



## Welcome

Welcome to the Autumn edition of Dental Wealth. In this issue, we look at the importance of having a will or updating your existing will. Also, a look at workplace reform and the benefits of salary sacrificing, and lots more.

Happy reading!

**Jarrod Bramble**  
PARTNER

*Do you own a family home?  
Own a motor vehicle?  
Do you have money in a bank  
account? Do you own shares  
in one company or several?*

If the answer to any of these questions is yes, you should have a legal will.

A will is a legal document that ensures your assets will be distributed in the way you want in the event of your death.

### Is your existing will up to date?

How long has it been since your will has been reviewed? Any changes in your current life situations should encourage you to review your will. These may include:

- A change of the family home.
- Investments made in the property market, the share market, term deposits and any other kind of financial investment.
- An inheritance received from the death of another person.
- Marriage. If a legal will was made before you were married, unless it was specifically stated otherwise, that will is automatically revoked when you marry.
- Other changes to your family including divorce, having children and grandchildren or the death of a parent, spouse or child.



### Does your executor know of its location and or his/her appointment?

When creating a will you nominate a person, known as your executor, to act on your behalf and distribute your assets in accordance with the terms of your will. It is important to ensure that this person is aware of their duties in this regard, and also knows where to find a copy of your will. Most solicitors will keep a copy of your legal will on your behalf, free of charge. You should also keep a copy of the will, with the original will document's location with you.

### Implications of not having a will?

Should you die and not have a legal will in place your assets may not be distributed to the people you want them to go to. Your assets will be distributed in accordance with a statutory regime. This regime will automatically distribute your assets to your surviving spouse, should you not have a spouse, then to your children, again should you not have any, to your parents, and then your brothers or sisters and so on. There is often additional time, effort and expenses that you expose your relatives and also your solicitor to if no legal will is in place.

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# Workplace reform – what will it mean for employers?

*On 13 February 2008 the Federal government took its first step to reform Australia's industrial relations laws by tabling the Workplace Relations Amendment (Transition to Forward with Fairness) Bill 2008 (Bill).*

The Senate Committee Inquiry into the implications of the Bill, delivered its recommendations a month earlier than the expected deadline with opposition senators generally approving the Bill.

The Bill was passed by both houses of Federal Parliament on Wednesday 19 March 2008 and received Royal Assent on Thursday 27 March 2008.

Let's look at the key changes:

1. Preventing the making of any **new** Australian Workplace Agreements (AWAs cannot be made after the commencement date. AWAs made and lodged before the commencement date, or made before commencement and lodged within 14 days after that date, would continue to operate until terminated or replaced.);
2. Allowing employers using AWAs as at 1 December 2007 to offer Individual Transitional Employment Agreements (ITEAs) to new employees and employees already on AWAs for the transition period while award modernisation takes place;
3. Introducing a genuine no-disadvantage test for new collective agreements and ITEAs;
4. Enabling the Australian Industrial Relations Commission (AIRC) to undertake the process of award modernisation; and
5. Removing the requirement for employers to provide the Workplace Relations Fact Sheet to their employees.

Following the nominal expiry date of an AWA, it may be terminated unilaterally by either the employer or employee on 90 days' notice. The employee would then be entitled to the benefit of an applicable collective agreement or award in the workplace.

As requested by employer and employee representatives, the Bill will allow parties to retain pre-Work Choices certified agreements and to extend or vary those agreements in limited circumstances to avoid an unnecessary transition into Work Choices laws prior to the commencement of the Government's new workplace relations system.

The Government will introduce its substantive workplace relations reforms into Parliament later this year after extensive consultation, to ensure that the Rudd Government's new workplace relations system will be fully operational by 1 January 2010.

# Is salary packaging still beneficial in today's more generous individual income tax regime?

Due to the recent increases in the marginal tax rates individuals can earn up to \$150,000 before paying tax at the highest marginal rate (46.5% including Medicare Levy), thus the scope for accessing a benefit through salary sacrifice has been diminished as most individuals will pay tax at a lower rate than the FBT rate of 46.5%.

