniors' Health Card is available for self-funded retirees on low to middle incomes who have reached age/service pension age but do not receive Centrelink/DVA benefits.

Qualifying for Commonwealth Seniors' Health Card

To qualify for the Commonwealth Seniors' Health Card a person must:

- be an Australian resident*, living permanently in Australia
- have reached age pension age - or in the case of veterans, have reached service pension age

- have an annual adjusted taxable income[^] of less than \$50,000 as a single person, \$80,000 as a couple or \$100,000 as a couple where they are separated because of respite care, illness or one partner is in gaol - the limit is increased by \$639.60 for each dependent child cared for, and
- not be receiving a Centrelink or DVA pension or income support.

[^] Adjusted taxable income is taxable income plus net investment losses, target foreign income (foreign income not normally taxed in Australia including fringe benefits), employer provided fringe benefits in Australia and reportable superannuation contributions (ie reportable employer contributions) and deductible personal contributions. All eligible persons will be over age 60 so adjusted taxable income does not include lump sum withdrawals or pension payments received from a taxed superannuation fund.

* Must be an Australian citizen, a holder of a permanent visa or a New Zealand citizen who arrived on a New Zealand passport. Newly arrived migrants must generally have been an Australian resident or holder of a Special Category visa for at least 104 weeks (2 years).

Holders of the card pay reduced prices on eligible prescription medicines through the Pharmaceutical Benefits Scheme (PBS).

There is a 'safety net' for people requiring a lot of medicines. Once expenses reach a certain threshold over a calendar year period, clients are entitled to receive free PBS medicines for the remainder of that year.

Apply for a card

A form for the Commonwealth Seniors' Health Card can be obtained from any Centrelink office.

Veterans can obtain a claim form from any Veterans' Affairs office.

The Commonwealth Seniors' Health Card is issued by the Commonwealth Government and does not entitle cardholders to any State or local government concessions.

Seniors' supplement

Holders of the Commonwealth Seniors' Health Card are also entitled to a cash payment of the seniors' supplement. This is paid quarterly in December, March, June and September at the same rate as the minimum pension supplement.

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Acknowledgement: We wish to acknowledge Mercer Investments (Australia) Limited as the source of the information used in the preparation of this newsletter. The economic and investment analysis content of this newsletter is based on their latest published Market Valuation & Economic Review for May 2013.

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[View past Nash Solutions newsletters](#)

“Cashflow is critical for business growth and survival. Is your business generating the returns you require and is it maximising your wealth?”

Nash Solutions Business Services can assist you with:

Accounting, book-keeping and day to day business administration services

Taxation advice, including:

- Year-end tax planning
- CGT and business rollovers
- GST
- Negative Gearing

Small Business advice, including:

- Structuring
- Incorporation and company secretarial services
- New business start up
- Business acquisitions and valuations
- Business Sale

Tax return and BAS preparation

Superannuation, including:

- Self Managed
- Employer Superannuation Funds
- CGT rollovers on sale of business

Business analysis, including:

- Financial Analysis
- Management accounting

Business planning, including:

- Financial Analysis
- Management accounting

Financing, including:

- Review of current finance arrangements
- Equipment and motor vehicle finance

Computerised Records, including:

- Accounting related assistance generally
- MYOB software and computer support
- Banklink

Audits

- Self Managed Super Funds
- Clubs and Associations
- Companies

“Savings plans are necessary to ensure sufficient funds are available for your retirement. Will you live the comfortable retirement you dream of?”

Nash Solutions Financial Planning Services can assist you with:

Children’s education plans, including

- Imputation Bonds

Direct Share Investment

Superannuation, including:

- Individuals
- Employer group policies
- Self Managed Superannuation Funds

Personal Insurance, including:

- Life
- Total & Permanent Disablement
- Income Protection

Finance, including:

- Debt consolidation
- Housing & Commercial Loans
- Investment Loans
- Vehicle, Plant & Equipment

Wealthvue retirement and lifestyle planning analysis

- Income streams and capital drawdowns
- Centrelink benefit planning and analysis for age pension retirees

Estate succession planning

Aged Care Planning

“3 in every 4 Australians will be diagnosed with a serious illness during their working life and will spend many months off work. Will your family live in poverty?”