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## We're keeping you up to date on...

## March 2011 Issue

## Extra time to lodge for those affected by natural disasters

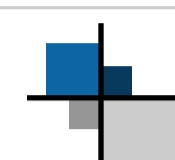


The Commissioner of Taxation has announced additional time for tax-related lodgments and associated payments for individuals and businesses affected by the recent natural disasters in Queensland, New South Wales, Victoria and Western Australia.

Those in the affected postcodes will automatically have the following lodgment and payment dates deferred:

- ◆ Lodgment and payment of the December monthly activity statement from the original due date of 21 January 2011 to 21 March 2011;
- ◆ Lodgment and payment of the January monthly activity statement from the original due date of 21 February 2011 to 21 March 2011;
- ◆ Lodgment and payment of December quarterly activity statements from the original due date of 28 February 2011 to 28 March 2011;
- ◆ Lodgment and payment obligations of income tax due in February 2011 for a period of one month; and
- ◆ Lodgment of superannuation guarantee charge (SGC) statements for the quarter ending 31 December 2010 from 28 February 2011 to 28 March 2011.

## Declaration of Disasters



The Treasurer has declared that the following are disasters for the purposes of establishing Australian disaster relief funds that can receive tax deductible donations:

- ◆ the Victorian floods, effective from 15 January 2011; and
- ◆ the New South Wales floods, effective from 10 January 2011.

A similar declaration has been made by the Queensland Government in relation to floods.

*Editor: New assistance measures are now in place to help communities and businesses devastated by Cyclone Yasi, including concessional loans, grants and wage assistance for employers.*

## Flood Levy proposed



The Government intends to introduce a temporary flood levy in the 2011/12 financial year to assist with part of the costs of rebuilding infrastructure following the recent floods.

It is proposed that the levy will not be paid by those affected by the floods or by lower income earners, and will apply only in the 2011/12 financial year.

The rate of the levy will depend on a taxpayer's taxable income (TI) as follows:

- ◆ anyone with a TI under \$50,000 will not pay the levy;
- ◆ those with a TI between \$50,000 and \$100,000 will pay 0.5% of TI in excess of \$50,000; and
- ◆ those with a TI over \$100,000 will pay 0.5% of TI in excess of \$50,000 and 1% of TI in excess of \$100,000.

**Examples**

An individual taxpayer on average annual adult full-time total earnings and TI of \$68,125 will pay an extra \$90.63 in tax (i.e.  $\{ \$68,125 - \$50,000 \} \times 0.5\%$ )

An individual taxpayer with TI of \$120,000 in 2011/12 will pay an extra \$450 in tax (i.e.  $\{ \$120,000 - \$100,000 \} \times 1.0\% + \{ \$100,000 - \$50,000 \} \times 0.5\%$ )

## ATO targeting GST compliance



The ATO received specific funding in the 2010 Budget to look closely at GST compliance and will be implementing a dedicated program over the next four years to deal with some specific compliance issues.

They will focus on:

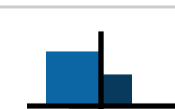
- ◆ the timely lodgment of activity statements;
- ◆ verifying GST refund claims;
- ◆ identifying and dealing with those that deliberately avoid GST; and
- ◆ addressing aging GST debts and those who deliberately use debt as a way of avoiding their tax obligations.

They say that they are continuing to expand their ability to identify non-lodgers and detect businesses that overclaim entitlements, deliberately under-report or omit income and use cash transactions to hide income.

They will do this in part by:

- ◆ comparing businesses to small business benchmarks for their industry to select businesses for audit—businesses that do not report within their range may not be recording or paying tax on all their transactions, especially cash transactions;
- ◆ using benchmarks to calculate default assessments where a business provides insufficient or unreliable information or has not met their lodgment requirements; and
- ◆ using new risk filters and risk models to detect incorrect or fraudulent refund claims on activity statement credits.

## 50% Tax Break deduction under new Green Buildings scheme



The Assistant Treasurer has released a public consultation paper regarding tax breaks for redevelopments that will substantially improve the energy efficiency of existing buildings.

From 1 July 2011, the Tax Breaks for Green Buildings scheme will offer businesses that invest in eligible assets or capital works to improve the energy efficiency of their existing buildings—from 2 stars or lower to 4 stars or higher—the ability to apply for a one-off bonus tax deduction of 50% of the cost of these improvements.

