Powerline

POWER TYNAN

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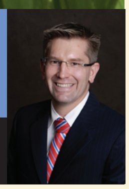


with **Philip Saal**

The festive season is upon us and for me it is all about balance. Trying to meet deadlines, making appearances at the various Christmas functions, keeping up with the kids' schooling and sporting commitments, as well as making sure thought goes into buying Christmas presents (apparently vouchers just don't cut it in our household).

Christmas gives an opportunity not only to reflect on the year that has passed but to create those dreaded New Year's resolutions. If we look at the year in review, we have seen three different Prime Ministers, two birds winning our major football codes (Roosters and Hawks), we lost the Ashes in England (but now we have won the First Test), struggled to win a Rugby Test, and have seen Adam Scott unleashed on the golfing world, with a win in a major. The financial markets have firmed and investors finally have something to smile about. The tide in our office is turning with the balance of power on the comedy stakes leaning back to the financial services. The popularity in financial services has increased and once again we can tease our accounting comrades.

Next year will be an exciting year for our firm with the Toowoomba office relocating to new premises in April. This creates plenty of challenges for those involved, such as choosing colours, layouts and trying to meet everyone's expectations. For the first time in Toowoomba, it will allow all our service areas to operate on the one level. This should allow for better communication in the office (which also means we can throw stuff at each other!!).

This coming year we will face new challenges, in business we have to be able to adapt to the short term challenges without losing our long term focus. These holidays should give you a chance to take a breath, reflect on what experiences we can learn from and set goals for the New Year.

On the behalf of all the staff and Directors at Power Tynan, I wish you all a very safe and Merry Christmas.

How long does it take to earn the price of a beer?

Every year in the Bavarian city of Munich, the Oktoberfest famously celebrates beer in all its forms. Over the 16-day event, visitors manage to consume around 7.6 million litres of the amber fluid, which sold at a recent festival for an inflated asking price of €9 (around $13.50) per litre, which is the capacity of a typical large stein.

Germany is a beer-loving nation, with a recorded average consumption of 100 litres per person each year. Except of course the foaming brew is more affordable away from the tourists and the hoopla of the Oktoberfest.

Just for a bit of financial comparison fun, analysts at Swiss bank UBS calculated how long it would take a German worker, earning that country's national median wage, to make enough money to buy a half-stein (500ml) at a retail outlet. The data indicated that the thirsty German would have to labour for just under seven minutes to earn his fist of foaming amber.

At the other end of the bar stand the parched workers in India, who are required to toil for almost an hour, due to higher taxes and lower wages, before being able to pay for a cold one. In fact (and perhaps somewhat unfairly), it is the hotter countries that have the longest work time required to buy a cold beer. The Philippines comes in at 38 minutes, Nigeria at 29 minutes and Vietnam at 28.

Australians on the other hand have to work about 12 minutes per beer (although that's a half litre, so it's a good sized beer), while our US friends are luckier than even the Germans and have to work for only around five minutes before earning a brewski. French beer drinkers need to labour for 10 minutes to earn their half litre, just behind China at around eight minutes. Our Mexican friends have to sweat through 15 minutes to earn their beer, while the Japanese have to stick at the job for about 18 minutes to earn enough for their brew.

The average, out of the 27 countries that UBS surveyed, is 20 minutes of earning the national median hourly wage to buy a half litre of that country's typical local brew.

Source: Taxpayers Australia Inc

How will my staff affect my succession plan?

Power Tynan Business Advisory Solutions

Most business owners would agree that it is becoming increasingly difficult to attract and retain good staff. There is increased reporting on the skills shortage in various industries and there are no signs that this is going to change. So how important are key staff to your firm?

Many firms would suggest that a lack of suitably qualified, motivated staff is a major issue restricting the growth and security of their business.

