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Super Sins

1. Being too proud to ask for, or follow, the right advice can mean missing out on valuable investment opportunities. Worse still, innocent mistakes like making excess contributions could land you in hot water with the tax man.
2. The ASFA Retirement Standard, which benchmarks the annual budget needed to fund retirement, shows that it costs a couple around \$53,000 annually to fund a 'comfortable' retirement. Unless you take an active interest in your super, your nest egg may be insufficient to fund this level of lifestyle.
3. The share market volatility of recent years has affected the nest eggs of most Australians, causing understandable concern. But don't forget that despite the last few years, quality shares remain an important superannuation investment because they have a

very good chance of delivering strong long term returns. Having a disciplined approach and being in a relationship with a trusted adviser who monitors your personal situation can help.

4. Your goals for retirement and the strategies used to achieve them are uniquely yours. Over the very long term in which super is invested, there will be times when your fund streaks ahead while others languish, and vice versa. The key is to stick with your long-term strategy. Changing tack midstream because you're envious of someone else's super returns could unhinge the whole foundation of your retirement plans.

5. Developing a budget for retirement living will help you select the appropriate annual draw from an allocated pension – particularly with the Government recently extending the ability to draw down less than the previous minimum pension levels for the current financial year (talk to your adviser for details). (continued over page)





Super Sins (continued)

You need to resist the temptation to draw down too much too early and avoid prematurely gobbling up your nest egg.

6. If you're aged under 50, deductible (before-tax) contributions are limited to \$25,000 annually. This total includes employer contributions plus salary sacrifice contributions, or personal contributions claimed as a tax deduction by self-employed workers. If you are aged 50 or over, the annual deductible contributions cap for the 2010-11 and 2011-12 financial years is \$50,000. Any excess contributions are taxed at 31.5% - that's in addition to the standard 15% contributions tax.

7. What's important in planning your future is to understand and set your lifestyle goals and direct your wealth accordingly.



Common Mistakes made by Employers

As an employer it's important that you understand all your superannuation obligations.

Common mistakes we see employers making include:

- paying insufficient super contributions for eligible employees
- missing the quarterly cut-off dates (28 October, 28 January, 28 April, 28 July) for payment
- not understanding that in some circumstances super should be paid for contractors, even if the contractor quotes an Australian Business Number (ABN)
- not keeping accurate records
- not passing on an employee's Tax File Number (TFN) to their super fund within 14 days
- not lodging a Superannuation guarantee charge statement if they have not paid their employee's super to the fund by the due date or have not paid the correct amount.

You need to pay super contributions for **Contractors** employed under a contract that is wholly or principally for the contractor's labour, even if the contractor quotes an ABN. **If you need to know anything further, please contact our office.**



PDK Movie Night

"The Cup"

Our annual movie night was planned for the day before the Melbourne Cup and was the movie "The Cup" starring Stephen Curry. The movie is based on Damien Oliver's Melbourne Cup win in 2002 just days after his brother had a bad fall and died.

Unfortunately the morning of our planned movie there was an explosion at the Capri Cinema (gas leak) and we had to cancel. Luckily no-one was there at the time. Some of the food (wraps and rolls) was delivered to our office which then supplied staff for lunch and snacks over the next couple of days. We will be holding another movie night soon so stay tuned for the planned re-scheduled date!!



Eight Interesting, but potentially useless facts (not tax or accounting related!!!)

1. Arguably the largest state in the world, Western Australia covers one-third of the Australian continent. It spans over 2.5 million square kilometres.
2. Australia's Ayers Rock is the largest rock in the world.
3. 26% of Metropolitan Melbourne is reserved for parks.
4. Statistics show that at race tracks, the favourite wins fewer than 30% of all horse races.
5. The most common name for a pub in Britain is The Red Lion.
6. Taxi drivers in London, England, are required to pass a training test based upon "The Blue Book." Preparation for this test takes between two to four years. Of ten who start, eight or nine drop out before completion.
7. Tourists visiting Iceland should know that tipping at a restaurant is considered an insult.
8. The oldest piano still in existence was built in 1720.

