

NEWSFLASH BOOKLET

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BAN TACS Accountants Pty Ltd

BAN TACS
Accountants
Pty Ltd is a
CPA Practice



Queensland	New South Wales	Victoria
Gold Coast PNA Level 5, Seabank Building Marine Parade Southport Qld 4215 Mail to: 98 High St, Tenterfield NSW 2372 Phone: Phone: (02) 6736 5383 Fax: (02) 6736 5655 E-mail: goldcoast@bantacs.com.au	Kiama NIA 3/114 Terralong Street, Kiama NSW 2533 Mail to: PO Box 5062 Nowra DC NSW 2541 Phone: (02) 4447 8686 Fax: (02) 4447 8169 Email: kiama@bantacs.com.au	Fitzroy CPA 151 St Georges Road, Fitzroy North VIC 3068 Mail to: PO Box 8152 Newton Vic 3220 Phone: (03) 5222 8489 Fax: (03) 5222 8489 Email: fitzroy@bantacs.com.au
Ningi CPA Shop 17A 1224 Bribie Island Rd, Ningi Qld 4511 Mail to: Location Phone: (07) 5497 6777 Fax: (07) 5497 6699 E-mail: ningi@bantacs.com.au	Nowra NIA 93 BTU Road, Nowra Hill NSW 2540 Mail to: PO Box 5062 Nowra DC NSW 2541 Phone: (02) 4447 8686 Fax: (02) 4447 8169 Email: nowra@bantacs.com.au	Geelong CPA 7 Westcott Street, Newtown Victoria 3220 Mail to: PO Box 8152 Newton Vic 3220 Phone: (03) 5222 8489 Fax: (03) 5222 8489 E-mail: geelong@bantacs.com.au
Stanthorpe PNA 37B Maryland Street, Stanthorpe Qld 4380 Mail to: 98 High St, Tenterfield NSW 2372 Phone: (07) 4681 4288 Fax: (02) 4681 4028 E-mail: stanthorpe@bantacs.com.au	Southern Highlands (Moss Vale) NIA Suite 2, No.2 Arthur Street, Moss Vale NSW 2577 Mail to: PO Box 5062 Nowra DC NSW 2541 Phone: (02) 4869 4888 E-mail: mossvale@bantacs.com.au	Highett CPA 1/487 Highett Road, Highett VIC 3190 Mail to: PO Box 8152 Newton Vic 3220 Phone: (03) 5222 8489 Fax: (03) 5222 8489 Email: highett@bantacs.com.au
Sunshine Coast CPA 1 st Floor, Cnr The Esplanade & Second Ave, Cotton Tree Q 4558 Mail to: PO Box 465, Cotton Tree Q 4558 Phone: (07) 5443 8004 Fax: (07) 5479 2202 E-mail: admin@bantacs.com.au	Tenterfield PNA 98 High Street, Tenterfield NSW 2372 Mail to: Location Phone: (02) 6736 5383 Fax: (02) 6736 5655 E-mail: tenterfield@bantacs.com.au	

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MINERS

Important – This booklet is simply a collection of Newsflash articles relevant to miners. The articles are transferred from Newsflash into this booklet so it is best read from the back page forwards to ensure you are reading the latest article on the topic first. Note that the information contained in this booklet is not updated regularly so it is important that you seek professional advice before acting on it.

INTRODUCTION

The following booklet is compiled from questions frequently asked by Miners or situations they can unwittingly be caught in. Many of the articles in this booklet are **important to know before you take on work as a Miner**. For example salary packaging your relocation costs, covering yourself with private health insurance for the full year in the first financial year you start mining and making sure you are actually employed before you incur any costs to attend courses. It also covers typical tax deductions for Miners and Noel Whittaker has contributed a couple of articles to help you invest your increased wages wisely. This booklet is available under the freebies section of our web site www.bantacs.com.au. Please spread the news around.

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Before You Leave Home

Relocation costs

The cost of relocating your household, when you are transferred is not considered by the ATO as tax deductible, even though a taxpayer in case T92 was successful in claiming her relocation expenses. Nevertheless, a simpler method is to salary sacrifice the relocation costs. They are exempt fringe benefits to your employer. This will mean that you will be paying for the relocation out of before tax dollars, which is exactly the same as receiving a tax deduction for that amount. Relocation costs covered under the FBT exemption include:

- Travel, Meals and Accommodation en route including family members
- Temporary Accommodation in the old or new location
- Furniture Removal
- Home sale and purchase costs. For example Stamp Duty, Legal Fees and Commissions.

Make sure your employer pays the actual costs. No exemption is available if you are only given a relocation allowance rather than reimbursement for the actual expenses.

Medicare Levy Surcharge and Child Maintenance

The surcharge applies if you do not have private hospital insurance with a maximum excess of \$500 for singles and \$1,000 for families and your income is more than \$50,000 for singles or \$100,000 for families. The threshold includes taxable income and reportable fringe benefits. If you do not have this cover you will be taxed an additional 1% on all your income which may even exceed the cost of the health insurance premium. The definition of family is based on whether you have dependants i.e. you have a spouse or contribute to a child's (under 16 or full time student under 25) maintenance. Spouses are automatically considered dependants of each other. In the case of separated couples the normal Medicare levy only entitles you to consider a child your dependant if you would be entitled to claim Part A benefit from Centrelink in other words you shared or had custody of the child. But for surcharge purposes this area is widened and a child would be considered a dependant even if he or she does not live with you but you contribute to his or her maintenance. In particular a single person without private hospital insurance who earns more than \$50,000 but less than \$100,000 is not liable for the 1% surcharge if they pay child maintenance. Reference ITAA1936 Section 251V.

Nevertheless most Miners earn more than \$100,000 per year so make sure you have private health insurance immediately. Preferably for the 1st July of the financial year you first begin to mine.

Claiming Memberships and Courses

Ongoing membership of an association that relates to your occupation is a tax deduction. If it does not relate to the way you earned your income during the year you are only entitled to claim the first \$42 of the expense but note you are entitled to claim up to \$42 for each association. Initial joining fees, even if they relate to your current occupation, are not tax deductible but they also qualify for the \$42 limit.

Some industry qualifications involve doing a course and paying a one off fee. Providing the course is related to your current occupation it can be claimed as a cost of self education, just be careful that the fee is for the course not a one off joining fee to a professional association. If the course is run by an education institution such as a College or University you cannot claim the first \$250 of your costs. But these costs include things you would not normally get a deduction for such as child care fees while at the course or expenses you forgot to get a receipt for. Also if your motor vehicle expenses under the kilometre rate in relation to the course exceed \$250 you do not have to reduce your costs by \$250 at all, this does not stop you also claiming these motor vehicle expenses if they qualify. If the course is run by a trade or professional association you do not have to worry about the \$250 rot.