This has several significant adverse implications. If not managed, it will adversely affect your business, your lifestyle and consequently your exit from the business. These implications include:

1. Difficulty in attracting new staff
2. Retaining existing staff
3. An increase in labour costs
4. Less stability in the workforce
5. Increased stress for the business owner
6. Commercial opportunities are foregone (and end up with the businesses who are better at staff recruitment/retention)
7. Business owner spending more time on staff and less time on clients

Without good staff you are unable to grow your business and your business will remain owner reliant. Both of these issues will adversely affect the value of your business and hence the quality of your retirement lifestyle.

It is critical for every succession plan to include strategies for staff recruitment and retention. It is also vital that staff are committed to contributing to the objectives of the business.

Furthermore, if your business is reliant on you as the owner, it will restrict your succession options and adversely impact on your work load and lifestyle.

Staffing issues that need to be considered when strategising your succession plan:

- Effective use of Staff
- Recruitment
- Management
- Future Ownership

Summary

Clearly, staff play a major role in your succession.

Firstly, they determine the value of your firm.

Secondly, they provide an excellent 'pool' from where your future successor may be sourced.

An effective Staff Incentive Program will focus your staff on growing the value of your firm, retain your staff and provides an excellent building block for your business succession.

Source: BStar Pty Ltd

Should you borrow within your Self Managed Superannuation Fund (SMSF)? It may be a simple enough question but, given the number of factors to consider before embarking on a superannuation borrowing strategy, the answer may not be as straightforward.

Introduction

Generally, Self Managed Superannuation Funds (SMSFs) are prohibited from borrowing except under limited circumstances. One of the exceptions to the borrowing rules involves the use of a Limited Recourse Borrowing Arrangement (LRBA). This exception has allowed SMSF trustees to consider borrowing as a strategy to increase members' wealth within superannuation, particularly in light of the dramatic reduction in contribution limits. Before embarking on any such strategy, however, trustees should understand that gearing increases the potential for greater returns and it also increases the potential for greater losses. Ultimately it's the losses that could seriously affect a member's overall retirement position. Do you understand all the risks involved?

Advantages & Disadvantages of Borrowing

Advantages

- Borrowing can maximize the wealth effect in the SMSF.
- The borrowing period can be determined to suit the requirements of the members of the SMSF – ie. set for a short period or for a longer period (can be up to 30 years).
- Borrowing can provide tax benefits if the asset being acquired is used to produce income.
- It allows larger assets such as business real property to be transferred into the SMSF in circumstances where contribution limits are prohibitive.
- It allows self employed individuals to own the property from which they run their business via their family superannuation fund.

Disadvantages

- Additional costs involved – legal fees to establish an instalment trust to act as custodian of the asset, potential capital gains tax, potential stamp duty costs (varies from State to State) – the latter more likely if the instalment trust is involved in operational activities instead of just a custodial trust.
- Interest rates offered by lenders may be higher than standard loan rates due to the limited recourse condition of the loan.
- Increased level of risk due to "geared" structure.
- Cashflow issues if the fund is unable to make repayments as well as meeting other costs.
- Potential to breach Superannuation Law eg. in-house asset rules, related party acquisition rules (residential property cannot be acquired from a related party; SMSF members and their families should not use the asset for their own benefit).
- If the lending structure is too complex the SMSF trustee/s may not fully understand the implications of borrowing, which can result in compliance breaches within the fund. Additional costs may arise due to penalties imposed by the regulator (the Australian Taxation Office) to rectify the breaches.
- There is a fair degree of complexity surrounding the rules. It is important SMSF trustee/s seek professional guidance from solicitors, accountants and financial advisers.

