



Welcome

Now that the new Fair Work Act (Cth) 2009 has come into place, what actions will your practice take? We have included some of our suggested action points on page one to help you. We also cover motor vehicle usage, investment allowance, discretionary trusts and much more.

Cutcher & Neale is supporting a valuable event on **"Using your super fund to invest in property"**, Thursday 12 November at the AMA (NSW), see page three for details.

Jarrod Bramble
PARTNER

As part of our ongoing commitment to the medical industry, Cutcher & Neale has partnered with various groups to help build a strong support group for our clients. A small selection of those groups are represented below.



The Fair Work Act

The Fair Work Act (Cth) 2009 is the new workplace relations legislation now in place. It replaces the Workplace Relations Act.

Is your practice affected?

The Act covers constitutional corporations (including some practices with service entity arrangements), employers in ACT and NT, and most Victorian employers. Sole Traders and Partnerships are still covered by the existing State Awards.

Some changes effective from 1 July 2009 include:

- Unfair dismissal
Practices with less than 15 full time staff are exempt from unfair dismissal claims from employees with less than 12 months service. Practices 15 or more staff are exempt from unfair dismissal claims from employees earning more than \$100,000 p.a. and have not completed a 6 month qualifying period. The time limit for bringing an unfair dismissal claim is 14 days.
- "Genuine Redundancy"
- New Enterprise Agreements
- Good Faith Bargaining
- Establishment of Fair Work Australia
Fair Work Australia will oversee the new workplace relations system. It will have power to vary awards, approve collective agreements, resolve unfair dismissal claims, make minimum wage orders and decide on workplace disputes.
- Small Business Fair Dismissal code

Some changes applicable from 1 January 2010:

- National Employment Standards (NES) - proscribe the ten minimum conditions of employment:
 1. Maximum weekly hours of work.
 2. Flexible working arrangements.
 3. Parental leave.
 4. Annual leave.
 5. Personal/carers'/compassionate leave.
 6. Community service leave.
 7. Long service leave.
 8. Public holidays.



9. Termination and redundancy pay.
10. Fair work information statement to be provided to employees.

- Modern Awards
Modern awards aim to condense, modernize and simplify existing awards. Their highlight is allowing flexible arrangements (subject to a "better off overall" test). Variable conditions include overtime / penalty rates, allowances and leave loading. New modern awards applicable to health professionals include:
 - Health Professionals and Support Services Award 2010 (private hospitals and private practices)
 - Nurses Award 2010 (private hospitals and private practices)
 - Medical Practitioners Award 2010
 - Aged Care Award 2010
 The modern awards do not apply to employees earning over \$100,000.

Your top 3 Action Points:

- Check whether your practice is subject to the Act.
- Determine whether your payroll system allows for changes required.
- Review current systems, policies and procedures to ensure compliance with NES and modern awards.

The AMA have released a number of information sheets that can be accessed via their website www.amansw.com.au



Motor vehicle usage – business vs private

When using the 'logbook' method the following information may help in determining business use versus personal use for kilometres travelled along with expenses incurred. To use the logbook method, a logbook must be kept with odometer records for 12 consecutive weeks and written evidence for all car expenses for the year, except fuel expenses as the business use percentage of these can be claimed. Logbooks are valid for five years but just note that if your travel substantially changes a new log book should be completed.

Travel expenses of commuting between home and place of work (e.g. surgery or hospital) are generally not deductible as it is deemed private usage, even where a travel allowance is received.

Examples of business related trips may include the following:

- Travel between two places of employment for the same job.
- Travel for a Medical Practitioner to go from home to a patients residence and then on to the surgery.
- Travel either way between the surgery and the hospital.
- Travel by a Medical Practitioner, from home to hospital where the Practitioner is required under the terms of their contract to be accessible by telephone to receive emergency calls and to give immediate instructions on treatment prior to travelling to the hospital.



Investment allowance

Businesses that purchase tangible depreciating assets between 13 December 2008 and 31 December 2009 may qualify for the Temporary Business Tax Break ("Investment Allowance"), announced as part of the Federal Government's Economic Stimulus Package.

Depending on the size of the business, as well as when the asset is acquired and is first used, an additional tax deduction of up to 50% of the GST exclusive value of the asset may be available. For example a company that acquires a new item of equipment for \$20,000 (excluding GST) may be eligible for a one off deduction of \$10,000 in the year in which the asset is first used in the business. This equates to an effective tax saving in the relevant income tax year of \$4,650 based on the top marginal tax rate of 46.5%.

It should be noted that the tax break specifically excludes computer software and other intangible assets. A number of other eligibility criteria must also be satisfied, including minimum spends and business use percentages. To find out more please visit our website www.cutcher.com.au/News___Events/Breaking_News/Articles/Investment_Allowance

How can distributions from a discretionary trust affect you?



