

Staff News

Welcome to the first edition of our eNewsletter!

Poole Group has gone green! We will now be distributing our quarterly newsletter electronically.

With the New Year rolling around, the last few months have been a particularly hectic time of the year.

We welcomed in the new financial year with the Annual Poole Group Charity Golf Day on 1st July. Although numbers were down, we had a particularly successful event having raised over \$5000 for the kids at CanTeen. The players brought their A-game to the course, with several teams vying for 1st place.

The winners this year were defending champions, Fuji Xerox, with players Grant Kimmorley, Evan Bancroft, Paul Robertson and Chris Brewer.



Runners up were the team of Shipley Smash Repairs comprising of Mick Shipley, Darren Shipley, Tony Weston and Don Poole.



As always, our Golf Day would not have been a great success without the support of our sponsors and donations of local businesses! For more Golf Day photos, see our facebook page.

In other event news, on Saturday 3rd September, the Poole Group entered the Row For Cancer Corporate Outrigging event. This annual event has been running since 2006 and the Poole Group were the defending champions from last year's race. Aside from being a fun day in the sun, the event was held to raise money for the "Reed Charity House" accommodation situated near the Nambour Hospital that provides much needed assistance to patients and their families.

Poole Group entered two teams in the 24-team event, both of which put in excellent efforts and had a great day on the water. Team B, which was made up of Hayden White, Dale Fenwick, Nat Jarrott, Brett Cooper and Alex Clarke, were unfortunately knocked out. They had a convincing win in the first round heats but were edged out by Telstra in the semi-finals.



Team A was made up of Kirk Jarrott, Jennine Sellers, Dale Trickett, Tash Rae and Bruce Neuendorf and they took out the event in first place. They seemed to coast across the line in the round of heats and the semi-finals and crossed the finish line in the finals with a boat length between themselves and the Telstra team, who came in second. For photos, see our facebook page.

This gives us the chance to go for the hattrick, which is yet to be achieved for this event. But until next year, we plan to be participating in the Corporate Outrigging event for the King of the Coast series to be held on 29th October 2011.

There are plenty of informative articles below, hope you enjoy our new condensed eNewsletter!

The Team at Poole Group

A Carbon Tax – Looming on the Horizon

The Federal Government has released details of their plan for a carbon tax to take effect from 1 July 2012 in their report, "Securing a Clean Energy Future". The document examines the need to reduce carbon emissions and establishes the infrastructure to manage and enforce the new carbon tax scheme.

WHEN?

The carbon tax will commence on 1 July 2012.

WHO?

The tax will target Australia's top 500 polluters referred to as any business responsible for direct greenhouse gas emissions of 25,000 tonnes or more p.a. (excluding road transport fuels, which will be subject to separate treatment as described below). The threshold will be lower for landfill facilities.

Retailers of natural gas will be responsible for tax on carbon emissions from the use of fuels they sell.

The tax will target stationary energy, waste, rail, domestic aviation and shipping, industrial processes and fugitive emissions. The Government also intends to extend the tax from 1 July 2014 to cover heavy on-road vehicles.

Tax will not be levied on fuel used by households, small business, agriculture, forestry and fishing. Transport fuels will not be taxed but for some users the fuel tax credits and excise schemes will be amended to give the same economic effect to these fuels as the imposition of the carbon tax.

Although end consumers will not have to pay the tax, it is likely to result in higher prices for products and services that require higher amounts of carbon emitting fuels etc.

HOW?

The scheme will initially impose a fixed price on carbon pollution. This will continue for the first three years of the scheme, being replaced from 1 July 2015 with a carbon price to be determined by the market.

Businesses impacted by the scheme will initially be required to purchase permits from the Government equivalent to the quantity of carbon pollution they release. The initial price will be \$23 per tonne increasing to \$24.15 on 1 July 2013 and \$25.40 on 1 July 2014.

Some trade exposed industries will be given free permits to ensure they are not adversely affected by international competition.