Issues to Consider

- Does the SMSF's Trust Deed include provisions to allow this type of borrowing within the governing rules? An update may be necessary before any arrangement can be entered into.
- Is the purchase of the new asset in line with the SMSF's Investment Strategy, taking into account asset allocation, risk, liquidity, diversification, cashflow etc? The Investment Strategy may need to be reviewed accordingly.
- Has the instalment trust been established correctly? Stamp duty and capital gains tax could otherwise apply on eventual transfer from the security trust to the SMSF if the trust has been set up incorrectly.
- If the new asset is business real property, who will be managing the property? Any leasing arrangement must be done on commercial terms.
- If the lender is a related party, and the loan is considered a "friendly-party" loan, are the terms at arms length? The ATO will be looking closely at any related party loans to ensure the loan arrangement has been dealt with appropriately and loan terms do not favour the lender.
- Age of each of the members of the SMSF and anticipated time before retirement – this is to ensure the purchase of the new asset is in line with members' objectives for retirement (refer also the Sole Purpose Test).
- Does the asset being purchased meet the definition of a 'single acquirable asset'?
- Is there an exit strategy (particularly for insurance) in place in case of unforeseen circumstances eg. death of member?
- Aggressive borrowing strategies should be kept outside your SMSF.

In Conclusion

In general terms, the primary objective is to maximise the advantages that are available to you within superannuation to maintain a comfortable lifestyle throughout retirement. Therefore, if you are considering a borrowing strategy within your superannuation fund take into account the following:

- The trustees/members of the SMSF are experienced investors and have undertaken other borrowing strategies before and understand the risks.
- Members are at least 10 years from retirement and/or not in retirement already.
- The trustees have reviewed alternative strategies, including a non-geared unit trust and/or tenants-in-common structures, and also borrowing in the SMSF vs individual name/s.
- The fund's cashflow position, investment objectives, preservation rules, liquidity, diversification and estate planning have been considered.

Remember, your superannuation is your retirement nest egg. Stick to prudent investment strategies that you understand and that produce consistent returns over the long term. Maintain diversified portfolios that best meet the objectives for each member.

Gearing does create the potential to increase your wealth but it can also increase the potential for greater losses.

Source: Morgans Analyst Terri Loy, SMSF & Borrowing – understanding the risks, Technical Update – September 2013

When can I access my SMSF?

Power Tynan Superannuation Solutions

Self-managed superannuation funds (SMSFs) are typically established to fund the retirement of members, meaning accessing benefits is generally only allowed when a member reaches their "preservation age" and meets one of the specified conditions of release.

What is my preservation age?

Preservation age depends on when a person was born (see following table).

Date of birth	Preservation age
Before 1 July 1960	55
1 July 1960 - 30 June 1961	56
1 July 1961 - 30 June 1962	57
1 July 1962 - 30 June 1963	58
1 July 1963 - 30 June 1964	59
After 30 June 1964	60

"Preservation" means that money in superannuation must remain in the fund until one of the specified conditions of release is met (more below). Super benefits are allocated to three preservation categories – preserved, restricted non-preserved and unrestricted non-preserved benefits.

Preserved and restricted non-preserved benefits must be retained in superannuation until a condition of release is met (with the latter having an added release condition dealing with ceasing "gainful employment", but it's a fine distinction and you should check with this office).

These two categories basically transform into unrestricted non-preserved benefits when a condition of release is met. Unrestricted non-preserved benefits can be accessed, with no conditions of release having to be met. Unrestricted non-preserved benefits are generally from certain amounts funds accumulated before July 1, 1999, when the legislation to protect superannuation savings came in.

Cashing of benefits

Getting money from an SMSF is known as "cashing of benefits", and can be paid as a lump sum or by starting a pension (and there are "restrictions" about which form of payment can be made; consult this office for more information). When a member can apply for the cashing of benefits depends on both preservation conditions and meeting a condition of release.

Legislation spells out in some instances the form that cashing of benefits must take, known as "cashing restrictions", and an SMSF's trust deed can also stipulate rules for paying benefits to members. All forms of payments are "voluntary" cashing of benefits (in that the member, once eligible, can decide to cash benefits) with the one exception being the death of a member, when benefits must be "compulsorily" cashed out.