*Editor: For more information on the eligibility criteria and assessment and certification processes, please refer to the Tax Breaks for Green Buildings information page at [www.climatechange.gov.au](http://www.climatechange.gov.au).*

## ATO looks at limited by guarantee loan arrangement



The Tax Office has issued a taxpayer alert warning people of arrangements involving loans to members of a company limited by guarantee.

Under these arrangements, a company limited by guarantee is established to receive income distributions from a Trust and then lend that money to Directors, Members or associates of that company or related parties.

"The use of a company limited by guarantee makes no commercial sense, aside from the tax advantage sought from these arrangements. These types of companies cannot distribute profits to members or utilise any franking credits obtained," Michael D'Ascenzo, the Tax Commissioner, said.

He said the ATO believes that people are utilising these arrangements to get income from their Trusts without having to pay the required amount of tax and is warning anyone who has participated in these arrangements to come forward prior to 30 April 2011 and before they are contacted by the ATO.

If they do, they will be entitled to a reduction in any tax penalties.

## Queensland Natural Disasters Jobs and Skills Package

**Disaster Recovery Start-up Bonus****What is the Disaster Recovery Start-up Bonus?**

The Australian Government will support the commencement of up to 1000 Australian Apprentices under the Disaster Recovery Start-up Bonus.

This will provide an additional payment of \$3350 made to small and medium-sized employers (less than 200 employees) and aged group training organisations (GTOs) in rural and regional flood and cyclone affected areas in Queensland who take on a new apprentice aged 19 years and under in a skill shortage trade apprenticeship between 7 March 2011 and 7 September 2011 (inclusive).

**Who is eligible Disaster Recovery Start-up Bonus?**

Small and medium-sized employers (less than 200 employees) and registered GTOs in rural and regional flood and cyclone affected areas in Queensland who employ an Australian Apprentice between 7 March 2011 and 7 September 2011 who is aged 19 years and under and is undertaking a Certificate III or IV level qualification that leads to an occupation on the National Skills Needs List.

**How do you apply for this bonus payment?**

Eligible employers and GTOs will need to apply for this payment through their Australian Apprenticeship Centre.

## Flood Recovery Business Program

**Overview**

The Department of Employment, Economic Development and Innovation (DEEDI) is offering a package to assist and support businesses which have been directly and indirectly impacted by the recent Queensland natural disaster events to enable them to recover and position themselves for future growth.

**Business Support Available**

Customers can make application for one of the following deliverables:

**1. Business Assessment and Development of an Action Plan**

The Department will provide up to \$3,000 to engage a consultant to conduct a business assessment of the Customer's complete business and develop an Action Plan to address all strengths, weaknesses, opportunities and threats of the business including addressing specific flood/cyclone recovery issues. The Action Plan will also include strategies and actions to support and improve the business.

**2. Developing and Submitting Documentation to a Financial Institution**

The Department will provide up to \$3,000 to engage a specialist financial consultant to work with the business to develop and submit documentation required to seek funding assistance through the customer's financial institution.

**Please note:** this deliverable only applies to those businesses that are in need of critical assistance where one or more of the below circumstances exists:

- ◆ there is potential for the business to close in the near future resulting in significant job losses;
- ◆ closure of the business will have a major impacts to the region and supply chains;
- ◆ the business is in financial difficulty and needs urgent assistance to focus on its short term viability to improve its cash position;
- ◆ the business is not in a position to prepare documentation to meet the financial institutions requirements without expert assistance.

**Eligibility**

An eligible business must meet the following criteria:

1. be located in one of the declared NDRRA areas affected by flooding/cyclone between November 2010 to February 2011;
2. employ between five (5) and 200 full time equivalent (FTE) employees;
3. have an established operating base in Queensland;
4. have an Australian Business Number (registered in QLD prior to the November 2010 - February 2011 Queensland floods/cyclone period);
5. be registered for GST (prior to the November 2010 - February 2011 Queensland floods/cyclone period).

**How to Apply**

The Customer must fill out a Flood Recovery Business Support application form. The Customer application must be for one deliverable only:

1. Business Assessment and Development of an Action Plan; or
2. Developing and Submitting Documentation to a Financial Institution

**Approval**

Applications can be approved by the Regional Centre Director; however, Regional Centre Directors need to brief the Executive Regional Director by email and seek their approval for all business applications seeking assistance in developing and submitting documentation to financial institutions.

## Contact Us

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