From 1 July 2015, the scheme will revert to a floating price set by the market. The Government will set a cap on the number of permits it will issue each year based on the amount of acceptable carbon emissions for that year.

Some permits will continue to be provided free by the Government to trade exposed industries, and the balance will be sold at auction. These permits will be transferable and may be bought and sold by businesses. In addition, a price ceiling and a price floor will be incorporated into the scheme to manage price volatility.

INCOME TAX AND GST ASPECTS

A new set of provisions will be introduced to deal with the income tax aspects of the carbon tax. However, the general outline of the scheme is:

- Proceeds from sale of carbon permits are assessable;
- Expenditure on the purchase of permits will be deductible, governed by a rolling balance method similar to accounting for trading stock, so that the deduction is only available once the permit is either surrendered or sold;
- Cash grants will be assessable;
- Permits allocated for free carbon permits are assessable on receipt and deductible when the permit is surrendered; and
- It is intended to make permits GST free (requires the agreement of the states).

There is no indication of how the accounting rules will be amended to account for the carbon tax and permits.

THE CONCESSIONS

To give effect to the carbon tax and make it more politically palatable to the electorate, the scheme contains numerous concessions to individuals, small business and industry.

Individuals - through the tax system

The Government will provide compensation to taxpayers through increases in the tax free threshold and some marginal tax rates (with compensating adjustments to the low income tax offset).

The effect of these changes is to change the effective tax free threshold (including the low income tax offset) from the current \$16,000 to \$20,542 in 2011-13 and \$20,979 in 2015-16.

New Tax Rates

Effective 1 July 2012

Taxable income (\$)	Tax payable (\$)
0 - 18,200	Nil
18,201 - 37,000	Nil + 19% of excess over 18,200
37,001 - 80,000	3,572 + 32.5% of excess over 37,000
80,001 - 180,000	17,547 + 37% of excess over 80,000
180,001 +	54,547 + 45% of excess over 180,000

1. Excludes the Medicare levy.
2. Low income tax offset is a maximum of \$445.
3. Effective tax-free threshold is \$20,542.

Effective 1 July 2015

Taxable income (\$)	Tax payable (\$)
0 - 19,400	Nil
19,401 - 37,000	Nil + 19% of excess over 19,400
37,001 - 80,000	3,344 + 33% of excess over 37,000
80,001 - 180,000	17,534 + 37% of excess over 80,000
180,001 +	54,534 + 45% of excess over 180,000

1. Excludes the Medicare levy.
2. Low income tax offset is a maximum of \$300.
3. Effective tax-free threshold is \$20,979.

Pensioners and welfare recipients

Pensioners will receive an increase of 1.7% in the rate of the pension in the form of a tax exempt Clean Energy Supplement paid annually from 20 March 2013 (indexed to inflation). In addition, a one off payment of a Clean Energy Advance will be paid in May 2012 (tax exempt).

These benefits will also be paid to recipients of Disability Support, Carer Payments, Parenting Payment, Newstart allowances, Abstudy, Austudy, and Part A and Part B family tax benefits. Self-funded retirees who hold a Commonwealth Seniors Health Card will also be entitled to these payments.

Low income households can also apply for an additional payment of \$300 payable on an annual basis.

Small business

Small business entities (with less than \$2m turnover) will receive the following:

- An increase in the small business asset write-off from 1 July 2012 to \$6,500 (increase of \$1,500);
- Assistance in reducing energy costs;
- Clean technology advice;
- Support to assist in reducing carbon footprint and to develop new clean technologies; and
- Are not required to report carbon emissions.

Industry assistance

There is a raft of industry assistance that will be provided:

- Jobs and Competitiveness Program - assistance to industries exposed to international competition that are emissions intensive (no details available).
- Clean Technology Investment Program - grants to manufacturers to support investment in energy efficient capital equipment and technology.
- Clean Technology Food and Foundries Investment Program - grants to food processing, metal forging and foundry industries to assist investment in energy efficient capital equipment and technology.
- Steel Industry Assistance - encourage investment and innovation in Australian steel making industry.
- Coal Sector Jobs Package - transitional assistance to implement carbon abatement technologies for carbon intensive mines.

