

# THE QUINTESSENTIAL BRIEF



“Keeping the busy professional informed.”

**MICHAEL QUINN**

Well June is upon us and that means 2008 is already half over! The unpredictable weather is continuing to keep us all on our toes; we should be sure to make the most of what sunny days are left before the brunt of winter really sets in.

It has been a busy three months here at The Quinn Group since the last newsletter. We have recently sold our Miranda office and moved on to another location in the Sutherland Shire area, at Endeavour House on Stapleton Street, Sutherland. Whilst there is still a small amount of work to be completed at the site before it can be fully operational, we anticipate that this will be finished early this month. During and following the move we will continue to offer the same broad range of legal and accounting services both in the Shire as well as extended Sydney areas.

Offices aren't the only thing have been moving. There has also been some staff movements this quarter. Bernadette Kennedy, a solicitor for Quinn Lawyers has gone on extended leave to travel the world, and with that, have many exciting adventures. Her bubbly personality will be missed around the office but Bernadette assures us that it is definitely a boomerang arrangement and she will be back to join us once she tires of the jet setting life. Bernadette's departure has made way for a new member at The Quinn Group. John Elisher has joined the team and is a welcome addition with his keen spirit and thirst for knowledge.

This time of year also brings with it the end of yet another financial year. With 30 June fast approaching this issue of The Quintessential Brief features an article with some tax tips to help

you minimise your annual tax return along with a checklist to help you prepare for lodgement.

Other topics explored in this edition include important things to remember regarding the sale and purchase of a business, as well as explaining recent changes that allow for some individuals and businesses to make their PAYG instalments annually. We also look at new amendments to the existing Succession Act and outline what effect these changes will have on future Will execution and estate planning.

We hope that you find this newsletter beneficial. If there are any legal, tax or financial planning issues that you would like us to address in future editions, please contact us on 1300 QUINNS or [info@quinns.com.au](mailto:info@quinns.com.au). You can also email us if you would like to receive the latest legal, accounting and financial news update each Monday morning via our Weekly Client Alert.

On behalf of all of us at Quinns, I would like to take this opportunity to wish you a happy new (financial) year!

Regards

Michael



**THE QUINN GROUP**  
Accountants, Lawyers and Financial Planners  
Providing the Total Solution

JUNE 2008

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## Accounting

### Ways to help maximise your tax return this year

Do you leave it until after 30 June to start thinking about your tax return? There are many good reasons why it is beneficial to plan for your annual tax return well in advance, including possible significant reductions in the amount of tax payable by your business. Below are some strategies you should think of implementing in order to potentially to minimise your tax liability before 1 July strikes.

**1. Contribute the maximum to retirement/superannuation accounts:** By contributing up to the annual "age-based limits" you can reduce your business' taxable income and potentially gain at least a 30% deduction. Superannuation funds are an excellent investment. They can grow to a substantial sum overtime and can result in future tax-free income, exemptions from CGT, as well as protection from creditors.

**2. Prepaid expenditure:** If you are eligible, that is your business has an average gross revenue of less than \$2 million for 07-08, and you have elected to enter the Simplified Tax System (STS), then you have the advantage of pre-paying expenditure on items such as rent, insurance premiums or advertising, for up to 12 months and claiming these payments as an immediate deduction.

**3. Realise capital losses to reduce capital gains tax:** To save on capital gains tax (CGT) and free-up money for more suitable investments, you could consider selling poor performing assets that no longer suit your circumstances. By doing this, you can use the capital loss you have incurred to offset a realised capital gain from another asset in the same financial year.

**4. Purchase equipment:** If your business revenue is less than \$2 million then any assets purchased that cost less than \$1000 then you can claim an immediate deduction for the full amount. If you think that you may be making such purchases in the near future it would be wise to do so before 30 June.

**5. Defer Income:** If you believe that you will be in the same or lower tax bracket next year, then you should consider deferring some income until the following year. By doing this you can potentially save yourself from being pushed into a higher income tax bracket and getting hit with a bigger tax bill.

For more information on how to maximise your business' tax return this year contact us on 1300 QUINNS.

### PAYG payments can be made annually

It is possible to change your PAYG payments to an annual basis, and this may well be the easiest option for you; however first there are a few requirements that must be met.

