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# OPTIMA PARTNERS SCOOP

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## 2012/2013 THE YEAR IN REVIEW!

With Optima now safely housed in its award winning new premises, the 2012/13 year can be seen as a changing of the guard with Founding Director John O'Brien selling his interest in the practice to the other Directors, Enrico De Pietro, Philip Carulli and Philip Nolis.

John continued to work full time in the practice until 31 March 2013 and will continue to work on a part time basis until 31 December 2013 at which time he will hang up his calculator.



John says that it has been a great ride but he has finally succumbed to spouse pressure and the opportunity to enjoy a red wine mid-week without worrying about the effect it may have on output the next morning.

Of course he also anticipates having to devote more time to the Dockers over the next few years (perhaps each September?)

The firm continues to grow and the following professional personnel joined in 2012/2013:

Michael Cooper is a Chartered Accountant and a Registered Company Auditor who will take over responsibility for the firm's audit function from John.

Caroline Lim is a Certified Practising Accountant who has joined the firm. She has a number of years experience in auditing and will be assisting the ageless Raj Desai in conducting audits

With additional staff, the firm is looking to grow the audit division and take on larger assignments.

We also bolstered the ranks of our support staff and welcomed April Tata to the business who, along with Louise Knuckey, act as Personal Assistants to the Directors (for that read, Keeping them in line!) Chantelle Izzo also joined us as our charming new receptionist.

The Firm is now quite cosmopolitan with personnel born in

- Malaysia
- New Zealand
- South Africa
- England
- Zambia
- As well as OZ

<b>Inside this issue:</b>	
2012/2013 The Year in Review!	1
Supers Up!!	2
ATO Data Matching Programs (On Line Sellers Beware)	2
WorkCover Data Matching Program	2
Budget Changes—Effective 1 July 2013.	3
ABNs Under Review	4
Building and Construction Industries	4

The office is now fluent in English, Mandarin and Kiwi (a hybrid of English).

Our team of accountants continue to pass their exams and the following staff earned honours during the year:

Daniel Causerano completed his CPA studies.

Ross Stagno completed his Chartered Accountancy studies.

Petro Groenewald successfully completed more superannuation studies with the University of Adelaide.

Look for interesting developments with Cloud Accounting and speedier turnaround of your work as changes in management techniques lessen the log jams which can develop at peak time.

## SUPERS UP!!

From 1 July 2013, the super guarantee rate is going up from 9% to 9.25% (and the rate will gradually increase over 7 years to 12% by 2019).



If employers are currently making super payments at the minimum 9% rate, they will need to adjust payments to the new rate from 1 July 2013.

Also, from 1 July 2013, the upper age limit for paying super for an employee has been removed, meaning that there will no longer be a maximum age for super guarantee eligibility.

Employers with eligible employees aged 70 years or older will need to make super contributions to their super fund from 1 July 2013.

Super funds will also be allowed to start providing a new type of super account called 'MySuper' from 1 July 2013, which will replace existing default accounts offered by super funds (a default fund account is chosen by an employer for an employee who does not choose their own super fund).

Therefore, it may be a good idea for employers to check with their current default fund to find out whether they will be offering a 'MySuper' Account.

MySuper will be administered by APRA.

## ATO Data Matching Programs (On-Line Sellers Beware!)

THE ATO is requesting and collecting the user identification name and number, name, address, telephone numbers, date of birth, email address, registration date, number and value of monthly sales, the Australian Internet Protocol address, and bank account details of approximately 11,000 sellers who have sales for \$20,000 and greater, in the 2010/11 income year through various online selling websites.

The selected online selling sites represent some of the largest market participants in Australia and have been selected as they track the sale/purchase of goods and services as part of the transaction through their web site.



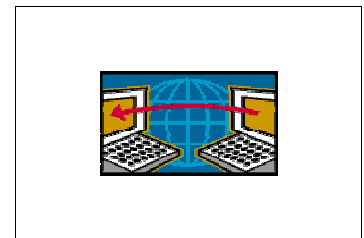
Other websites do not track the sale/purchase price of goods and services and only put the vendor and purchaser in touch with each other.

The acquired data will be electronically matched with certain sections of ATO data holdings to identify non-compliance with lodgment, payment and correct reporting obligations under taxation law.

## WorkCover Data Matching Program

WorkCover Western Australia and the other state WorkCover Agencies have been requested by the ATO to provide names and addresses for employer entities for the 2011, 2012 and 2013 financial years

The total number of records Australia wide is estimated to be 942,000 of which approximately 103,000 will be individuals who are employers.



The data acquired will be electronically matched with certain sections of ATO data holding to identify employers that may not be complying with their registration, lodgment and payment obligations under the taxation law.

The ATO may also disclose information about employers that may not be meeting their obligations under workers compensation laws if requested by the relevant WorkCover authorities.