The cost of obtaining a qualification that is a pre-requisite to taking a job with a new employer is not tax deductible because it is incurred before the income earning activity begins. Again this would qualify for the \$42 concession. The trick is to make sure you are employed before you do the course. This problem often applies to the generic certificates needed to enter the mining industry. References TR98/6 and TR2000/7

Tax Deduction Issues

Rates of Tax

In the 2008 financial year you will have to earn over \$150,000 to be in the maximum tax bracket. In the years following 2007 it will be \$180,000.

The 2007/08 tax rates are:	
0 – 6,000	0%
6,001 – 30,000	15%
30,001 – 75,000	30%
75,001 – 150,000	40%
150,001 +	45%

Note because the low income rebate was increased to \$750 a taxpayer can earn up to \$11,000 and pay no tax. Though a minor (under 18 years of age) can only earn \$1,667 in passive income, tax free. After that they are subject to penalty tax rates as high as an effective rate of 66%. The objective of tax planning via income splitting is to have all family members in the same tax bracket. This does not necessarily mean they have the same amount of income. For example if one spouse has an income of \$30,001 and the other \$75,000 they are in the same tax bracket. At this point the objective is to reduce taxable income not shift it from one to the other though if the low income spouse was on only \$30,001 you would do better to reduce the higher income earning spouse's income as any further deductions to the low income spouse would take him or her down into the next tax bracket.

Home to work travel

Many miners travel to remote areas to work for several weeks and then return home for a week or two. Because the mines are in remote areas they expect that they should be entitled to claim any costs of getting there as a tax deduction. Just like an office worker cannot claim travelling to their normal place of work each day neither can miners.

In ID 2001/80 the ATO discusses the example of a miner who works two weeks on for one week off, whose employer pays for the air fares back to a capital city but not all the way home. The ruling states that the miner cannot claim for the cost of travel from the airport because travelling to the job happens before the income earning activity starts so it is not part of the cost of earning income, regardless of how far the distance. The same rule would apply if the miner had to pay the air fare.

The only opportunity a miner has to claim travelling expenses, in these circumstances, is if he or she requires tools to do his or her work, the tools are bulky, there is no safe storage at the mine site and he or she uses his or her car to transport them. If this is not the case it is better to negotiate a salary package that covers all of your home to work travel costs even if it means a lower take home pay. When working on a remote mine site any cost your employer incurs in transporting you to and from that site is an exempt fringe benefit. This effectively means that if your employer pays the travel costs it is out of pre tax dollars. If you pay the travel costs they will be payable out of after tax dollars.

When negotiating this in your salary package refer your employer to TD 95/49. Warning, an employer does not technically have to pay super on anything you salary sacrifice and only the cash portion of your salary package is covered under Workcover so make sure your agreement includes some compensation for this.

Records required to claim work related travel

To claim up to 5,000kms per car the kilometre method can be used which does not require receipts or a log book but simply a detailed reasonable estimate. So if you travel to similar areas each month a record of the purpose of each journey and the kilometres travelled in the period multiplied to cover the whole year is a sufficient record. Also keep a record of one off trips. For the 2007 year you will be entitled to 58 cents per kilometre if your car has a cubic capacity of 1.6 litres or less. Over 1.6 litres up to 2.6 litres 69 cents. Over 2.6 litres is 70 cents per kilometre.

If you do go over 5,000 kilometres a log book may be beneficial but usually a better claim is available by rotating cars if you have more than one car. For example you are a member of a couple and use your spouse's car sometimes. You can claim up to 5,000kms in that car under the kilometre method. You must be the owner of the car to claim it under the kilometre method. If the car is only in your spouse's name you can make a declaration of joint ownership. If the car is in your parent's name but you pay all the associated costs because it is really your car you are considered the owner of the car.

You cannot claim a deduction for travel between home and your normal place of work unless you carry bulky equipment because there is no safe storage at work. A trip from work to home carrying bulky equipment so you can do work at home would not be deductible because you only take them home as a matter of convenience. That is you could finish the job off at work but you would prefer to work at home.

TR 95/34 covers a lot of the circumstances where a car can be claimed as a work related expense. This ruling is available on the ATO web site. Tax deductible work related travel falls into the following categories: **Itinerant** - In *FC of T v Wiener* 78 ATC 4006; (1978) 8 ATR 335 a teacher was required to teach at a minimum of four different schools each day, and comply with a strict timetable that kept her on the move throughout each of these days. The court found that she was itinerant and therefore able to claim her travel costs from the moment she left home until she returned home. A minimum of two workplaces in one day will class you as itinerant unless one was your normal workplace. If you first go to your normal workplace you can only claim for travel after you reach there.

Travel After You Have Started Work - If you go out from your normal workplace and then return you can claim for that trip but not the trip to and from your home and your normal workplace. Examples of this sort of travel would be meetings at other offices, inspecting branches displays etc. If you go home, rather than back to your work, after these meetings etc you can also claim the trip home.

Abnormal Workplace – Taxpack at item D1 and MT 2027 paragraphs 32 to 35 discuss claiming travel to an abnormal workplace. It is important to note that you must first have a normal workplace to have an abnormal one. You can claim for travel from home to an abnormal workplace and back home or to another workplace or vice versa. In *FC of T v Genys* (1987) 17 FCR 495; 87 ATC 4875; (1987) 19 ATR 356 the Federal court made it clear that if you are an agency nurse without a normal workplace you cannot make this claim if you only visit one hospital for the day. For a nurse with a permanent position the abnormal workplace claim would cover travelling to other hospitals for meetings, attending courses, etc. even if they spent the whole day there. In other words the travel was merely home to work travel but because they have a normal workplace and this travel is to an abnormal workplace they are entitled to claim home to work travel. If you regularly travel to one workplace on Monday and Tuesdays and another the rest of the week both these places would be considered your normal workplace so no abnormal workplace claim is available for either place.

Home a Based of Operations – In case W4 a semi retired University Lecturer was allowed a claim for home to work travel because he did not have an office at the University where he could prepare his Lectures so his home was the base where most of his work was performed. This case is very narrowly interpreted by the ATO.

Bulky Equipment – In case S29 it was accepted by the court that equipment weighting more than 20kg was considered bulky. If there is no safe storage at work you may be able to claim a deduction for taking your equipment to and from work. Safe storage means somewhere you can lock up your belongings that other people do not have a key to. It is not sufficient that you take the equipment home for your own convenience it must be out of necessity. Bulky equipment does not have to be heavy it can just be impossible to transport on public transport, for example a ladder or drum kit.

Work Related Tasks on the Way to or From Work - MT 2027 states that the task cannot be insignificant such as dropping off the mail at the post office. Though if you drop off the mail on the way home you can claim for the distance off the track this takes you. Also refer TD 96/42 and TD 96/43 available on the ATO web site. If you perform a significant work related task on the way home you can claim the whole trip. For example stopping at another office to do some work or have a meeting on the way to work will make the whole trip deductible.