Conditions of release

To withdraw benefits from your SMSF, you must satisfy the conditions outlined in your trust deed and the Tax Office's conditions of release. The most common conditions of release for paying out benefits are:

- Retirement: Actual retirement depends on a person's age and, for those less than 60 years of age, their future employment intentions. A retired member can't access their preserved benefits before they reach their preservation age.
- Transition to retirement (attaining preservation age): Members who are under the age of 65 and have reached preservation age, but remain gainfully employed on a full-time or part-time basis, may access their benefits as a "non-commutable income stream" (cannot be withdrawn as a lump sum).
- Attaining age 65: A member who reaches age 65 may cash their benefits at any time. There are no cashing restrictions (but it's not compulsory to cash out benefits merely because they've reached a certain age).

There are a number of other circumstances in which benefits can be released:

- Incapacity: If, due to ill health, an SMSF member ceases gainful employment and is unlikely to regain work for which they are qualified, benefits may be cashed with no restrictions. If the end of gainful employment is due to a temporary state of health and is not a permanent condition, temporary incapacity benefits may be paid as a non-commutable income stream. This is generally up to the level of income received before the temporary incapacity, and includes salary support insurance or sick leave payments.
- Severe financial hardship: Releasing benefits on these grounds depends on being able to show that a member cannot meet living expenses and has been on government income support for either 26 weeks or 39 weeks (depending on age). There are also restrictions on payment amounts, and advice is recommended.
- Compassionate grounds: Until recently, the Australian Prudential Regulation Authority (APRA) had the discretion to release benefits on compassionate grounds, but the role has now been taken over by Medicare. Early release is generally done for things like treating life threatening illness, palliative care or other medical support, or to prevent foreclosure on the family home. The amount of benefits released is determined by the government, and must be made as a lump sum.
- Temporary resident leaving the country: Eligible temporary resident visa holders who permanently leave Australia can apply to the Tax Office to have accumulated superannuation benefits paid out.
- Terminal illness: On confirmation of diagnosis of a terminal medical condition, all benefits become unrestricted non-preserved and can be cashed out. Prescribed certification from medical practitioners will be required.

No early access

Setting up or using an SMSF to gain improper early access to superannuation benefits is illegal, and this area has become a focus for the Tax Office given the increasing number of SMSFs illegally accessing their benefits.

If a benefit is unlawfully released, the Tax Office may apply significant penalties to trustees, the SMSF itself and the recipient of the early released payments. Speak to this office before deciding to access your benefits.

Source: Taxpayers Australia Inc

Why 2014 is the time to invest into residential property in South East Queensland

Power Tynan Property Investment Solutions

If you have invested in the property market in South East Queensland over the past seven years, you may have been disappointed with your results. In fact, this market has been a terrible place to have invested as property prices have remained flat or even gone down a little in some cases.

So why would you want to consider investing into an area which has underperformed for so long?

Well, there are several factors that drive property prices, and they are pointing to the likelihood of South East Queensland being the market where the best returns will be in 2014. There are five main ones we will discuss today:

- Population Growth;
- Interest Rates;
- Economic Activity;
- Infrastructure & Access to Amenities;
- The Property Cycle.

Population Growth

Recently the Australian Bureau of Statistics released their population growth numbers. By 2040 the population in Queensland will have grown from 4.6 million people to over 7.3 million, with the largest majority of those in the South East corner of the State.

These people will require a roof over their head, consequently pointing to a continuing demand for property. We are also starting to see a pick up in interstate migration as job opportunities increase in Queensland.

Interest Rates

When it comes to interest rates we have been at very low levels for a while now. This has been great as it has meant that we have been able to get the mortgage under control, but it has also meant that the returns that have been achievable on our investments has been underwhelming.

We are starting to see investors looking to gain greater returns by looking towards the property and share markets. With interest rates likely to remain around the current levels for the near future the number of people looking for greater returns will be increasing.