Agricultural assistance

- There is a raft of assistance that will be provided:
- Carbon Farming Initiative - rewards farmers and landholders who capture carbon on their land, such as planting trees, reduced methane from livestock or reduced fertiliser emissions.
- Australia's Farming Future - assist primary producers adapt and respond to climate change.
- No reduction in fuel tax credits.

TRANSPORT - FUEL TAXES

There will be a carbon price added to fuels used in domestic aviation, marine and rail transport however this will not be covered by the carbon pricing mechanism for coal and natural gas. Instead there will be adjustments to the fuel credits or fuel excises to give a similar price increase as with the carbon pricing mechanism for coal and natural gas.

Off road uses of fuel, such as use of diesel generators on a mine site, will have a carbon price by a reduction of the diesel fuel rebate.

There will be no carbon price on private and light commercial vehicle's use of fuel. Agriculture, forestry and fishing industries will also not have any carbon price added to the cost of off road use of fuel.

There will be no carbon price on heavy on-road vehicles initially but the Government intends to impose the tax from 1 July 2014 - this has not been agreed to by the Multi Party Committee.

Renewable fuels and non-combustible fuels used for lubrication will not bear a carbon price.

As noted, this Tax Flash presents a summary of the main points contained in the Government's carbon tax report. We will issue further publications as more details are released by the Government.

Small Business Superannuation Clearing House

Do you have less than 20 employees?

Do you find it a real burden dealing with the payment of your employees' superannuation to the numerous funds each month?

Then you may be interested in registering with the Small Business Superannuation Clearing House. It is a government funded initiative administered by Medicare. You register as an employer, you register each of your employees with their superannuation fund details and you make one electronic payment to the Clearing House. Once set-up it only takes a few minutes to use. It is all handled on-line....you only need insert the amount of the monthly/quarterly superannuation contribution into a pre-populated form, make the payment, and the rest is handled for you. The Clearing House has reporting capabilities which allow you to obtain a record of the contribution history or to provide the employee with evidence of the payment made.

The Clearing House has been in operation now for a year and is receiving high satisfaction ratings amongst its users.....so now that we know it is working well, why not get on board.....it's one of the few free services around that may make your life a bit less stressful!

New R&D Tax Credit System

The new R&D tax credit system is designed to assist the cashflow of smaller companies engaging in qualifying R&D activities. In the past, any R&D concessions have been received by way of an increased tax deduction, which means that any cashflow arising from the concession is somewhat delayed.....especially if the company has a tax loss. Under the new system, those companies that have a turnover of less than \$20m that are registered for the scheme, will instead receive their concessions by way of a 45% refundable tax credit. This will mean that in the initial years of developing a new product, when it is likely the company is incurring start-up losses, the tax concession is actually received as a tax refund.

The start date for the new system is 1st July 2011 but it is intended that as from 1st January 2014, this tax refund will be received quarterly as opposed to annually.

The old R&D system still applies to the 2010/11 financial year and companies that undertake qualifying R&D activities that wish to apply for the concession (under the old rules) need to register by 30th April 2012. For more information refer www.ausindustry.gov.au or contact our office.

Are you a business wanting to partake in the Mining Industry Boom??

QMI Solutions is a not-for-profit organisation supported by the State Govt where businesses can register on a database accessed by project owners for their procurement of goods & services for various projects. Normally you would expect that only larger businesses would be considered to tender for such projects but it is projected that there will be a significant shortage of suppliers over the next few years to service the mining industry boom. And really it's not just the mining industry that will be looking for suppliers. Other large projects will be in the same position as more of the labour force is drawn to the mining industry. You can position yourself to take advantage of this situation.