Casuals - In *FC of T v Genys* (1987) 17 FCR 495; 87 ATC 4875; (1987) 19 ATR 356 an agency nurse was not permitted to claim the cost of attending a different hospital each day because it was merely home to work travel. She only went to one hospital each day and as she had no normal workplace she could not claim travel to an abnormal workplace. Casuals can claim their travel to and from work if they attend more than one work site during a day without returning home in between.

Note - If you have salary packaged the car you use for deductible purposes you cannot claim a deduction for these trips in your income tax return because you are not the owner of the vehicle.

Small window of opportunity when called into work

For full details refer to our claiming a motor vehicle booklet. Employees can claim travel from home to their normal place of work if they have begun their work at home so their home is either another workplace or a base of operations. The following is an example of successful cases on this principle:

Case W4 - a semi retired University Lecturer was allowed a claim for home to work travel because he did not have an office at the University where he could prepare his Lectures so his home was the base where most of his work was performed. This case is very narrowly interpreted by the ATO.

In Collings Case 1976 – A computer programmer was required to be on call at all times and her employer installed a computer terminal in her home so that she could access the main computer through the telephone line. On the occasions that she couldn't fix the main computer from home she would have to travel into work. The court found that the trips into work were tax deductible because she had already started work before she left home, in that she had tried to fix the computer through the telephone line. This changed the nature of the journey. Instead of being travel to work it became travel on work because her duties had already commenced.

Owen V Pook 1970 – A medical practitioner required to be on call in the case of an emergency at the Hospital where he is employed. When contacted on the telephone he would give instructions on the patient's care before travelling to the hospital. Accordingly, the court found that his responsibility for the patient began before leaving home so the travel was while working not to get to work.

IT112, which is available on the ATO web site (www.ato.gov.au) discusses this matter in great detail.

Uniforms

To be able to claim a deduction for the purchase and/or laundry of clothing it must fit into one of the following categories:

Compulsory Uniform – A uniform is compulsory if there is a strictly enforced policy compelling you to wear it. To the extent that if you did not turn up to work in it you would be reprimanded or sent home. It needs to be unique and distinctive to your organization. For example have the employers name on it. Once you have met the requirements of a compulsory distinctive uniform other items of clothing can also be claimed if the compulsory uniform policy specifies their colour, style and type. This extends to items of clothing that do not have the employers name on them such as pants, shoes, socks and stockings. An example would be the requirement to wear black, closed in leather shoes. But you must meet the first requirement that you have a distinctive, unique and compulsory uniform.

Non Compulsory Uniform – If the uniform is not compulsory you will only be able to claim for items of clothing that are part of a registered design. Information on registered designs is available on the Ausindustry web site www.ausindustry.gov.au

Protective – This can be used to protect either yourself or the clothes you are wearing underneath. It also covers steel cap boots and safety non slip shoes. Claims under in this category do not have to be part of a uniform.

Occupationally Specific – A dentist's shirt is not considered occupationally specific because Pharmacist also wears the same shirt. If you wear something under the Dentist/Pharmacist's shirt you could class it as protective. Chef's chequered pants are considered occupationally specific. According to the ATO occupation rulings a traditional nurses uniform and a graduation gown for a teacher are occupationally specific.

Note simply having a logo on an item of clothing does not make it claimable. The clothing must be part of a compulsory uniform policy or the logo must be a registered design to qualify for a claim

Claiming protective items

TR 2003/16 is based on Morris' case which gave us sunscreen deductions, has opened up the possibilities for claiming protective items.

Basically you can claim for a protective item if , by its nature, it would be reasonable to conclude that it will protect you from the risk of injury or illness in your workplace and that risk is not remote or negligible. This is unlikely to apply to items of clothing that are conventional in nature and you need to have a risky workplace so office workers haven't got a chance.

The item can be conventional in nature providing it is used principally for your protection. An example of this would be moisturiser with sunscreen included. This also opens up the opportunities to claim special non slip shoes if they are required for your work. Conventional clothing such as rain coats, woollen underwear and jumpers are protective if your job exposes you to water or extreme temperatures whether mechanical or climatic.

Long sleeve shirts and jeans are not considered protective but this would change if they had reflective stripes, a UV rating or the material was heavy duty and your job necessitated that protection .

The risk of injury must be as a result of your work not a personal factor such as poor eyesight, however prescription sunglasses are claimable if you need protection from the sun. You can double dip with prescription sunglasses. The costs to you, after any refund from your health fund, can be claimed as a tax deduction as well as being included in the medical expenses offset calculation.

If the protective item is also used for private purposes, such as sunglasses, a diary should be kept for 1 month so that the cost can be apportioned between business and private use on a time basis.

Claiming tools

Tools costing less than \$300 can be claimed in full the year they are purchased. Otherwise they will have to be depreciated over their effective life. If the tool is part of a set the set must cost less than \$300. Identical items are grouped together and their total price must be under \$300 so it may be worth buying less than \$300 of them in one year and buying less than \$300 worth the following year.

Travelling to see your accountant

Travel to your tax agent is fully tax deductible providing that is the primary purpose. If there is also a private purpose to the travel the expenses have to be apportioned. Further if you travel to your tax agent in your car your kilometre claim is not subject to the 5,000km limit. So you can claim up to 5,000km for that car regarding your job and still claim for travel to your tax agent at up the 70 cents a kilometre. If you are away from home over night in order to visit your tax agent you are also entitled to claim a deduction for your meal, accommodation costs and if applicable air fares. Reference TD 94/92.

Zones

To claim an Australian zone rebate (tax offset) you must be in a zone for 183 days. The 183 days can be accumulated over 2 years. If in the previous year you did not claim a zone rebate but over 2 years you have been in a zone for 183 days you can claim the zone rebate in the second year. For some workers who fly in and fly out this means they may only be able to claim a zone rebate every second year.

The rebate for being in a special zone is \$1,173 in tax credits that you can use to pay your tax instead of the instalments deducted from your pay. Accordingly, when you do your tax return some of the tax you paid on your wages should be refunded. Certainly worth the effort of tracking where you have been. You can check what zone applies to your area by going to the ATO web site www.ato.gov.au, simply put the word zone in the search box. While you are there you should read TR 94/27 to get more detail on how to qualify.

On the bottom end of the scale the rebate for a zone B resident is only \$57. Many parts of Queensland are zone B including big towns such as Mackay and Townsville. While the \$57 might not be worth much being in any zone helps towards your 183 days. The calculation first asks has the taxpayer been in any or various zones for 183 days. If so, they can claim a rebate. How much they can claim is determined by picking the best 183 days. For example if you have spent 200 days in a zone B and 50 days in a special zone your rebate would be made up of two parts. \$1,173 divided by 183 times 50 would be your entitlement for the special zone rebate. The balance would only be paid at the zone B rate i.e. \$57 divided by 183 times 133. The total rebate is \$361 which is a vast improvement on \$57 simply for being in a special zone for 50 days. As you can see the main purpose in zone B is to get your 183 days up so you can benefit from every day in other zones. You only have to be in the zone for part of the day for the whole day to qualify.