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*Twenty years from now you will be more disappointed by the things that you didn't do than by the ones you did do. So throw off the bowlines. Sail away from the safe harbour. Catch the trade winds in your sails. Explore. Dream. Discover.*

## BUDGET CHANGES— EFFECTIVE 1 JULY 2013

### SUPERANNUATION

The Government will amend the proposed higher concessional contributions cap, by providing a \$35,000 concessional cap to anyone who meets certain age requirements, as follows:

- **From 1 July 2013** (ie from the 2013/2014 income year), people aged 60 or more will be able to access the higher \$35,000 concessional cap; and
- **From 1 July 2014** (i.e., from the 2014/2015 income year), people aged 50 or more will be able to access the higher \$35,000 concessional cap.

From 1 July 2013 the Government will reform the system of excess contributions tax in respect of excess concessional contributions, by allowing individuals to withdraw such excess contributions from their superannuation fund. Any such excess concessional contributions will then be taxed at an individual's marginal tax rate, plus an interest charge to recognize that the tax on excess contributions is collected later than the normal income tax.

The Government will limit the tax exemption for earnings on superannuation assets supporting retirement income streams, broadly as follows:

- Earning on superannuation assets supporting income streams (eg superannuation pensions) will be tax-free up to \$100,000 per year for each individual; and

- Earnings above the \$100,000 threshold will be taxed at the concessional rate of 15% that applies to earnings in the accumulation phase.
- Furthermore for assets that were purchased before 5<sup>th</sup> April 2013, the measure will only apply to capital gains that accrue after 1 July 2024. Capital gains that are not exempt, may still be eligible for the 33 1/3% discount and will therefore be effectively taxed at a rate of 10%.

### Medical Expenses Rebate

The medical expenses rebate will be phased out as follows with the following transitional arrangements;

- Only those taxpayers who claim the rebate back in the 2012/2013 income year will be eligible to claim in the 2013/2014 income year.
- Similarly those who claim the rebate back in 2013/2014 may be eligible to claim in the 2014/2015 income year.
- Claims for other taxpayers (those who did claim the rebate in the 2012/2013) will be restricted to claim for disability aids, attendant care or aged care expenses.

**Tip:** Spend on medical expenses in order to exceed the rebate level, so that expenses can continue to be claimed in 2013/14.

### EFFECTIVE 1 July 2014

- The Medicare Levy increases from 1.5% to 2.0% to provide funding for Disability Care Australia.

- There will be a \$2,000 annual cap on work related Self-Education Expenses

**From 1 July 2014** the non-primary production threshold for Farm Management Deposits (FMD) will be increased from \$65,000 to \$100,000. This means primary producers will be able to claim deductions for FMDs where their non-primary income does not exceed \$100,000.

### Scams

Scammers never stop thinking of new ways to separate people from their hard earned wealth.

We all hear stories of scams and have probably received email and telephone approaches. Some basics to remember:

- If it sounds too good to be true, it probably is.
- Always seek independent advice on what is being offered (the mere mention of this often scatters the scammers).
- Spruikers offering property deals and advising people to set up Superannuation Funds are the latest to join the game (industry sources state that up to 20,000 cold calls per day are being made).
- Optima can offer assistance on keeping you and your wealth together. Call us **before** saying goodbye to your money.



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*The information contained in this newsletter is general in nature and does not take into account your personal situation. You should consider whether the information is appropriate to your needs, and where appropriate seek professional advice from a financial adviser.*

## ABNs UNDER REVIEW

The Australian Business Register (ABR) is reviewing and cancelling ABNs where records indicate holders are not conducting an enterprise and therefore, not entitled to hold an ABN.

*Editor: This may mean clients could have their ABN cancelled – they will receive a letter providing the reason and their review rights. If they do not agree with the cancellation of their ABN, they can object, and if they can show they are entitled to have an ABN, it can be reinstated.*

In addition to the ABN cancellation review, the Registrar will also be contacting ABN holders to remind them of the requirements to update their records.

ABN holders are legally required to notify the Registrar of changes to their registration details within 28 days.

## BUILDING AND CONSTRUCTION INDUSTRIES

From 20 May 2013, the ATO will be writing to businesses in the building and construction industry (particularly those businesses they have identified as possibly having made payments to contractors) to provide information about lodging their Taxable Payments Annual Report.

**Note: From 1 July 2012, businesses in the building and construction industry need to report the total payments they make to each contractor for building and construction services to the ATO each year.**

The letter will generally be sent to the business address where the business:

- Reported a business industry code indicating they were operating in the building and construction industry; and
- Claimed contractor expenses at the relevant tax return label.

*Did you know that Optima has a specialist audit division. You name it—we can audit it:*

- *Not for profit charities and community organisations*
- *Sporting Clubs, Schools*
- *Strata Title Bodies*
- *Trust Accounts—Real Estate, Solicitors, Settlement Agent, Travel Agents*
- *Large Family Companies*

*Raj Desai manages the Audit Division and if you want a quote or some advice on how to tackle any difficult issue, he is the man to talk to.*

Businesses in these industries must file an Annual Taxable Payment Report by 21 July each year.

However, in this first year, if the businesses activity statements are lodged quarterly, the taxable payments annual report can be lodged by 28 July 2013; or 25 August 2013 for a tax agent prepared and lodged Taxable Payments Annual report – note that this concessional lodgment arrangement is available for this year only.



Contact your Optima accountant to discuss your position and if you will comply with the reporting deadlines.