#### Individuals

The annual instalment is a single sum payment of your PAYG liability for the entire year. You are eligible for the annual payment option if:

- Your most recent notional tax was less than \$8,000 (Notional tax is the tax that would have been payable on your business and investment income (excluding capital gains) in your latest income tax assessment based on current income tax rates.)
- You (or a partnership in which you are a partner) are not registered or required to be registered for GST.

#### Companies

Similarly, your annual payment of your company's PAYG is eligible to pay PAYG annually if:

- its most recent notional tax was less than \$8,000 (Generally speaking, notional tax is the tax that would have been payable on your company's income (excluding capital gains) in your latest income tax assessment based on current income tax rates.)
- it is not registered or required to be registered for GST or it is not part of a consolidated GST joint venture.

The good news is, when you are not required to make instalments each year. If you are required to make instalments annually, you can choose your choice by the time your instalment is normally due (for most



## Legal

### Important points to remember when selling or purchasing a business

The sale or purchase of a business is far more involved than a sale or purchase of land or real estate. This is, not only in complexity but also in the items and issues that must be attended.

The Contract for Sale of Business should set out all the information that enables the parties to consider the benefits of the business. Firstly, the parties must agree on exactly what is being sold or transferred. The Vendor will usually prepare a contract detailing all items forming part of the sale. Invariably there is stock, equipment, telephones and facsimile lines and in recent years email and domain names. There can also be contracts with suppliers and customers and leases involving the company property, whether land and/or motor vehicles.

The Purchaser must be clear on what the contents and inclusions of the business are being transferred. As a buyer, you would want to know details such as what monies are due to trade debtors and staff accrued leave. Are the current debts and liabilities of the business being transferred to the new owners?

If the business is operated out of leased premises then consideration must be had as to the terms and conditions of the existing lease and length remaining? Does the lease require the Vendor to approve the Purchaser as a Lessee? This can sometimes take months to obtain.

It is also important to enquire about the licensing requirements of statutory authorities and local councils to ensure that your business is compliant. Insurance policies such as public liability and workers compensation will need to be transferred, cancelled or new policies arranged.

You should also take into account the Tax implications of buying or selling, such as Capital Gains Tax and GST, as the contract terms may have severe implications and liability for you.

The sale and or purchase of a business can be very complicated and time consuming. If you are buying or selling a business, and would like further advice please contact us on 1300 QUINNS.

## End of Year Tax Tips

Start fresh and get your financial affairs in order, before the 1st of July comes around! Here are some tips that we have gathered together to help you and your business get ready and make the right moves for the end of the financial year.

1. A physical stock take
2. Prepare/Print out a list of Accounts Receivable (Debtors) as at 30 June
3. Prepare/Print out a list of Accounts Payable (Creditors) as at 30 June
4. Print a Trial Balance at 30 June (if you are using a computerised accounting system)
5. Print a detailed General Ledger Transaction Report
6. Prepare and print out a Bank Reconciliation at 30 June
7. Back up all 2007 files
8. Run Year End procedures (applicable to MYOB users)
9. Prepare Employees' PAYG Payment Summaries

### Changing from Annual PAYG instalments

If you cease to meet these requirements for paying instalments annually, you will be advised by the Tax Office of your change in status and generally speaking, you will revert to paying quarterly instalments from the start of the next income year.

Similarly if you decide you no longer wish to pay annually, you must advise the Tax Office and you will revert to paying quarterly instalments from the start of the next income year. The Tax Office will accordingly send you the relevant activity statements for reporting and paying your PAYG instalments.

It is possible to recommence annual PAYG payments; you may elect to renew your arrangement with the Tax Office for the following year; provided that you again meet the above requirements.

For more information regarding PAYG instalments please contact us on 1300 QUINNS.

## Recent changes to the Succession Act may affect your Will and Estate

From 1 March 2008 there have been some considerable changes to the *Succession Act 2006 (NSW)*. The Act relates to Wills in New South Wales. Whilst the specifics of each individual change are too numerous and complex to discuss here, some of the important changes you to be aware of relate to:

### Beneficiaries who witness a Will

The new amendments replaced the existing 'interested witness rule'. The previous legislation was such that if a nominated beneficiary is to witness a Will, this constitutes incorrect execution and the Will is void as a result. The law now recognises that there are exceptions to this, and has applied the following criteria that, if applicable, will see the Will remain valid. The specific criteria are:

- The Will is witnessed by at least two other uninterested witnesses
- The Court is satisfied that the testator (person who's Estate is being distributed) freely made the decision to provide the gift
- The individuals, who will receive the gift in the event that the involved witness is denied receipt, possess the capacity to and, consent in writing to the action.