This trick can be useful when planning your holidays. If you live in a zone B record every day or part there of that you are in another zone area to boost your claim. If you work in a mine on a fly in fly out basis and don't quite spend 183 days per year there, you only need to go to a zone of any level to top up your quota.

If you have dependant children and or a spouse you are entitled to claim a zone rebate for them too if they were with you. If you have been missing out on claiming this rebate subsection 79B(5B) allows you unlimited time to go back and amend your tax return.

Making your money work for you

Whittaker Macnaught has offices throughout Queensland. Kim Evetts is available in the Mackay office to show you how you can achieve financial freedom by investment strategies and planning rather than going without. It is time in the market not timing the market or needing to invest large sums, the main strategy is just getting started. Simple strategies over time will achieve amazing results. To find out more, contact Kim on 07 4944 1664.

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The miracle of compounding interest - By Noel Whittaker

If you want to become wealthy you will need to understand about the miracle of compounding - the very root of making money. It happens when you let the earnings of an investment compound instead of withdrawing them and spending them. For example, if you had \$10 000 in an account and it earned \$500 interest, you would be practising compounding if you left the interest in the account to grow further. It happens because you are now earning interest on \$10 500, not just the original \$10 000.

What has always fascinated me is that it works in ways that seem totally illogical. Think about two young people who start investment programs. The first starts putting \$2 000 a year away at age 19 but stops at 26 to buy a home. The second does not start till age 26 but then invests, without fail, \$2 000 a year till age 65.

Who do you think will end up with the largest sum of money if the rate of return is 10% in each case? Strange though it may seem the winner is the first one who contributed only \$14 000 but ended up with \$945 000. The loser is the one who delayed and finished with \$894 000 for a total investment of \$80 000.

It's a bit like climbing a mountain - it's less stressful if you take your time and walk up the gentle slope rather than trying to make up for lost time by sprinting up the face.

A good way to start is to invest in share based managed funds and reinvest all the earnings. You could also use insurance bonds and superannuation as the earnings automatically accrue each year.

Borrowing to Invest - By Noel Whittaker

Borrowing for investment is usually the best strategy for those who are trying to get ahead financially, but the recent publicity about interest rate rises is leading many to canvass "positive gearing". This occurs when the income from an investment is more than the interest.

It's hard to find a positively geared property these days, but the numbers still look good if you borrow for shares.

Think about a person who earns \$80,000 a year and borrows \$100,000 at 7% to invest in a portfolio of Australian shares with a yield of 4% per annum franked. They would be liable for interest of \$7,000 but would receive \$4,000 in dividends, so on the face of it, they have a cash deficit of \$3,000 a year. However, they would receive \$1,714 in franking credits, which could be credited towards their tax bill. When the tax saving is added to the tax deductible shortfall they have a total of \$2,228 to put towards their \$3,000 deficit. Thus it is costing them just \$772 a year to own \$100,000 of shares. All that is needed is capital gain of more than 0.772% - less than one percent a year for them to break even. In the past, Australian shares have achieved a capital gain of more than 6% per annum, so your odds are good.

Of course, you should make the effort to reinvest the dividends and not spend them to really put compound interest to work for you. The sum of \$100,000 invested at 6% for 30 years would grow to \$602,000 - if a return of 10% could be achieved due to dividend reinvestment, the final total would be a massive \$1.98 million – that's compounding in action.

Investing for your children's future - By Noel Whittaker

Back in 1990, in my book "More Money", I wrote about the magic of compound interest and the power of investing just \$2.74 a day (\$1000 a year) for a new born baby.

Time passes quickly - recently we found ourselves celebrating the 21st birthday of our youngest child. It only seems such a short time since we had three children under four – now they are aged 21, 23 and 24.

Yes, it's a great concept but, unfortunately, like most people, I never "got around" to starting. However, being one who likes to ponder on what might have been, I did some calculations to find out what the outcome would have been if I had made the time to invest that paltry \$1000 a year into a managed fund that matched the All Ordinaries Accumulation Index.

The eldest, now aged 24, would have \$164,000, the second would have \$122,000 and the youngest who just turned 21, would have \$89,000. Notice the impact of time on the investment. Because the youngest is four years younger than the eldest, her theoretical portfolio would have been worth about half as much as his, because the length of time of her investment would have been four years shorter.

It encouraged me to do some more calculations. If we made no more contributions to the eldest son's \$164,000 portfolio, it would grow to \$8.8 million at age 64 if the investment could average 10% per annum. That's a return of \$8.8 million for a total investment of \$24,000 (24 years x \$1,000).

Now think about somebody who is reading this, who is aged 24, and becomes sold on the idea of having a portfolio worth \$8.8 million in 40 years time. Because they are starting from scratch they have to invest \$1,380 a month (\$16,560 a year) to reach their target of \$8.8 million.

Yes, the person who put away \$1,000 a year from birth and then stopped at age 24 outlays only \$24,000 for a return of \$8.8 million. The one who delays the program and then starts at age 24 has to find a staggering \$662,400 to end up in the same place. This is the cost of delay.

Bad habits

Did you know that, if, instead of consuming the following items over a 25 year period you invested the money on a monthly basis in a well diversified growth portfolio you would achieve the following returns plus tax credits depending on the performance of the portfolio:

Bad Habit	Avg 9%	Avg 12%
10 packets of cigarettes per month @ \$16	\$181,000	\$304,000
A monthly subscription to cable TV @ \$45	51,000	85,000
Buying your lunch on weekdays say 22 days per month @ an increased cost per day of \$4 compared with bringing it from home	99,000	167,000

It is the small but regular expenses that really cost in the long run. Likewise a small but regular investment that compounds will really add up over time. If you expect your working life to be 40 years and you don't buy your lunch too often and invest the money instead you could have between \$417,000 and \$1,050,000 at the end of your working life. So by not buying your lunch and investing the money you could have over a million dollars when you retire if your portfolio averages 12%pa.

Noel's Rules of Thumb

Rule of 72 – the number of times the return on your investment goes into 72 determines how long it will take for your investment to double in value. For example a 9% return compounded will double every 8 years, so \$100,000 becomes \$200,000 in the first 8 years then \$400,000 in the next 8 years.

\$12 for every \$1,000 – If your monthly home loan repayment is \$12 for every \$1,000 you owe you will pay off the home loan within 10 years. For example on a \$100,000 loan the monthly repayments should be \$1,200.

Just a bit on rental properties

For all the information you need on rental properties please download our booklet under free publications on our web site www.bantacs.com.au. The following is a frequently asked question:

When is interest tax deductible?

The following applies to loans for both share investments and rental properties. Much more detail is available in our Claimable Loans booklet under free publications on our web site.

Traditionally, the interest is only claimable on a loan where the actual money borrowed is used directly to produce income i.e. buy the income producing property.