Investment Property and Tax Reductions

If you own an investment property, no matter when you purchased it, we strongly recommend obtaining a Quantity Surveyor Report.

They can be a very cost effective way of being able to claim the maximum allowable depreciation of the building and its contents, and supported by the ATO. They are cheaper than you might think! If you would like to know more, please contact our office.

FBT and Exempt Motor Vehicles

Private use of any motor vehicle can be subjected to Fringe Benefits Tax ("FBT"). It is a common mistake to assume that certain uses or commercial vehicles are exempt.

You must meet the eligibility criteria below for the exemption to apply.

An employee's use of a taxi, panel van, utility or other commercial vehicle (that is, one not designed principally to carry passengers) is exempt if the employee's private use of such a vehicle is limited to:

- travel between home and work
- travel that is incidental to travel in the course of duties of employment
- non-work related use that is minor, infrequent and irregular (for example, occasional use of the vehicle to remove domestic rubbish).

The exemption also applies to non-work related use by an employee's associate that is minor, infrequent and irregular.

Dual cabs qualify for the work-related use exemption only if either:

- they are designed to carry a load of one tonne or more, or more than eight passengers
- while having a designed load capacity of less than one tonne, they are not designed for the principal purpose of carrying passengers.

If you would like to know more; whether your motor vehicle may be on the exempt list or if your "private usage" exceeds the limits above, please contact our office.



Small Business Depreciation changes

- Exposure Draft

The government has released draft legislation for small business depreciation which proposes to:

- Increase the instant asset write-off threshold from \$1,000 to \$6,500
- Allow the write-off of all other depreciating assets in a single depreciation pool at a rate of 30%
- Allow claims of up to \$5,000 in year one for motor vehicles acquired from the 2012-13 income year
- Abolish the entrepreneurs' tax offset

The amendments are proposed to have effect from the 2012-13 income year.

If you would like to know more, please contact our office.

Christmas Office closure dates

Please note the PDK office in Renaissance Arcade will be **closed for the following dates over Christmas:**

Thursday 22nd December 2011 through to Friday the 6th January 2012 inclusive.

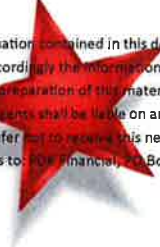
We will officially be open for business in the 2012 year on Monday 9th of January.

We would like to wish all our clients and their families a happy Christmas and a safe New Year!! May you keep your New Year's Eve promises and here's to a successful 2012!

Changed Address?

Are you a director or a shareholder of a company? If you have **changed address you must notify ASIC on the correct form within 28 days of the change or risk being fined.** If you notify within 28 days there is no fee.

If you change address or email or phone numbers – please let us know too...

Disclaimer: The information contained in this document is of a general nature only and does not take into account your particular objectives financial situation or needs. Accordingly the information should not be used, relied upon or treated as a substitute for specific financial advice. Whilst all care has been taken in the preparation of this material, no warranty is given in respect of the information provided and accordingly neither PDK Financial nor its employees or agents shall be liable on any grounds whatsoever with respect to decisions or actions taken as a result of you acting upon such information. If you prefer not to receive this newsletter, please return your mailing label and advise us that you no longer wish to receive this information. Please address to: PDK Financial, PO Box 3685, Adelaide SA 5000

PDK On-line

Don't forget to **visit our new website** with all kinds of useful information, tips, tax facts, calculators and areas for requesting meetings and uploading documents to us securely at www.pdkfinancial.com.au

PDK is also on Facebook;  just search "PDK Financial" and "like" our page for regular updates on all things PDK – not just tax related. We are holding a **competition** for the 50th and 100th client to like our page where a very nice gift will be received by the lucky client. Good Luck.

Contact PDK

Shop 25 Renaissance Arcade

PO Box 3685

Adelaide SA 5000

Australia

Phone: (08) 8271 9555

Fax : (08) 8271 9522

Email : info@pdkfinancial.com.au