At some stage though, interest rates will start to move up again. Interest rates rise when economic activity is strong and the RBA is trying to slow the economy. During times like these traditionally what this has meant for the value of investment property, is that prices rise and rental returns increase as well.

Economic Activity

The three fastest growing economies in Australia are WA, NT and Queensland with growth well above the national average. Higher levels of economic growth lead to increasing employment and increasing population. The mining sector has remained strong in Queensland and now the Tourism sector is rebounding quite strongly, leading to greater confidence.

Infrastructure and Access to Amenities

The list of new infrastructure projects in the South East Queensland region are way too long to mention, from new airports in Toowoomba and new runways in Brisbane, to tunnels and highway upgrades. From new tourist projects, casinos to cruise line terminals, the list is quite extensive.

Major retailers are also very active with Ikea building a new store at North Lakes (Northern Brisbane), and major upgrades to almost all of the large shopping centres. Public transport is also very important and the Gold Coast light rail will become a significant feature of the transport system in that city. New train lines are also being built to Redcliffe and Springfield.

These projects do not go ahead unless there is a demand for them, and they are wonderful for creating new jobs.

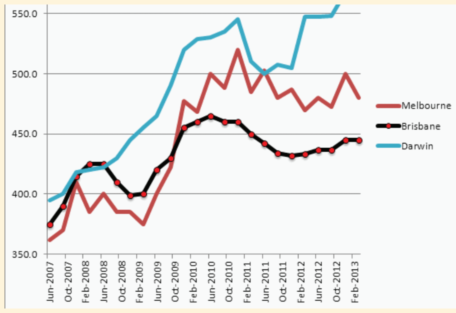
The Property Cycle

It is fair to say that the South East corner of Queensland has missed out on the latest property market advances. This is clearly evident when you look at the median house prices in the major capital cities across the country.

Market	Median Value
Sydney	$749,500
Melbourne	$603,500
Darwin	$573,500
Perth	$521,000
ACT	$527,500
Brisbane	$445,500

Source: Residex, October 2013

When we consider the Bribane, Melbourne and NT property markets, since the GFC we can see that the capital gains have been significantly greater in these other areas.



Source: Australian Bureau of Statistics

Accordingly, the South East Queensland property market has some catching up to do with the other markets around Australia. We can have a good deal of comfort knowing that the fundamentals that lead to investment property capital gains are all in place.

In the next instalment we will consider the top five investment locations in South East Queensland, as well as the four areas to avoid.

At Power Tynan, through our relationship with leading Australian Property Investment Group NPA, we are helping our clients to get started in property investment and to grow a portfolio of investment properties.

If you would like to discuss how we could partner with you to achieve your financial goals just visit our website at http://powertynan.com.au/property-investment-solutions where you can arrange a complimentary consultation.

Source: NPA Property Group

Geoff Doyle is a Property Consultant of NPA Property Group.

About NPA Property Group

Owned and managed by CEO Craig Whaley, NPA Property Group is a national property analyst company specialising in market research and building property portfolios. NPA is a market leader with a trusted reputation for client service and sound property advice.

The Power Tynan Group has recently partnered with NPA Property Group to provide clients with the full range of financial services from one organisation, including direct property investment.

NPA PROPERTY GROUP

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Loan Scams

Power Tynan Leasing & Finance Solutions

Fake loan offers

If you get a phone call or email out of the blue with an offer of a loan with a really low interest rate, be suspicious, as it could be a scam. If you see a website that says you can apply for a loan online, you should also be cautious.

Here we explain how to identify a loan scam and what to do if you have been scammed.

How to identify a loan scam

Loan scammers either phone you or contact you by email. They also set up websites outlining their loan deals.

They will offer:

- A quick and easy loan approval process.
- A low interest rate (for instance 2% interest per annum).
- The right to cancel if you are not completely satisfied.