It is dangerous to use a line of credit facility on an investment loan when you will be drawing funds back out to pay private expenses. Based on the principle that the interest on a loan is tax deductible if the money was borrowed for income producing purposes, the interest on a line of credit could easily become non-deductible within 5 years. For example: A \$100,000 loan used solely to purchase a rental property is financed as a line of credit. To pay the loan off sooner the borrower deposits his or her monthly pay of \$2,000 into the loan account and lives off his or her credit card which has up to 55 days interest-free on purchases. The Commissioner now considers there to be \$98,000 owing on the rental property. In say 45 days when the borrower withdraws \$1,000 to pay off his or her credit card the loan will be for \$99,000. However, as the extra \$1,000 was borrowed to pay a private expense, viz the credit card, now 1/99 or 1% of the interest is not tax deductible.

The next time the borrower puts his or her 2,000 pay packet into the account the Commissioner deems it to be paying only 1/99 off the non-deductible portion i.e. at this point there is \$96,020 owing on the house and \$980 owing for non-deductible purposes. When, 45 days later, the borrower takes another \$1,000 out to pay the credit card, there will \$96,000 owing on the house and \$1,980 owing for non-deductible purposes so now only 98% of the loan is deductible, etc, etc.

Imagine how you would feel if you borrowed \$100,000 to invest in shares. Then when it came time to do your tax return your Accountant told you the interest is not tax deductible because the money went from your loan to your cheque account so you could write a cheque to your broker. In Domjan's case the AAT decided that if loan funds are intermingled with other funds before being used for income producing purposes they are no longer considered to have their source in the loan.

The ATO has issued another ruling on capitalised interest. It is a Private Binding Ruling (PBR) so it will only protect the person who applied for it. Nevertheless PBR 69725 is well worth a read. In this example the taxpayer already has a home loan, they organise a line of credit to invest in shares. The line of credit was a distinctly separate account from the home loan but it was with the same bank. The taxpayer wrote to the ATO stating that he or she did not want to use personal funds to pay the interest on the line of credit. The limit of the line of credit would be used for further investments into shares and to cover the interest that would be capitalised. No mention was made as to how the dividends from the shares would be used. The taxpayer wanted to know if he or she was entitled to a tax deduction for the interest on the capitalised interest and the ATO said yes.

Readers should now not be concerned about borrowing to prop up their investment's cash shortfall while concentrating all their other funds into paying off their non deductible debt. But if you intend to use the income from the investment to also pay off non deductible debt we suggest you get a ruling from the ATO first.

If you all of this makes you concerned about the structure of your borrowings please contact Julia on 0428 3818 64 or julia@bantacs.com.au

When are rental property travel expenses claimable?

Travel re Purchase and Signing of Contract to Buy or travel to improve the property - Part of cost base for CGT purposes, if the property was purchased after 20th August, 1991, section 110-25(4).

Travel to Improve the Property – Part of cost base for CGT purposes section 110-25(4)

Travel to Repair & Maintain the Property While Rented – Claimable against current year income

Travel to Repair & Maintain the Property While Not Rented – Part of the cost base for CGT purposes section 110-25(4) if the property was purchased after 20th August, 1991. This is the case even if you are living in the property at the time of the travel but for some reason during the time you own the property it is not covered by your principle place of residence exemption.

Fringe Benefits and Salary Packaging

Home to work travel an exempt fringe benefit

Most fringe benefits are effectively taxed at 46.5% so there is no real advantage in receiving them. In fact unless you package exempt or concessionally treated fringe benefits, it is a big disadvantage unless you are in the 46.5% tax bracket which now days is very unlikely. It is unlikely that you will gain an advantage from reducing your taxable income by salary sacrificing into Fringe Benefits unless they are an exempt benefit such as superannuation the grossed up amount is included in your PAYG summary as a reportable fringe benefit and added to your taxable income when calculating your entitlement to Centrelink etc. Therefore the only real advantage gained by arranging a Fringe Benefit Package is from those benefits that are either exempt, concessionally taxed or not reportable

Exempt use includes Non Cars MT 2024 states provided the following vehicles are only used for home to work travel, business purposes and other minor, infrequent and irregular travel. The benefit is exempt.

a) Motor Cycles

b) Vehicles designed to carry a load of at least one tone

c) Taxis, panel vans, utilities and commercial vehicles designed to carry a load of less than 1 tone but not principally designed to carry passengers. According to MT 2024 this includes Nissan Navara Dual Cab Ute DX, Mazda Bravo 4WD Dual Cab Ute DX5, Toyota Hilux 4x2 Dual Cab Ute, Ford Courier 4x2 Crew Cab pick-up GL and Holden Ute Series III 179kw V8. Other vehicles that have more load space than passenger space may well qualify.

If you have a long way to travel to work and cannot make that trip otherwise deductible (i.e. carry bulky tools due to no safe storage at work) it may be worth asking your employer to provide you with a vehicle that fits into one of the classes above, if you have another car to use for private. This will effectively allow you a tax deduction for your entire home to work travel. Or in dollar terms reduce your costs of running the vehicle by just under 1/3rd if you earn less than \$75,000 per year. If you earn more than \$75,000 the reduction in running costs gets even better.

Check your PAYG summaries

Take a good look at the amount that appears in the Reportable Fringe Benefits box, on your PAYG Summary, normally appearing at the top right hand side of the summary. This amount can affect your Centrelink entitlements and your likelihood of paying the Medicare Levy Surcharge. While employers have strict rules as to how they calculate this amount they have relative freedom in apportioning benefits between employees, for example a company car used by various employees.

Most employers use the formula method to calculate the amount of a car fringe benefit. If you are provided with a company car that is mainly used for business purposes this method may not be the most economical. For example you may really use that car on mine business most of the time, so it may be better to keep a log book on the car and use the actual cost method. This will reduce the amount appearing in your reportable fringe benefits box and the amount of FBT your employer pays.

Another mistake employers make is to calculate the reportable benefit using the gross up amount of 2.0647 which is used, in most cases, to calculate the FBT payable but is not the correct figure to use to calculate the reportable fringe benefit amount for your PAYG summary. It should be 1.8692.

If you are concerned, ask your employer for the working papers used to calculate your reportable fringe benefit and bring it along when you have your tax return prepared.

Salary packaging – Employee Contribution

If your salary package reduces your gross pay to less than \$150,000 (\$180,000 in 2009) you can improve your take home pay at the ATO's expense by making employee contributions. Fringe benefits tax is based on the assumption that if you received the money for the benefit in your pay packet all of it will be taxed at the maximum bracket. So if your salary package before the sacrifice is over \$150,000 but under \$150,000 once the sacrifice is deducted you need professional assistance to calculate the optimal employee contribution.

If your package is under \$150,000 before deducting the salary sacrifice you should make employee contributions to reduce the "taxable value" of the benefit to zero. An employee contribution is not necessary

with exempt fringe benefits that are salary sacrificed such as superannuation, laptops, mobile phones, minor benefits etc. because their taxable value is already zero. The “taxable value” is normally the market value of the benefit you receive, so, if your package is under \$150,000, the only items worth salary sacrificing are the exempt benefits or in most cases a car (providing it is unlikely to have much business use and it will travel a reasonable amount of kilometres) though this can still be improved by an employee contribution. Note you will not be able to claim a tax deduction in your personal income tax return for the cost of using a salary sacrificed car for your work.