The chain of suppliers starts with the large contractors but then they engage smaller contractors, who in turn, rely on even smaller businesses to provide services outside of their non-core business. You may be a commercial cleaning operation, a fence builder, an earthmover or have specific consultancy services....all these services will be required.

But beware....to be considered for these larger projects, you must be able to demonstrate that you have the capacity to undertake the job. You must be able to demonstrate that your business' policies and procedures address issues, such as:

- Workplace, Health and Safety (do you have a concise OHS plan?)
- Finance (do you have the financial capacity to undertake the job or the financial backing of your financier?)
- Quality (how can you demonstrate that you can supply consistent quality)
- Environment (do you have an environmental management plan?)
- Risk (do you have a Risk Mitigation or Risk Management plan?)

To register, log onto www.icnqld.org.auit's a free service.



Asset Protection Study

A well established, prosperous business which manufactured and supplied roof trusses to the building industry had its business, factory premises and transport fleet held by the family trust.

One day, one of their semi-trailers collided with a train at a crossing, derailing the train and causing significant damage. The company was sued and the family lost the business, the factory premises and all of the other company assets.

So why, you ask, didn't insurance cover such a dilemma? Well, unfortunately in this case, the employee truck driver had alcohol in his system after a heavy bout of drinking the night before. As is common with most insurance policies, coverage was denied.

Some events are simply not insurable, so it is wise to structure your affairs so that risks are separated. Properly structured, had the family separated their transport and employment activities into a separate company(s), they would still have their business and factory. At the very least, all real estate should be held by a different structure to that of the entity carrying on the business.

Asset protection covers everything from properly structuring your affairs, having good policies and procedures in place, employing the right people, insurance (and knowing what your policy covers and doesn't cover), estate planning, superannuation etc. The time to undertake asset protection is "always".

It is too late to wait till something goes wrong!

Is Superannuation Payable on Termination Payments?

The question often arises as to whether superannuation is payable on an employee's accrued annual leave and long service leave being paid as a lump sum as a result of

resignation. The answer is that it does not. To qualify for the superannuation, the payments must be included in the definition of "Ordinary Time Earnings" (refer SGR 2009/2 on the ATO website for details of the definition). But note, that superannuation is payable on annual leave payments paid whilst the employee is in employment.



The Benefits of Insuring Through Super

While you are accumulating wealth, you should have adequate insurance cover to make sure you and your family are looked after in the event of the unexpected. In many cases, super may be the best option, not just to finance the insurance cover but also to make sure the proceeds are paid in the most effective way in the event of a claim. In this article we explain the benefits of holding insurance within superannuation with regard to:

- Financing premiums through super;
- Payment of the proceeds; and
- Maximising its effectiveness.

Cashflow benefits can bring peace of mind

When insurance is taken through a superannuation fund, the trustee can pay insurance premiums directly to the insurer from the individual's account balance within that fund. This removes the worry of having to pay insurance premiums out of your hip pocket in after tax dollars.

Tax credits reduce contributions tax

Salary sacrifice contributions and personal contributions claimed as a

tax deduction will attract income tax of 15% within the fund. However, to the extent the superannuation contributions are used to finance/pay the cost of the insurance premiums, part or all of the premiums may be tax deductible to the fund which reduces the actual cost to the member.

Tax-effective outcomes

Premiums for personal insurance cover via an ordinary non-super policy are generally paid with after-tax dollars. On the other hand, premiums paid through a super fund can effectively be funded from concessional (tax deductible) super contributions. In addition, tax concessions can apply to super benefits paid as a result of death, terminal illness or total and permanent disability. As a result, insuring via super can often be more tax-effective compared to insuring outside super. Options available for paying tax deductible premiums are;

1. *Tax savings for the self-employed*
Self employed (or substantially self-employed) people below the age of 75 may be eligible to claim a tax deduction on personal contributions to the

super fund. These contributions are taxed at 15% by the fund up to the annual concessional contributions cap. This is a tax effective way of paying for insurance premiums that are held inside super as opposed to holding life and Total & Permanent Disability (TPD) insurance outside of super where the premium would not be tax deductible.