Warning signs

The loan offer could be a scam if the loan salesperson:

- Asks you to transfer money upfront to an overseas-based account or to a person overseas, or asks you to pay taxes or fees before they can give you the loan amount.
- Rings or emails you many times.
- Offers an interest rate substantially lower than what is available from legitimate lenders.
- Offers you a free period before you have to make any repayments (for example, one year no repayments required).
- Says that they don't do any credit checks and they'll lend you money even if you have past financial problems.
- Says you need to make a quick decision or you will miss out.
- However, there is always a catch. If you say 'yes' to the deal you will lose any money you transfer, which could be thousands of dollars.

Questions to ask

Ask the person offering you the loan these questions to check their legitimacy:

- What is your name and what company do you represent?
- What is your company's business address?
- Does your company have an Australian Credit License and what is the licence number?
- Is the company/business registered in Australia? If a company, what is the Australian Company Number (ACN)?

If they try to avoid answering these questions, it is probably a scam. Hang up the phone, do not respond to the email and stop dealing with the person.

Research the company

Do your own research on the company before you deal with them. Don't rely only on the information they give you.

Here are some checks you should do:

- Check if their company name is on the list of unlicensed overseas companies (https://www.moneysmart.gov.au/scams/companies-you-should-not-deal-with) – if they are on this list, don't deal with them.
- Check ASIC Connect's Professional Registers to see if they are licensed by ASIC. You can also phone ASIC on 1300 300 630 to do this check.
- Check they have an Australian business address using an independent source like a phone book or phone web directory.
- Check ASIC Connect and search within 'organisation and business names' for their Australian Company Number (ACN).

Dealing with overseas loan companies can be risky. If you take up a loan with an overseas operator who turns out to be a scammer, you will not be able to get your money back if you transfer it offshore.

Be wary of identity theft

Be wary of giving out your personal details, including copies of identification documents like passport or driver's licence, or bank account details when applying for the loan. Overseas scammers may use this information to steal your identity.

What to do if you have been scammed

1. Stop sending money to the company.
2. Check the list of companies you should not deal with to see if the company you have dealt with is on the list.
3. Check the company's licence number on ASIC Connect's Professional Registers. You can also phone ASIC on 1300 300 630 to do this check.
4. Report the scam to ASIC.
5. Warn your family and friends.
6. Put yourself on the Do Not Call Register to reduce telemarketing calls.
7. If you have lost money and are in debt, you may need financial counselling.

Scammers are skilled at convincing people that the loan offer is real. Be suspicious of anyone offering you easy money. There is almost always a catch.

Source: www.moneysmart.gov.au/scams

Client Corner – Rudd's Pub

Each quarter, we interview one of our clients to get an insight into their business. This issue, we spoke to Sam & Robyn Little of Rudd's Pub in Nobby.

When did your business commence?

We took on Rudd's Pub in August 2006, but the pub itself was established in 1893, so it is 120 years old.

What does your business do?

Rudd's Pub is a historic outback pub, specialising in meals, accommodation and, of course, alcohol!

What makes your business successful?

Having a clearly defined business plan, as well as knowing our market and building our business around the market we want.

What has been your biggest achievement to date?

Winning Queensland's Best Bush Pub and Best Pub Accommodation in 2013, Best Themed Bar in 2012, as well as being named in the Top 100 Tourist Destinations in Australia.

What is one piece of advice you would give to someone starting up a business?

Know your market, know what your target audience is and understand margins.

How do you relax from the pressures of being in business?

We try to get away for a couple of days each month to spend time with our grandchildren.

Christmas cheer – with no FBT fear

With the year steadily making its way towards the festive period, businesses that are turning their attention to end-of-year celebrations will need to keep in mind the tax implications of throwing a Christmas party or handing over gifts to staff. Of course there's nothing wrong with getting into the yuletide spirit, but business owners should make sure that while doing so, adverse tax outcomes are minimised.

As with any benefit that a business provides to staff that is outside the safe definition of "salary", the question of whether it is a (taxable) fringe benefit or not will need to be addressed.