However there are still opportunities for saving tax in certain circumstances:

- Concessionally taxed employers, such as public hospitals, are exempt from FBT on grossed up benefits of \$17,000.
- Benefits where the employee would otherwise be able to claim a once only tax deduction for are exempt from FBT, such as professional memberships.
- Work related items including mobile phones primarily used for business purposes and laptops are exempt from FBT.
- Concessionally taxed motor vehicles such as those with a high business use or uses whereby private use is minor and infrequent.
- Super contributions to a complying superannuation fund are not subject to FBT and remain deductible to the employer (but watch the concessional contributions cap!).



As the June 30 deadline looms its time to consider any last minute strategies to ensure you achieve the most effective taxation outcomes for your practice and ensure your records and bookkeeping are primed for any yearly reporting obligations.

## A little pre-June 30 planning can go a long way...

The below action plan outlines potential planning opportunities for your consideration:

- ✓ Ensure superannuation is paid prior to 30 June.
- ✓ Review any bad or doubtful debts to be written off.
- ✓ Perform stocktake (where relevant) at 30 June and make stock adjustments where necessary, including the write off obsolete stock at 30 June as required.
- ✓ Calculate any staff bonuses payable at 30 June.
- ✓ Review assets ledgers for any obsolete plant and equipment.
- ✓ Reconcile the following ledger accounts – bank accounts, debtors, creditors and GST.
- ✓ Reconciled year end payroll? Does payroll summary reconcile to profit and loss report (where relevant)?
- ✓ Review the following accounts ensuring relevant narrations are clear – fines, insurance, legal fees, plant and equipment, repairs and maintenance.
- ✓ Backup accounting software ledgers (where relevant).

# Diary Dates

## May 2008

- 7 April Monthly Payroll Tax Payment due
- 12 Lodgment and Payment of March 2008 Activity Statements
- 19 First Land Tax Instalment or Full Discounted Payment due
- 28 Lodgment and Payment due for Fringe Benefits Tax
- 21 Lodgment and Payment of April 2008 Activity Statements

## June 2008

- 9 May Monthly Payroll Tax Payment due
- 5 Payment due for 15 May 2008 Lodgments
- 18 Second Land Tax Instalment due
- 21 Lodgment and Payment of May 2008 Activity Statements

## July 2008

- 7 June Monthly Payroll Tax Payment due
- 18 3rd (Final) Land Tax Instalment Due
- 21 Annual Payroll Tax Reconciliation due
- 28 Lodgment and Payment of June 2008 Activity Statements
- 28 June Superannuation Guarantee Surcharge due and payable

## August 2008

- 7 July Monthly Payroll Tax Payment due
- 14 PAYGW Annual Payment Summaries due for large withholders and no tax agent
- 21 Lodgment and Payment of July 2008 Activity Statements

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## Did you know?

### How important is workplace productivity to you?

Does your staff have open access to the internet during work hours? Do you know what they are using workplace computers for? How often do they access sites such as Facebook, MySpace, and Ebay?

You need to consider not only how much time is being consumed by this social computer usage, but also how much of your internet connection bill equates to this non-productive practice?

A recent SurfControl survey found Facebook use is costing Australian companies \$5 billion dollars each year.

If this is a concern for you, consider the installation of some internet monitoring software. You may be surprised what it reveals.

### Reduction in land tax!

Figures from the Office of State Revenue show 58 per cent of investors with holdings unchanged from 2007 will pay less land tax this year.

These saving will come about from:

- A reduction in the land tax rate from 1.7% to 1.6%; and
- The increase in the land tax-free threshold to \$359,000; and
- The continuation of land value averaging (land values now based on a three year average to remove the impact of sharp swings in land valuations).

A further saving of 1.5% is available if you pay your assessment in full by the first instalment date.



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**Cutcher & Neale**

**Phone**  
**Fax**  
**Email**  
**Internet**

02 4928 8500  
02 4926 1971  
cnmail@cutcher.com.au  
www.cutcher.com.au  
The Bolton Building  
25 Bolton Street  
Newcastle NSW 2300  
PO Box 694  
Newcastle NSW 2300



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