2. *Salary Sacrifice can reduce the cost for employees*
You may be able to arrange for your employer to make super contributions of an amount which includes the cost of the premiums for any life or disability cover, directly to your chosen superannuation account. Like personal deductible contributions, employer contributions are subject to the 15% tax in the fund up to the concessional contributions cap. Where these contributions are used to fund insurance premiums that are deductible to the fund, the overall effect is that insuring via super is typically more tax effective compared to insuring outside super.

3. *Government co-contributions boost super savings*

Some people will qualify for a Government co-contribution which is available for certain employees and self-employed people who make personal non-concessional (non tax deductible) contributions to super and whose total earnings for a particular year fall within limits set by the Government. If you qualify for this incentive, then it may be a very appealing way for you to make extra super contributions and fund insurance premiums. Broadly, the Government co-contribution incentive works like this: if in a particular financial year, you have total earnings of less than \$31,920 (2011/2012 financial year) then for every \$1 of personal contributions made in the financial year, the Government will also contribute \$1 up to \$1,000. If your total income exceeds \$31,920, the co-contribution is reduced by 3.333 cents for every \$1 until it reaches or exceeds \$61,920. The additional contribution from the Government can then be used to fund your insurance premiums so you can essentially have insurance paid for by the Government.

4. *Paying for cover via spouse contributions may generate a rebate*

While insurance needs tend to focus on the main breadwinner, there is clearly still a need for providing cover for a non-working or low income spouse especially when he/she has the role of looking after children. One tax-efficient way to insure the non breadwinner could pay the premiums is by way of a spouse contribution to the superannuation account. Depending on the non breadwinner's income and

finger benefits, the contributor (breadwinner) may be able to claim a rebate of up to \$540.

Payment of the Proceeds

While funding insurance through superannuation has great advantages in terms of cashflow convenience and cost savings, clients also need to consider the tax treatment of the insurance proceeds when a death or disability occurs.

Term Life

The majority of clients can easily make a binding death nomination to their spouse which will ensure that in the event of a claim the benefit will be paid directly to the remaining spouse. As long as the nominated beneficiary is a dependent under superannuation and tax legislation, the proceeds can be received tax free as a lump sum benefit. Conversely, if the amount was instead paid to someone who was not a dependant, the benefit may include an "untaxed element" which is taxed at 30% plus the Medicare Levy, while the "taxed element" is taxed at 15% plus the Medicare levy.

Child allocated pensions

If the super fund offers the ability for a child pension, the client can choose to have part or all the benefit paid as an account based pension to each of the available children. Not only are child pensions a tax-effective estate planning tool, they are a simple but effective way of managing and controlling the distribution of superannuation savings amongst beneficiaries.

Total and Permanent Disability (TPD)

TPD benefits have different tax treatment from life insurance benefits paid through super. The tax treatment depends on the client's age, the benefit amount, length of time the client has been a member of the fund and tax

concessions. Additionally, not only can the policy definitions for TPD affect the extent to which the super fund can claim a deduction for the premium but also whether or not the proceeds can be paid from the super fund under preservation rules. Careful consideration needs to be given to the definitions available when assessing the merits of insuring for TPD inside or outside of super.

Disability Income

Most people think that it's only the major events such as death or TPD that are likely to have significant financial implications for them or their family. But how would you cope if you lost the ability to earn an income even if for only a short period of time? By holding income protection inside superannuation, you are ensuring you will have a replacement income, paid in the form of a taxable monthly income stream, if you are unable to work due to sickness or injury.

In summary, holding insurance via superannuation can provide a tax efficient way of paying for insurance premiums while at the same time provided a tax effective strategy at time of claim. However, important consideration needs to be given towards a client's individual circumstances and the product/policy recommended, to ensure all aspects of the clients needs are met.

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**Reference made to Macquarie
Life adviser document.**



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