

PINNACLES DEAVIN

BUSINESS & INVESTMENT ADVISORS

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INTEREST RATES ON HOLD

The Reserve Bank met this morning and has decided to keep interest rates on hold as it awaits further data to support the belief that our economy is recovering.

There is cautious optimism domestically that we have seen the worst of the downturn although there are those who are espousing that we cannot yet be sure that all our problems are behind us. There are lingering concerns that unemployment, whilst it has not hit the highs that had been predicted earlier, could still create a few problems for us yet.

There are also reports coming out of the US that in a global sense, the worst of the crisis has passed. The US academic Prof Nouriel Roubini aka Dr Doom supports that view and believes that the recession will continue until the end of 2009. He also predicts that the Australian recovery will be more robust than most due to the strength of our financial institutions.

In its most recent Statement on Monetary Policy the RBA said that there remained scope for further cuts, if needed. Whether that happens or not will be determined by how economic conditions unfold in the coming months.

INTEREST-FREE PAYMENT ARRANGEMENTS

The ATO has announced that businesses with an annual turnover of less than \$2.0M, i.e. small businesses, and an activity statement debt can apply for a **General Interest Charge (GIC)-free payment arrangement** from now until 30 June 2010. GIC will be remitted for a maximum period of 12 months provided that the payment arrangement is maintained. There is no limit to the amount of debt under arrangement. There are no concessions for non-small business.

To be eligible your business must:

- have an annual turnover of less than \$2.0M,
- have an activity statement debt e.g. GST, PAYG, and
- negotiate a mutually acceptable and sustainable payment arrangement with the ATO that is entered into between now and 30 June 2010.

If you are already in a payment arrangement then renegotiation will result in the interest-free period applying. If you do not renegotiate then interest will continue to apply.

FBT PAYABLE ON CAR GARAGED AT DIRECTOR'S RESIDENCE

The AAT has held that FBT was payable in respect of a car kept at a taxpayer company's premises where those premises were also the residential address of the company's sole director. The facts of the case were such that the company bought a luxury sedan for \$119,000 and kept it garaged at or near the sole director's home. No FBT returns were lodged and there was no employee contribution in the financial statements and following an audit the ATO issued FBT assessments totalling some \$88,000 for 3 years.

The taxpayer argued that the vehicle was used 100% for business purposes but could not produce a log book for that period in support of that contention. He also argued that whilst the addresses of the business and his home were the same, the properties were in fact separate and had their own entrances and garages.

The AAT held that a benefit arises where a vehicle is kept "at or near" a place of residence of the employee. The taxpayer produced a 100% log book for the fourth year, which happened to be the year in which the audit was conducted, but that only covered 2 months and was not considered to be sufficient to infer usage patterns during the 3 years under review.

STANDARD BUSINESS REPORTING

The Minister for Finance and Deregulation has stated that the Standard Business Reporting (SBR) initiative, to reduce regulatory reporting on Australian businesses, is on track to be implemented by July 2010. Similar to an electronic postal system, SBR's core services will enable businesses and their intermediaries, presumably such as Pinn Deavin, to securely submit their regulatory reports to government directly from their accounting software if it has been SBR enabled.

SBR will enable businesses to report to a range of Australian, state and territory government agencies using a single financial reporting language (XBRL). Examples of the reports that are within SBR's current scope include Business Activity Statements and PAYG returns (ATO), financial statements (ASIC), and payroll tax (OSR).

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