The Tax Office states that there are no different FBT rules that apply to Christmas entertainment, which can certainly come under the "minor benefits" umbrella. A minor benefit will be FBT-exempt where, broadly, the benefit is less than $300 per person and provided on an infrequent and irregular basis.

The FBT law allows however (perhaps getting into the spirit of the season) for the minor benefits threshold to apply to each benefit provided, not to a total value of "associated benefits".

So if, as a generous employer, you put on a barbecue and hand out gifts, the meal and the gift are considered separately for FBT purposes. If each is less than $300, they are both generally FBT-free.

It is worth noting however that as such minor benefits are exempt from FBT, a business cannot then claim such expenses as a tax deduction, nor can claims be made for any goods and services tax (GST) credits that arise from making these "supplies".

Where such costs do fall under the FBT regime, an employer's liability is calculated at 46.5% of the grossed-up "taxable value" (or 47% after April 1, 2014, as an effect of the Medicare levy increase) of the benefit provided. Determining the value (for FBT liability calculations) of "entertainment" expenses can be through the "actual" expenses method (which is the default option) or a business can elect for one of the two other options:

- The "50/50 split" method — where the taxable value is equal to half of the total food and drink expenditure relating to employees and their associates as well as third parties (eg. clients)
- The "12 week register" method — based on the percentage of food and drink entertainment through a register that is maintained for a representative period (in this case, as the name suggests, 12 weeks).

In a practical sense, the 50/50 split method can avoid additional administration, however the latter may be preferred where third party entertaining predominantly exceeds staff entertainment. Consult this office for the best option for your situation.

Note that expenditure in relation to meal entertainment is specifically excluded from having to be reported on an employee's payment summary as a "reportable fringe benefit".

Minimising your Christmas party Fringe Benefits Tax

Structuring your Christmas celebrations in a way that makes sure you play Santa under the "minor benefits" banner will be well worthwhile.

The safest option for a business to steer clear of FBT liabilities would be to hold the Christmas party on the business premises on a working day, as providing meal entertainment to employees (and also bona fide clients) will be FBT free.

If partners and families of employees attend (known as "associates") their FBT-free status is maintained if the benefit provided to each person is less than the minor benefits limit of $300.

if the party is held off-premises, and everyone attends the work function at a pub or restaurant, the $300 limit applies to both employees and associates, with anything over subject to a liability based on a taxable value calculated by one of the methods referred to above.

If entertainment is held off-premises, here is an added cautionary tip regarding the FBT implications for travel expenses such as staff taking taxis. For an employer thinking of paying for this travel option, the important consideration in regard to this will be venue.

If the taxi travel is from home to an entertainment venue (that is not the workplace) and home again, the FBT law will include the cost of the ride as part of the entertainment and deem that it is to be included in the cost-per-head total (that is, it counts towards the $300 minor benefit limit).

But if the cab drives from home to a function held at the workplace, and/or from the workplace back to home after the festivities, the taxi fare is exempt from FBT.

Five tips to avoid common fuel tax credit mistakes

The Tax Office has issued advice regarding fuel tax credits after it noticed some errors creeping into recent activity statements — also reminding businesses that rates can change regularly (and have done so recently) and that this can be a common source of the mistakes being made.

For those businesses eligible to claim fuel tax credits, remember as well that from July 1, 2013, rates used in calculations should be those that applied when the fuel was acquired. However one exception is fuel used in heavy vehicles travelling on a public road, where the correct rate will be that which was in effect at the beginning of the tax period covered by the business activity statement (BAS).

The following tips can help you get your claim right, but of course ask for our guidance to follow these tips correctly or should other questions arise.

Use the right rates. As mentioned, fuel tax credit rates can change on a regular basis, so it's important to make sure you use the correct rate. A good habit to get into would be to check up on the rates, or ask us to, before lodging each BAS.

