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### **TEMPORARY RESIDENCE SUPERANNUATION**

The Federal Government has had a rethink about changes to Temporary Residence Superannuation contributions by employers.

Under the new approach Temporary Residence Superannuation payments from employers will remain in the nominated superannuation fund for the entire time the person is residing and working in Australia.

The temporary resident will continue to be able to take out their superannuation fund proceeds when they depart Australia and take those proceeds with them.

Employers will now be able to make their superannuation guarantee payments for temporary resident employees into superannuation funds in the same way as all other Australian resident employees.

### **ATO GETS TOUGH ON SELF- MANAGED SUPERANNUATION FUND TRUSTEES**

The Australian Taxation Office is continuing its attack on the trustees of Self-Managed Superannuation Funds (SMSF) where there are significant breaches of the Act and the trustee is acting dishonestly.

In a recent case the trustee of an SMSF has been criminally charged for dishonestly failing to ensure

that the SMSF was conducted in accordance with the "sole purpose test" while he was the trustee of the fund.

The trustee was fined a significant sum of money by the courts and has been restricted from acting as a trustee of a Superannuation Fund again.

Clients should ensure that the "sole purpose" test is at the forefront of any investment decisions or dealings with the superannuation fund proceeds.

Essentially the sole purpose test requires that the fund be operated and maintained for the members retirement benefit.

### **OCCUPATIONAL SUPERANNUATION CHANGES**

*Effective from 1<sup>st</sup> July 2008 the Federal Government introduced changes to the way that the 9% superannuation guarantee amount is calculated in respect of wages paid to employees.*

*This change has particular relevance to the cane harvesting sector which in previous years has paid the 9% superannuation guarantee on a set fixed weekly amount.*

*Effective from 1<sup>st</sup> July 2008, the 9% superannuation contribution will be paid on the employees Ordinary Times Earnings (OTE), which includes payment for work done on weekends throughout a particular roster. For employees paid a piecemeal rate (e.g. 50 cents per tonne) unless there is a review of the terms of engagement to clearly distinguish ordinary time from overtime as it is worked, the employee will be paid 9% superannuation of the total gross earnings and **not** a set weekly amount as previously was the case.*

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*A review of the employment arrangements maybe required for the harvesting sector so that the overall payment quoted (e.g. 50 cents per tonne) incorporates the 9% superannuation. This will mean that by repackaging the employment arrangements, 91% of the total ordinary earnings will be paid as wages with the 9% superannuation contribution making up the 100% of the negotiated arrangement.*

*Employees need to give employment arrangements within the harvesting sector special consideration and ensure that the employment arrangements comply with the changes in the superannuation payment arrangements effective from 1<sup>st</sup> July 2008.*

## **MBF PAYMENT TO MEMBERS**

In May 2008 MBF and BUPA Australia Group implemented a scheme to merge their businesses. As part of that scheme, MBF undertook a demutualization which entitled its policy holders to a cash payment for the disposal of certain membership rights.

MBF sent the payment to policy holders for disposal of membership rights in MBF on or around 30<sup>th</sup> June 2008.

After the demutualization took place, a change was made to the taxation law relating to the capital gains tax treatment of policy holders of health insurers who receive cash or shares when their health insurer demutualizes. Under the new law, policy holders **disregard any capital gains and losses** that arise when a private health insurer demutualizes.

The changes to the law take effect from 1<sup>st</sup> July 2007 and the cash payment you received from MBF is not subject to income tax and you do not have to declare any amount in your 2007/08 income tax return.

## **WORKCOVER APPLICATION CHANGES**

As from 1<sup>st</sup> July 2008, WorkCover Queensland will no longer be accepting new business applications from a third party (e.g. your accountant).

The main thrust of the changes implemented by WorkCover Queensland are designed to ensure that employers are aware of any important information, terms and conditions which may apply to their work cover policy.

When applying for a new policy, clients should allow approximately 20 minutes and have the following information on hand ready to discuss with a work cover officer:-

1. Full name of the employing entity (company, partner, individual or trust).
2. Expected date you will commence to employ.
3. Your Australian Business Number (ABN).
4. Your Australian Company Number (ACN, if applicable).
5. The name of the trustee of a trust if a trust is applying for work cover.
6. The estimated wages for your business for the year from the date you commenced to employ to 30<sup>th</sup> June.
7. Any previous associated business details including previous policy numbers, policy names etc.
8. Type of business.
9. Primary business activity.
10. Credit card details to pay your premium.

Questions regarding location of your business, contact and other business details may also be asked during the set up and establishment process.

The minimum premium payable for the period commencing 1<sup>st</sup> July 2008 is \$170 and this premium is non-refundable.

WorkCover Queensland can be contacted on 1300 362 128.

**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.