Ultimate secret plan and clever trick with rental properties

This trick was validated by the National Australia Bank v FCT 1993 ATC 4914. The case resolved that a loan provided jointly to an employee and associate was 100% exempt from fringe benefits under the otherwise deductible rule even though the employee would have only been entitled to 50% because the other 50% was in regard to an associate of the employee i.e. a spouse.

Not only does this allow a high income earner to maximise the negative gearing benefits but when the property is sold at a profit the capital gains will still be apportioned on the basis of ownership. Therefore the low income spouse receives an equal share of the gain despite the fact he or she did not claim an equal share of the expenses. Further this provides brilliant flexibility in that if the low income earner becomes the higher income earner simply change the person who participates in the salary sacrifice arrangement.

There were many doubters that such a golden opportunity has existed since 1993 without being brought to public attention. To prove our point we applied to the ATO for a ruling. They took many months as they were reluctant to concede the case has set a precedent. Eventually, they issued their ruling and accepted that this case was valid.

Now this ruling is a private ruling so can only be enforced on the ATO by the individual applicant. Accordingly, each employee wishing to utilise this case needs to persuade his or her employer to accept the case or apply for their own ruling to be safe. There will be a major problem with employers as they get no real benefit from the arrangement yet would be made to pay FBT if the ATO takes a narrow view or have to pay their accountants to apply for a ruling. This is probably why the concept has not yet taken off which is a shame as it can save employees thousands of dollars per year.

To solve this we have prepared a kit to present to your employer. The kit explains the whole concept in detail. There is a page for the employer, the employee and the employer’s accountant. There is also a checklist of dos and don’ts to make sure you stick within the bounds of the precedent case, a worked example, suggested issues for the employment agreement, an employee declaration and booklets of advice on CGT and Rental Property Taxation Issues. The kit includes a copy of the ruling we have received and all the paperwork necessary for the employer to apply for their own private ruling by simply putting in their personal details, signing and posting. At \$150 (tax deductible) the kit is considerably cheaper than your employer going through the ruling process from scratch. But more importantly it will help you explain it to your employer and your employer’s accountant how simple it is for you to save tax every year. More details are available on our web site www.bantacs.com.au or phone 0428 3818 64.

Remote area housing

If your employer provides you with residential accommodation they are not subject to fringe benefits tax on the costs of providing that accommodation, if it is in a remote area. This effectively means that they can provide you with a home out of before tax dollars. Note the concession does not apply to an employer reimbursing you for rent paid in a remote area.

Now the difficult part is determining what is a remote area. The easy answer is refer to PSLA 2000/6 it has a list of these areas and is available at www.ato.gov.au To calculate whether your area qualifies make sure that it has a population of less than 14,000 people or 28,000 people if it is within a zone A or B. Then check that there are no other towns within 40kms, by the shortest practical route, that have a population of more than 14,000 people or 28,000 people if in a zone A or B. If it does not pass the 40kms test it will still be considered remote if your area is further than 100kms away from a town with a population of more than 130,000. Populations are based on Census information.

Protecting your home from Capital Gains Tax

CGT Basics

In order to protect your home from Capital Gains Tax (CGT) it must be considered your main residence. The first condition you need to satisfy is moving into it as soon as possible after purchase. Note there is a 4 year concession if you are renovating or building on land but only if you do not have another main residence at the time. If you do not move in straight away the home will always be subject to CGT on a pro rata basis so you will need to keep records of all the money you spend on it including rates, interest, improvements, plants, insurance, repairs etc for all of the time you live there.

Once you have established a house as your main residence there are concessions that allow you to move out but leave your main residence exemption with the house. Whether the house is your main residence or not is a question of fact. The ATO has issued TD51 as a guideline (not law) of what the ATO considers relevant in establishing your main residence somewhere. The following is an extract from that ruling:

Some relevant factors may include, but are not limited to:

- (a) the length of time the taxpayer has lived in the dwelling
- (b) the place of residence of the taxpayer's family
- (c) whether the taxpayer has moved his or her personal belongings into the dwelling
- (d) the address to which the taxpayer has his or her mail delivered
- (e) the taxpayer's address on the Electoral Roll
- (f) the connection of services such as telephone, gas and electricity
- (g) the taxpayer's intention in occupying the dwelling

The relevance and weight to be given to each of these or other factors will depend upon the circumstances of each particular case. Mere intention to construct a dwelling or to occupy a dwelling as a sole or principal residence, but without actually doing so, is insufficient to obtain the exemption. A house can only be classed as your main residence if your name is on the title deed. Further, if you buy your home in the name of a company or trust it will not be protected from CGT by your main residence exemption. As indexing for inflation is now only available in very limited circumstances it is important to protect your main residence exemption. CGT could reduce the proceeds of the sale of your home to the extent that you will not be able to purchase a similar property, simply because of normal increases in prices in line with inflation.

Section 118-145 If you move out of your main residence you can (although not compulsory) continue to give it your exemption for capital gains tax purposes but you can only use the exemption on one property. Note couples are only entitled to one residence between them. If during the time the property was actually your residence it was also income producing, you will only be able to claim the exemption on the portion that was your residence even if, after you move out, the other portion does not produce income. If, after you move out, you rent the property out, your exemption will only last 6 years but if you move back in, the 6 years clock starts all over again. If you do not rent the property out or produce income from it, during the time you are not living there, your CGT exemption is unlimited. Be careful this rule is the absence rule it only applies if you are not there so it will not protect you if you rent out part of your home while still living there

Section 118-140 Your main residence exemption applies to two homes for a period of up to 6 months. This is intended to allow you time to sell your old home after purchasing a new one. To qualify:

- 1) The first home must have been your residence for a continuous period of at least 3 months in the 12 months immediately preceding the date of sale.
- 2) If you were not living in the first home at any time during the 12 months preceding the date of sale it can not have been used for producing income (i.e. rented out or used as a place of business).

Note section 118-140 is not optional it must apply so if you have made a capital loss during the period of overlap you cannot claim it.

Section 118-150 A vacant piece of land can be covered by your main residence exemption for up to 4 years before you finish building a dwelling on it, if all of the following apply:

- 1) You move into the dwelling as soon as practical after it is completed.
- 2) You continue to use that dwelling as your main residence for at least 3 months before it is sold.
- 3) During this time you are not using your main residence exemption on another property though note you are still entitled to the overlap of 6 months under Section 118-140 above.

Section 118-150 can also apply if you move out of your home to renovate it though using 118-145 will give you an indefinite time frame rather than just 4 years.

