



BUSINESS & INVESTMENT ADVISORS

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INTEREST RATES ON HOLD

The Reserve Bank surprised the market by leaving interest **rates unchanged at 3.75%** at its meeting this morning. Even though the CPI continues to edge upwards, unemployment continues to fall and house prices and retail sales continue to increase, the RBA has stated that it is content to hold rates at their present level until the effects of the 3 increases at the end of 2009 become more fully apparent.

If it had moved today it would have marked the fourth rate rise in as many meetings. Even though there has been no change today it is virtually certain that further increases will occur during the coming months as rates move back to a more long term sustainable level.

NEW INCOME TAX ASSESSMENT NOTICES

The ATO have advised that changes to the content and format of notices of assessment for income tax transactions will apply from the introduction of its new Income Tax processing system which is scheduled for release this month. The changes are designed to make the notices more informative and easier to understand.

New statements of account have also been developed. These will only be issued in certain circumstances e.g. where you have incurred a penalty or general interest charge as part of the assessment process or where you are due to receive credit interest. Statements will also issue from time to time where there remains an amount due to the ATO.

PAYROLL TAX RATE CHANGE

From 1 January 2010 to 30 June 2010 the rate of payroll tax is 5.65%. This is a reduction of 0.1% from the rate that applied from 1 July 2009 to 31 December 2009. The threshold above which payroll tax is payable remains at \$638,000 for the 2009/10 year.

LAND TAX RETURNS

The Office of State Revenue has made an order regarding notification of changes to NSW land holdings that occurred during calendar 2009.

An initial return is required by any person who owned non-exempt land in NSW at midnight 31 December 2009 but who did not receive an assessment for 2009. Persons who received a land tax notice for any land tax year prior to 2010 showing nil tax payable and who have subsequently acquired additional land or an additional interest in land and are owners at 31 December 2009 must also lodge an initial return. Further, persons who are liable to be assessed for any tax year prior to 2009 and have not lodged a return previously or have not received an assessment must also lodge an initial return. Initial returns must be lodged by 31 March 2010.

A variation return is required to be lodged by a person who receives an incorrect notice of assessment of land tax. Lodgment is required by the first instalment date shown on the notice.

BINDING DEATH BENEFIT NOMINATIONS

Many clients who have self managed super funds (SMSF's) wish to enforce to whom their super benefits are paid upon death rather than relying on the mere nomination of beneficiaries to whom they would prefer their benefits to be paid. To do this a binding death benefit nomination (BDBN) must be given to the trustee. A BDBN can be for an indefinite time and binds the trustee to pay the benefit to the persons specified. Of course the issue of BDBN's must be contemplated and permitted under the trust deed.

Subject to an SMSF's governing rules, it is also possible to specify how a death benefit is paid. As with so many things, this comes with certain risks and potential adverse tax consequences. Please contact your Pinn Deavin advisor should you wish to discuss your options.

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