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Welcome to our June 2011 issue of our 'Horsey Jameson Bird Newsletter'.

The purpose of this newsletter is to keep you informed of developments in financial planning and taxation services. We aim to keep you up-to-date on relevant industry and regulatory changes as well as advising you of the services provided by Horsey Jameson Bird (HJB).

Message from Di



There are increasing signs that the global economy is entering a period of consolidation in respect to the momentum of growth. In the key emerging economies of China and India moderating rates of GDP growth are the result of deliberate policy actions aimed at quelling inflationary pressures.

Overall, we still expect the global economy to grow by over 4% in 2011 underpinned by the ongoing industrialisation and urbanisation of the key emerging economies. That said, we remain mindful of the risks to global growth that continue to emanate from elevated oil prices, geopolitical uncertainty and sovereign credit risk.

In Australia, notwithstanding an upbeat assessment of business investment plans, economic data has continued to reflect a weaker tone over the past few months.

Consumer spending, housing and labour market figures all came in weaker than expected, while the National Accounts showed that GDP fell by a dramatic 1.2% in the March quarter.

Households continued to exhibit a cautious attitude toward spending in Q1, with the savings rate nudging up again, to 11.5% (from 9.7% previously). This was the result of a strong rise in household disposable income and an only modest increase in spending.

We expect that policymakers will look through the short-term impact from the floods on economic activity and focus on the anticipated rebound in coal exports over the coming months. As a result, there is a risk that the RBA retains its bullish growth outlook and its tightening bias.

This combined with the likelihood of resilient output growth in China and India and hence continued strong demand for commodities suggests that the Australian dollar will remain well supported over the remainder of this year.

2010/11 Individual Tax Return Checklist

The following outlines common types of deductible expenses claimed by individual taxpayers, such as employees and rental property owners, plus some strategies that can be adopted to increase deductions for the 2010/2011 income year.

1. Depreciable plant, etc, costing \$300 or less

Salary and wage earners and rental property owners will generally be entitled to an immediate deduction if plant costing \$300 or less is purchased before 1 July 2011.

Some purchases you may consider include:

- fax machines;
- beepers and pagers;
- books and trade journals;
- briefcases/luggage or suitcases;
- calculators, electronic organisers;
- software;
- stationery;
- tools of trade.

2. Clothing expenses

Purchase or pay for work-related clothing expenses prior to the end of the income year, such as:

- compulsory (or non-compulsory and registered) uniforms, and occupation specific and protective clothing;
- other expenses associated with such work-related clothing such as dry cleaning, laundry and repair expenses.

3. Other work-related expenses

Employees can prepay any of the following expenses prior to 1 July 2011:

- union fees;
- subscriptions to trade, professional or business associations;
- magazine and newspaper subscriptions;
- seminars and conferences;
- income protection insurance (excluding death and total/permanent disability).

Note: When prepaying any of the expenses above before 1 July 2011, ensure that any services are to be provided within a 12 month period that ends before 1 July 2012. Otherwise, the deductions must be claimed over the period of the prepayment.



HJB Staff Spotlight - Graham Turner

Graham Turner joined HJB in March 2010 as a Paraplanner, and became an Authorised Representative in February this year. Graham has worked for over 11 years within the financial services industry across a variety of roles predominantly for investment banking institutions both in Australia and the UK. Having completed his Graduate Diploma of Applied Finance (Financial Planning) in 2009, Graham is now part way through his Masters, and

plans to become a Certified Financial Planner sometime in the future.

Born and raised in New Zealand (don't hold that against him), Graham travelled to London in early 2000 after completing his Bachelor of Commerce at Victoria University, Wellington. After 7 years of work, fun and travel, Graham moved to Sydney with his Brisbane wife where they spent 3 years, before returning to Brisbane to be closer to friends and family.

Office Manager Profile – Helen Armstrong

Helen has worked in various roles in financial planning and accounting over the past 30 years. She joined HJB in January 2010 and was appointed our Office Manager in October 2010.



Helen brings to HJB a wealth of experience. Her role is to oversee the running of the HJB business operations.

Helen is focused on engaging with our clients and staff to achieve the best possible outcomes for our clients.

Legislation for Trust Distributions – Trust Deeds should be reviewed

The Government has released legislation containing provisional measures to govern the taxation of distributions from trusts. If enacted, the proposed amendments are to apply to the taxation of trusts for 2010/2011 and later income years until the Treasury finalises its rewrite of the Trust provisions.

If trustees want to stream capital gains or franked dividends to particular beneficiaries they need to review their trust deeds before preparing their distribution minutes for the 2010/2011 tax year to ensure they have the ability to stream and also look at how the trust deed deals with the categories of income and capital gains and whether capital gains are included in the income of the trust as these will determine how the distribution statement is to be prepared.

The Horsey Jameson Bird Taxation Services Team are currently reviewing Client Deeds and will be in contact with Clients, where changes are required.

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New Tax Rates and Flood Levy

The tax rates for resident individual taxpayers for the 2010/2011 income year are as follows:

Income threshold	Tax payable
0 – \$6,000	Nil
\$6,001 – \$37,000	Nil + 15% of excess over \$6,000
\$37,001 – \$80,000	\$4,650 + 30% of excess over \$37,000
\$80,001 – \$180,000	\$17,550 + 37% of excess over \$80,000
\$180,001 and over	\$54,550 + 45% of excess over \$180,000

Note: The Medicare levy is in addition to these rates.

In the 2011/12 income year, the Flood levy will impose an additional 0.5% levy on taxable incomes from \$50,001 to \$100,000 and 1% above \$100,000.

WARNING: Accelerating tax claims

A good strategy to reduce tax payable is normally to accelerate any income tax deductions into the current income year. However, clients should remember that tax rates are effectively being increased for the next income year due to the imposition of the flood levy on individuals earning more than \$50,000.

Small Business Reforms in the 2011 Budget

The Government has announced the following tax reforms for small businesses:

- Entrepreneurs' Tax Offset ('ETO') abolished – The ETO will be abolished with effect from the 2012/13 income year.
- Immediate \$5,000 initial deduction for motor vehicles – Small businesses will be allowed to claim up to \$5,000 as an immediate deduction for motor vehicles acquired from the 2012/13 income year. The remaining cost of the vehicle value will be added to the General Small Business pool and depreciated under the existing simplified depreciation rules for small business entities.

Our Team

- Di Jameson
Founder, Managing Director and Certified Financial Planner
- Catherine Hartley
Chief Executive Officer
- Helen Armstrong
Office Manager
- Russell Phillips
Certified Financial Planner
- Courtney O'Keefe
Senior Paraplanner
- Graham Turner
Senior Paraplanner
- Wendy Celine
Senior Paraplanner
- Jessica Read
Senior Paraplanner
- Kate Maher
Financial Planning Administrator
- Toni Waddington
Financial Planning Administrator
- Cynthia Fraser
Financial Planning Administrator
- Kerrie Howell
Financial Planning Administrator
- Trish Whitbourne
Financial Planning Administrator
- Kylee Mann
Financial Planning Administrator



- Gina Patrick
Client Taxation Services Manager and Tax Agent
- Leanne Johnson
Senior Accountant and Tax Agent
- Sarah O'Bryan
Accountant
- Cheryl Bradford
Accountant
- Palash Debnath
Accountant
- Serene Khng
Undergraduate Accountant
- Riki Hodge
Undergraduate Accountant
- Kate Moynihan
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