A Discretionary Trust is one where the trustee's have the discretion to determine the distribution of income and capital to beneficiaries at 30 June. A more common name for a Discretionary Trust is a Family Trust.

Following the calculation of the taxable profit in the Discretionary Trust at 30 June we must review the tax effective of the potential distributions. Some of the factors to look out for when distributing to children over 18 are as follows:

- **HELP Debt (previously HECS)** – A compulsory repayment is required when the repayment income* is > \$41,595 (2008/2009). The repayment rate varies from 4% up to 8% where repayment income is more than \$77,248. There may be a benefit in parents making a voluntary repayment before the lodgement of the tax return. Any voluntary repayments of > \$500 will receive a bonus of 15% (ie repayment of \$1,500 = debt reduction of \$1,650).
- **Youth Allowance** – Depending on your child's study and work situation there may be a disadvantage from claiming Youth Allowance when compared to the tax saving from distributing to your child from a Family Trust. Instead the Trust would need to pay the Youth Allowance amount to the child that they would otherwise be entitled to.
- **Medicare Levy Surcharge** – An additional 1% of taxable income** will be required to be paid if your child is not covered under your policy; they have a taxable income of > \$70,000 (2008/2009) and they do not have their own cover.

*Taxable income + reportable fringe benefits + net investment loss + reportable super contributions + exempt foreign employment income

** Taxable income + reportable fringe benefits

Member Partner Seminars

Using your super fund to invest in property

AMA (NSW) together with partners Cutcher & Neale, Investec Experien and Prosper Group are hosting a series of seminars covering topics of interest to both members and non-members about property investment.

The first seminar will be held from 6.00pm – 8.00pm on Thursday 12 November 2009 at AMA (NSW) House in St Leonards, covering the topic "Using your super fund to invest in property".



THE VOICE OF THE PROFESSION



Cutcher & Neale will discuss:

- how to get the most out of self-funded super funds;
- what a self-managed super fund can invest in;
- how to be tax and cost effective using debt and superannuation; and
- debt instalment trusts or unit trusts?

Investec Experien will focus on:

- maximising your ability to diversify super investments;
- maximising your and tax deductions through effective structuring; and
- the quirks of self managed super fund lending.

Prosper Group will guide you in:

- choosing the right residential investment property;
- what location to invest in;
- the best investment – house or unit; and
- five property buying tips.

AMA (NSW) members can attend for just \$45.00, non-members for \$75.00, and all attendees will receive a \$100.00 gift voucher towards their next year's membership.

Don't miss this great opportunity to find out more about super funds and property investment, as well as network with your colleagues. For more information or to book call Jasmine Pagano at AMA (NSW) on 02 9439 8822.

Diary Dates

October

- 21** Annual PAYG Instalment Notice due for payment and lodgment.
- 21** September Monthly Activity Statement payment and lodgment due.
- 28** PAYG Quarterly Instalment Notice for quarter 1 due for payment, lodgment only required if varying amount.
- 28** Superannuation Guarantee contributions for quarter 1 due.
- 28** Quarterly Business Activity Statement for quarter 1 due for payment and lodgment.
- 31** 2009 Income Tax Returns due for lodgment for companies with a 31 October due date (letters sent out in August 2009).

November

- 7** October Monthly Payroll Tax Payment Due.
- 11** Quarterly Activity Statement for quarter 1 due for lodgment and payment (if by paper or ECI).
- 21** October Monthly Activity Statement payment and lodgment due.
- 25** Quarterly Activity statement for quarter 1 due for lodgment and payment (if by ELS or Tax Agent Portal).

December

- 7** November Monthly Payroll Tax Payment Due.
- 21** November Monthly Activity Statement payment and lodgment due.

Seminar visits Newcastle, Sydney and Ballina

“Improving your practice performance” seminar 2009

Doctors and Practice Managers across NSW were offered an opportunity to hear from Cutcher & Neale's Partner and Medical Specialist Advisor, Jarrod Bramble. Discuss topics on managing the cost of doing business, cash flow management, increase practice productivity and much more.

Feedback from Doctors and Practice Managers who attended, found the seminar to be of significant value with added benefits. Most attendees found Jarrod's Top 10 Tips to be very useful and for this reason we would like to share these with our readers.



1. Maximise your tax efficiency
2. Consider expansion – economies of scale
3. Look at your service offering (expansion of services)
4. Become more efficient with Nursing Staff
5. Review your overheads
6. Patients with financial hardship offer a pricing plan
7. Review your appointment diary
8. Take advantage of the 50% Tax Break
9. Remove administration tasks
10. Understand how you generate income

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Cutcher & Neale

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