Ensure that your fuel is the right sort. Fuel type and usage will influence your eligibility, as there are some exceptions to what you can claim. A common mistake is to claim fuel tax credits for fuel you use for private purposes or for travelling on a public road in vehicles with a gross vehicle mass (GVM) of 4.5 tonnes or less.

Keep those records. Make sure that accurate records are kept of fuel purchases and how that fuel is used in your business. This is even more important now that fuel tax credit rates are apt to change on a regular basis. Your records should show:

- The date the fuel was acquired
- The type of fuel you acquired
- The quantity of fuel
- How you apportioned the fuel for different activities, and
- The business activities you use it in, such as if it is for on-road or off-road activities.

Do your sums and check them. Make sure you use the quantity of fuel when calculating your fuel tax credits. The Tax Office said a common mistake is claiming fuel tax credits based on the cost of the fuel instead of the quantity of fuel multiplied by the relevant rate.

Work out your fuel tax credits using this formula:

Quantity of eligible fuel x Correct fuel tax credit rate = Fuel tax credits

Write this amount, in whole dollars, at label 7D on your BAS (and it's a good idea to keep records of your calculations).

Read over your contracts. The wording of contracts that involve supplying fuel can affect who can claim credits. If a contract has not been reviewed for some time, check that provisions dealing with fuel supply or use reflect the current regime — or have us read over your contracts for you.

Source: Taxpayers Australia Inc

Staff Spotlight

On Thursday 17 October, CEO Paul Hilton spoke at a morning tea held for scholarship recipients at the University of Southern Queensland. All Power Tynan employees currently partaking in the Scholarship Program also attended this event.

Interviews are currently underway for Power Tynan's 2014 Graduate Scholarship Program. This program has been offered to Year 12 graduating students for the past six years, providing an opportunity to study a business degree (part-time) at any University while working for our company on a full time basis. We pay the individual's HECS fees for all successfully completed subjects, while they benefit from applying their knowledge practically and receiving valuable on-the-job mentoring and training.

Watch this space for the announcement of our 2014 Scholarship recipients!

Congratulations to our school based trainee Zoe Boccari on being named School Captain for 2014 at St Joseph's School, Stanthorpe.

Power Tynan hosted the Commerce Roma Business After Hours Function on Thursday 24 October. This event gave Commerce Roma members the chance to network with other business owners while discovering the suite of financial solutions Power Tynan has to offer.

As part of the presentation, Skype was used to connect the Toowoomba and Roma offices, to show that staff don't have to be physically present in an office in order to assist clients.

Congratulations to Sarah Pearce of our Stanthorpe office and her husband Nathan, who welcomed a beautiful baby girl, Hannah Elise, into the world on October 26.

Congratulations to Chelsea Brunckhorst of our Stanthorpe office on her recent engagement to her partner Kurt.

As you may already be aware, Power Tynan's Brooke Shatte is a Young Ambassador of the Stanthorpe Apple & Grape Festival, being held in March 2014.

The role of a Festival Young Ambassador is to be the face of the Festival and help raise funds to keep the Festival financially viable. Each Young Ambassador is sponsored by a business or organisation that supports their Ambassador in their Festival fundraising efforts.

Brooke's current fundraising venture is the 'On the Beach Resort – Bribie Island' raffle, with the prize being two nights' accommodation at the 4 ½ star resort as well as a $50 Caltex fuel voucher to assist with travel. Tickets are $2 each with the raffle being drawn at the end of January 2014.

All the staff of Power Tynan are throwing their full support behind Brooke and wish her all the best in her fundraising endeavours.

Members of the Toowoomba office are volunteering at the Christmas Wonderland held in Queens Park, an event which raises much needed funds for three major local charities - Lifeline Darling Downs & South West Qld Ltd, Toowoomba Hospital Foundation and Toowoomba Hospice.

We would like to wish you and your loved ones a Merry Christmas and a prosperous New Year.

Please note our office will be closed from 12pm Friday 20th December 2013, and will reopen at 8.30am Monday 6th January 2014.

POWER TYNAN

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