### Survivorship

Regulation regarding survivorship rules is now such that the beneficiary must survive the testator by a period of 30 days in order to receive the gift/s as specified by the Will. In saying that, this compliance is not required if the testator's Will expressly includes an intention contrary to this.

### Who is entitled to see a Will

Under the new legislation, the list of individuals who are entitled to view a Will upon the death of the testator include: any person who is named in either the current or any previous Wills of the testator, whether as a beneficiary or not; the surviving spouse or de facto (including same sex partners); parent or guardian of the deceased; any power of attorney

made by the deceased person; and, any person who may have a claim in law or equity against the deceased, including a creditor. If the person died intestate, any person who is entitled to a share of the estate of the deceased is also entitled to view the Will.

### Admission of limited evidence to aid interpretation

This new provision allows for external evidence to be produced in order to aid the interpretation of Wills. The changes allow the Court to admit external evidence that demonstrates the testator's actual intentions where the language contained in the Will is unclear or uncertain or, if in light of the surrounding circumstances the language is confusing.

As mentioned above, the recent changes to this legislation are numerous and complex. The area of Wills and Estates can be tricky to navigate, especially if you are unsure of the many twists and turns. For more information please contact Quinn Lawyers in 1300 QUINNS.



Legal



important dates

**9 June**  
Queens Birthday Holiday

**19 June**  
Quinns Seminar (details to follow)

**21 June**  
May Monthly Activity Statement Due

**23 June**  
Quinns Seminar (details to follow)

**30 June**  
End of 07/08 Financial Year

**5 July**  
NSW School Holidays Begin

**15-20 July**  
World Youth Day Festival (Sydney only)

**20 July**  
NSW School Holidays End

**4 August**  
Banks closed for Bank Holiday

The Quinn Group has moved out of our Miranda office after 14 years at this location. We have purchased new premises just nearby so that we can continue our presence in the Sutherland Shire area.

The new office is located at:  
**Level 3, Endeavour House**  
**3 - 5 Stapleton Avenue**  
**SUTHERLAND NSW 2232**

Other important details:  
**PO Box 161,**  
**SUTHERLAND NSW 1499**  
**DX 4521 SUTHERLAND**

There are currently a number of alterations taking place in order to make the site fully operational and ready for us to move in. We anticipate that these will be completed early this month. Whilst we are in the process of preparing our new office in Sutherland, our Penshurst office can be used for appointments in the area.

We are extremely excited about the relocation and are looking forward to settling in to our new surroundings. We look forward to seeing you there in the near future.

For any enquiries during and following the move please call us on 1300 QUINNS.



Our Miranda Office has moved...

spotlight

PAUL READ



**Name of your business?**  
*Paul Read Pty Ltd*

**What does your business do?**  
*Domestic & Commercial  
Hot Water & Heating*

**How long have you been operating?**  
*I have owned the company for 10 years  
and am a 3rd generation plumber.*

**What distinguishes your business from your competitors?**  
*We get it right the first time around.  
We are the plumber other plumbers  
call to resolve heating and hot water  
solutions.*

**When I started this business I wished I'd known...**  
*About the long hours required on  
paperwork (after hours).*

**Best business advice anyone has given you?**  
*The customer is always right...  
or at least let them think that!*

**What do you think the key to your success has been to date?**  
*Being hands on -  
not just driving from the desk.*

For any assistance please contact Quinns on 1300 QUINNS (784 667)

The Quinn Group is an integrated, accounting, legal, and financial planning practice, offering expert advice to help you achieve your business and personal goals. With more than 15 years professional experience, we are committed to building long-lasting relationships and providing you with superior client service in a timely and cost-effective manner. We offer our clients the unique opportunity to receive both financial and legal advice, at five convenient locations around Sydney and at times that suit you.

- SYDNEY: Level 1, 105 Pitt Street
- SUTHERLAND: Level 3, Endeavour House, 3-5 Stapleton Avenue
- NEUTRAL BAY: Level 3, 156 Military Road
- PENRITH: 51 York Road
- PENSURST: 3 Laycock Road

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