If the house is only entitled to your main residence exemption part of the time, the taxable gain will be multiplied by the percentage of time the house did not qualify. Accordingly, you will have to keep records of all capital improvements for the whole period of ownership as the gain for the whole period of ownership has to be worked out first. You will need to be very diligent to record all capital improvements as they include trees, floor tiles, the extra wiring for say an outside light, a hose if there wasn't one there before etc. If the house was purchased after 20th August, 1991 you are also entitled to increase your cost base by the ownership costs of the property while you are living there. The way the formula works the costs while you were living there reduce the capital gain while you were not. You can also include in this category most other cost associated with the property that you have not claimed as a tax deduction against the rent. So start collecting records including digging up old bank statements on the loan, asking Council and your insurance company for copies of all that you have paid them since you purchased the house. Reference Section 110-25 subsections (4) some examples are travel, rates, land tax, interest expenses, building insurance, repairs and maintenance. Note repairs and maintenance this has huge potential, just start thinking about it. It can even include changing a light bulb.

If in doubt throw it all in a big box. The biggest tax minimisation scheme is just plan keeping records.

Renting out your home for the first time

Section 118-192 If your home is first rented out after 20th August 1996 and has qualified as a main residence up to that date you are forced to set a new cost base of the market value at the time of renting.

Warning – Don't rent out part of your home

With the housing shortage in Mining towns it is very tempting to rent out part of or a room in your home. The trouble is the rent you receive will be taxable and it will mean that part of your home is not protected by your main resident exemption. The 6 year rule will not protect you here because you are still living there; it only applies if you are absent. IT2167 discusses when you are considered to be renting out part of your home. If your tenants pay you more than just their share of expenses such as electricity, phone and food then you are in a profit making arrangement and should declare the rent you receive. If your tenants make a contribution towards your mortgage this is not part of sharing the expenses this crosses the line to having to declare the income.

Insurance

Tony Townsend, Registered Life Broker has offered to review all your insurance needs free of charge. He provides a detailed evaluation of all your insurance needs and can see you in your home. If you would like him to advise you on how to make sure you are fully covered please ring him on 07 5491 8977.

Adequate Insurance

With the increased earnings you will no doubt come with increased commitments. In other words you can now afford a better car and house but will probably borrow to have these items sooner. If you were to die you would not like your family to have to compromise their lifestyle ie sell the family home because they can no longer afford the repayments. The obvious solution is to insure your life. But have you considered that if your spouse was to die you would no longer be able to work away from home in the mines. 24/7 day care on a 4 days on 4 days off basis is impossible to find and not what you want to put your children through at that time. Accordingly, you should insure your spouse's life for just as much as you have insured yourself because if either of you were to die the high income of a Miner would no longer be available.

How to claim a tax deduction for life insurance

Normally life insurance premiums are not tax deductible but income insurance is. If your income insurance does provide life insurance as well you are required to dissect the premium and not claim the portion applicable to life insurance. This requirement to dissect the premium does not apply if it is through a superannuation policy. So if you ask your employer's superannuation fund to provide you with life insurance the increase in premium is deductible to your employer so they can take it out of your before tax dollars as a simple salary sacrifice into superannuation.

There are superannuation funds that will permit you to make superannuation contributions small enough just to cover your life insurance. So you don't even need to invest extra into superannuation to get life cover.

Here is a trick if your spouse is receiving employer support but is on an income of less than \$58,000 per year, including reportable fringe benefits and before tax deductions. They can make an undeducted contribution (after tax dollars) to a superannuation fund of \$1,000. In many cases this will cover their life insurance premium and under the co contribution scheme the government will tip in another \$1,500. Your spouse may get free life insurance and an extra \$1,500.

Updates

Living in Australia and working overseas

I can't help feeling old when I think about the changes to working conditions in my life time. It is not that unusual these days for an Australian worker to be employed overseas yet live in Australia. These sort of arrangements are not much different to the fly in fly out arrangements Australian mining companies have in remote locations. The difference for people working overseas is that the income could be tax free with the right arrangement.

For your overseas earnings to qualify as being exempt from Australian tax you need to still be a resident of Australia for tax purposes, you must be an employee not a contractor, your service overseas must be for a continuous period of at least 91 days and except in very limited circumstances it must be taxed in the overseas country.

Now most Australian residents on these fly in fly out arrangements only stay away from home for around a month but they can still qualify for the 91 days continual service. You can include in the 91 days of continual service, days that you are not at work because of accident, illness or recreational leave and the day is still counted as a Foreign Service day even if you come home to Australia.

Further, from the 19th December, 2005 requirement for the working days to be continuous is less onerous. For example two periods of work can be grouped together as continuous if they are only broken by temporary absences that do not exceed 1/6th of the total number of days of Foreign Service before the absence. But note these days of temporary absences that are not due to illness, accident or recreational leave do not count towards the 91 days.

Recreational leave is

Additional Leave Granted because of overseas service (if reasonable) – Para 9 TR 96/15

It does not matter that no annual leave is provided because of the cycle working arrangement – IT 2015

It does not matter that the time on recreational leave is spent working in another business – ID 2006/16

Recreational Leave Is Not

Long Service Leave - 23AG(6)(a)(ii) ITAA 1936

Extended Leave - 23AG(6)(a)(ii) ITAA 1936

Time spent in Australia working for the same business that employs you overseas – ID 2006/16

Leave without pay or on reduced pay

Holiday leave as opposed to part of a cyclical work pattern

Based on the above an Australian resident can work overseas on a cyclical shift of 5 weeks overseas then 5 weeks in Australia on leave and the whole period be counted as overseas service (IT 2015)

Note if your income is exempt because of the above it is still included in your Australian tax return as exempt foreign income because it is taken into account when determining your Australian tax rate.

Our double tax agreements vary with each country but it is not unusual for them to contain an exemption from tax in the foreign country for income earned in the foreign country but paid by an employer not located in that foreign country, if the period of employment is for only part of the foreign countries financial year. This simplifies things for executives or for that matter politicians travelling overseas and their Australian employers. But this also means the exemption from tax in Australia on the income cannot apply because the income is not taxed in the foreign country.

One final twist. Assume you are working in two countries, one that does tax you on your earnings and one that doesn't. Obviously, the income you earn in the country that doesn't tax you will be taxable in Australia but, providing the other conditions are met, the time in this country can be added to your 91 day count to help make the income taxed in the other country exempt from Australian tax (ID 2005/169).

Remote area housing

If your employer provides you with residential accommodation they are not subject to fringe benefits tax on the costs of providing that accommodation, if it is in a remote area. This effectively means that they can provide you with a home out of before tax dollars. Note the concession does not apply to an employer reimbursing you for rent paid in a remote area.

Now the difficult part is determining what is a remote area. The easy answer is refer to PSLA 2000/6 it has a list of these areas and is available at www.ato.gov.au To calculate whether your area qualifies make sure that it has a population of less than 14,000 people or 28,000 people if it is within a zone A or B. Then check that there are no other towns within 40kms, by the shortest practical route, that have a population of more than 14,000 people or 28,000 people if in a zone A or B. If it does not pass the 40kms test it will still be considered remote if your area is further than 100kms away from a town with a population of more than 130,000. Populations are based on Census information.

