

IN THIS ISSUE

- ◆ Self-Managed Super Funds & Borrowing
- ◆ Telstra 3 Share Offer – Final Instalment
- ◆ Fuel Tax Credit Scheme

SELF MANAGED SUPERANNUATION FUNDS & BORROWING



As a result of change to the SIS Act recently, Self Managed Superannuation Funds (SMSF) are able to purchase or acquire residential, commercial and retail property as well as holiday units and can borrow to achieve the acquisition.

The actual process of the superannuation borrowing needs to be carefully structured so that it does not reach the “in house” rule under the SIS Act.

While the superannuation fund will be the beneficial owner of the property, the legal owner until the loan is fully repaid will be a trustee who will hold the property in trust pending final payment from the superannuation fund of the loan amount.

The superannuation fund will borrow the funds required from the traditional lending providers, however the loan must provide for no “recourse”

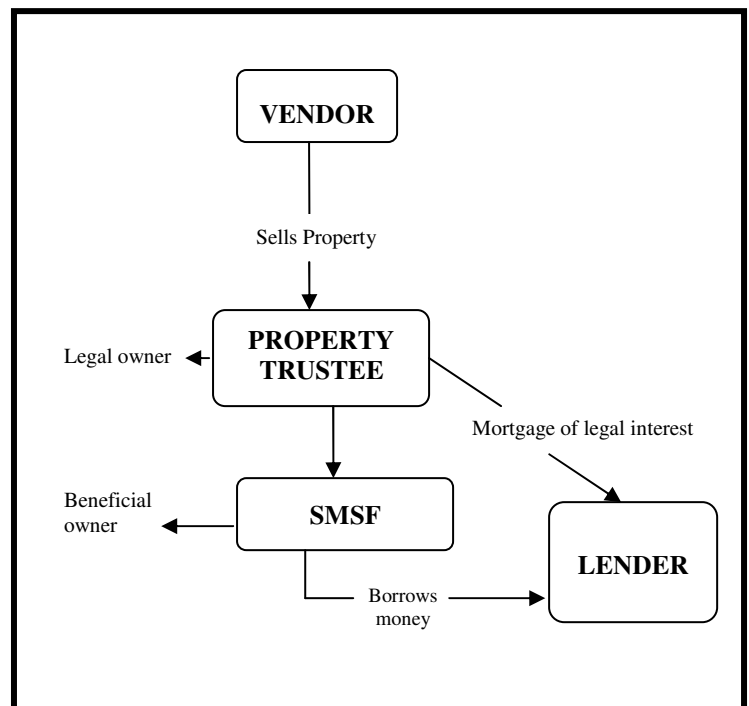
to the other assets of the superannuation. This means that the only asset at risk is the property being acquired and not the other assets of the superannuation fund.

The members of the SMSF may be asked to personally guarantee the loan to the lending provider and this is as the case in normal transactions outside the superannuation fund environment.

All rents are paid directly to the SMSF and the loan repayments to the lender are made in the ordinary way from the superannuation fund bank account.

The SMSF can pay out or reduce the mortgage at any time as is traditionally the case and once the mortgage is fully paid, title to the property will be transferred to the Self Managed Superannuation Fund or alternatively the trustee can continue to remain as the registered proprietor.

The diagram below sets out the procedure:-



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TELSTRA 3 SHARE OFFER – FINAL INSTALMENT



Clients are reminded that investors who purchased shares in the Telstra 3 share offer agreed to pay their purchase price in two (2) instalments. The first instalment was paid on application during the Telstra 3 share offer in October/November 2006.

According to literature received from Telstra, a notice of final instalments should be sent to you in late April 2008.

You are reminded that the final instalment of \$1.60 per share is due and **must be received** by 29th May 2008.

Failure to pay the final instalment by 29th May 2008 will incur costs (including administration fees and interest) and could result in the sale of some or all of your underlying Telstra shares and the loss of any bonus loyalty shares.

BONUS LOYALTY SHARES

Telstra will allocate one (1) bonus loyalty share for every 25 instalment receipts to shareholders who have:-

1. Purchased instalment receipts under the Australian Retail Offer at the retail investor price.
2. Held them in the same registered name until 15th May 2008 and
3. Pay the final instalment of \$1.60 by 29th May 2008.

If you do not receive a final instalment payment reminder by the end of April 2008, we suggest that you contact Telstra direct or alternatively contact the share registry being Link Market Services Ltd at PO Box 1524 South Sydney NSW 1234.

FUEL TAX CREDIT SCHEME CHANGES



Construction companies, manufacturers and other businesses under pressure from rising fuel prices are set to receive a reprieve because of changes to their Fuel Tax Credit Scheme which comes into effect from 1st July 2008.

Under the changes, all off-road business use of fuel, including planes, excavators, bulldozers, trucks over 4.5 GVM will become eligible for a 19 cents per litre fuel rebate. Several business sectors such as mining, agriculture and energy are already eligible for the rebate and the government is extending the fuel rebate to other businesses to try and alleviate some of the higher costs of running their businesses.

The schemes expansion is part of the schedules six (6) year phasing under the *Fuel Tax Act* which stem from the 2004 Energy White Paper, securing Australia's energy future. You should note that mining, agriculture, forestry, fishing, horticulture and rail businesses still retain their 38.413 cents a litre rebate as previous.

IMPORTANT: This is not advice. Clients should not act solely on the basis of the material contained in this newsletter. Items herein are general comments only and do not constitute or convey advice per se. The newsletter is issued as a helpful guide to clients and is for their private information. Every effort is made to ensure the contents are accurate at the time of publication. We take no responsibility for any subsequent action that may arise from the use of this newsletter.