Work related tax deductions

The ATO has issued bulletins covering work related expenses for Miners, Construction workers, Security workers and people in the fitness and sporting industries.

The bulletins address the question of whether improving your skills is deductible. There are a few traps to watch out for.

- 1) Whether you have incurred the cost at a time too early to be a cost of earning your income. In other words you did the course to get the job rather than improve your skills in the job. Examples of this would be induction certificates to start work in the mining industry or costs of studying to obtain qualifications to be a pilot while you are working as a sales rep. Don't be bluffed here, there is nothing wrong with claiming expenses to improve your skills to obtain a promotion in your current line of work.
- 2) Initial costs for qualifications are not deductible. Many professional associations have a cost to become a member and then an annual fee. Only the annual fee is deductible. An example given in the bulletin for mining site employees is that you cannot claim a deduction for obtaining your first machinery licence or ticket. For construction employees the example is the 'cards' require to work on building sites, occupational health and safety certificates or other regulatory permits. For security officers the example is the pre-vocational course you have to do to get your basic security licence.

Note if you are caught with one of these non deductible expenses you can at least claim the first \$42 of the expenses as a deduction. That is \$42 per expense. Further, if you are not working in the occupation for which you incurred an ongoing membership fee you can only claim the first \$42 of the expense.

Summary of Labor's promises to watch for

The following is a list of the election promises made by Rudd that may affect your financial decisions over the next few years.

- 1) Provide a 50% refund of costs incurred on education expenses. The maximum refund you can receive will be \$375 per primary school aged child and \$750 per high school aged child.
- 2) By the 2013/14 financial year reduce income tax rates to just 3 brackets – 15%, 30% and 40%
- 3) To maintain Howard government's tax cuts promised in the May 2007 budget,
- 4) By 2010/11 taxpayers who earn less than \$16,000 per year will pay no tax and by 2012/13 taxpayers who earn less than \$20,000 per year will pay no tax.
- 5) Increase the child care rebate from 30% to 50% and pay it quarterly. The maximum rebate paid per year per child will be increased to \$7,500.
- 6) From 1st July, 2008 donations to political parties will no longer be tax deductible.
- 7) First home savers will only be taxed at 15% on earnings they put into a home savings account. Up to a limit of \$5,000 per year. The tax applicable to interest on this account will be capped at 15%.
- 8) A tax offset will be available to landlords who install insulation in their rental properties. It is not certain which financial year this will apply to so at the moment the plans to insulate a rental property should be delayed.

Work Related Tax Deductions

The ATO has issued bulletins covering work related expenses for Miners, Construction workers, Security workers and people in the fitness and sporting industries. Most of the points Newsflash readers would already be aware of.

The bulletins address the question of whether improving your skills is deductible. There are a few traps to watch out for.

- 3) Whether you have incurred the cost at a time too early to be a cost of earning your income. In other words you did the course to get the job rather than improve your skills in the job. Examples of this would be induction certificates to start work in the mining industry or costs of studying to obtain qualifications to be a pilot while you are working as a sales rep. Don't be bluffed here, there is nothing wrong with claiming expenses to improve your skills to obtain a promotion in your current line of work.
- 4) Initial costs for qualifications are not deductible. Many professional associations have a cost to become a member and then an annual fee. Only the annual fee is deductible. An example given in the bulletin for mining site employees is that you cannot claim a deduction for obtaining your first machinery licence or ticket. For construction employees the example is the 'cards' require to work on building sites, occupational health and safety certificates or other regulatory permits. For security officers the example is the pre-vocational course you have to do to get your basic security licence.

Note if you are caught with one of these non deductible expenses you can at least claim the first \$42 of the expenses as a deduction. That is \$42 per expense. Further, if you are not working in the occupation for which you incurred an ongoing membership fee you can only claim the first \$42 of the expense.

Mining Industry Contractors

The ATO will be writing to mining companies and other business that provide services to mining companies, asking for the details of any contractors that operate in a business entity rather than as a sole trader, who the mining companies pay for personal services. In other words contractors operating as a trust, partnership or company will have their data collected. The ATO's objective is to collect a data base of contractors in the mining industry that maybe using a business structure to split income, from their personal efforts, to members of their family. They will also be looking at GST registrations and compliance.

If you are a contractor in the Mining industry you should be concerned if you turnover (total income received before deduction) exceeds \$75,000 and you are not registered for GST or have not been declaring all your mining income on your BAS.

If you are splitting your income with your family through a partnership do not be too concerned. You should be ok if you are paid to produce a result, supply your own tools and your partner does participate in the business even if it is in a lesser capacity than you. To produce a result you must be responsible for the result your work produces, for example have to rectify mistakes at your own costs.

You should also not be concerned if you have people working for you that produce more of the business's income than you do.

If none of the above apply to you and you contract in the mining industry other than as a sole trader then you need to study up on our Alienation of Personal Services Income (API) booklet available under freebies on our web site. There is still nothing wrong with you conducting your business in an entity other than a sole trader, as long as all the profits are taxable in your hands.

Saving Tax on Your Investment Property – The Book

“Every investment property tax-related question you’ve ever wondered about is answered here and – perhaps more importantly – the ones you didn’t think to ask but should have! For property investors who want to refine their strategy for maximum gain, this resourceful handbook will make a great constant companion.” Eynas Brodie, Editor, Australian Property Investor magazine.

Combining Noel Whittaker's easy reading style with Julia Hartman's mind numbing attention to detail was a major challenge which ran way over schedule but it is finished, printed, and in the book stores. You can also

purchase it online by going to: www.bantacs.com.au/property.php. The cost is \$29.95 plus \$5.95 postage – tax deductible of course!

Ask BAN TACS

For \$39.95 you can have your questions regarding Capital Gains Tax, Rental Properties and Work Related Expenses answered. For your Accountant, we will include ATO references to support our conclusion. Just go to www.bantacs.com.au and look for the Ask Bantacs link under ‘Most Popular’ on the home page.

Back Issues & Booklets

To obtain free back issues of the fortnightly BAN TACS Newsflash or any of the following booklets visit our web site at www.bantacs.com.au/publications.php. You can also subscribe to our Newsflash reminder.

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Capital Gains Tax

Claiming a Motor Vehicle

Division 35

FBT for PBIs

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Professional Practices

Rental Properties

Small Business

Teachers

Year End Tax Strategies

Disclaimer: Please note in many cases the legislation referred to above has only just passed through parliament. The full effect is not clear yet but it is already necessary to make you aware of the ramifications despite the limited commentary available. On the other side of the coin by the time you read this information it may be out of date. The information is presented in summary form and intended only to draw your attention to issues you should further discuss with your accountant. Please do not act on this information without further consultation. We disclaim any responsibility for actions taken on the above without further advice as to your particular circumstances.