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## NEWS POINT

## THE COST OF SANTA

Christmas parties often bring forth the issue of Fringe Benefit Tax (FBT) application. Entertainment, in most cases is not tax deductible. If provided to an employee, it might be tax deductible but then it makes the business liable to FBT, which in most cases exceeds 90% of the actual expenditure. So while we prepare to host a party for our employees and associates, we might as well have a quick look at how it is going to affect our tax bill.

Expenditure	Deductibility in Tax	FBT Payable
Christmas party where expenditure on each employee/associate is less than \$300	Not Deductible*	Exempt under the Minor Benefit Exemption rule
Christmas party where expenditure on each employee/associate exceeds \$300	Deductible*	FBT Payable
Entertainment expenses on clients	Not Deductible*	Not subject to FBT
Entertainment expenses on employees	Deductible*	FBT Payable
Light food and refreshments served at work place during work hours	Deductible*	Not subject to FBT

\*GST is claimable on such expense only if the expense is tax deductible.

## CLOCK TICKING FOR 50% TAX BREAK

Small businesses can still avail 50% tax break (additional deduction from taxable income) if they purchase an eligible new asset prior to 31<sup>st</sup> December 2009. This does not necessarily mean that the asset needs to be purchased, paid for and be delivered before 31<sup>st</sup> December 2009. **As long as an investment commitment is made by this date, this tax break can be availed even if the asset is actually delivered by 31<sup>st</sup> December 2010.**

## TIP!

There are stringent conditions to be satisfied to avail this benefit. To check if your investment satisfies these conditions, please visit <http://www.ato.gov.au/businesses/content.asp?doc=/content/00193790.htm&page=1&H1> or contact us.

The team at M G Arthur & Associates wishes our readers a Merry Christmas and Prosperous New Year 2010.

Please visit [www.mgarthur.com.au](http://www.mgarthur.com.au) or

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for more information or access to previous newsletters

## FAMILY ASSISTANCE GETS TOUGH!

Family Assistance office of Centrelink, the department that pays your Family Tax Benefit (FTB) Part A and B, has finally decided to crack down on those who have not lodged their returns. From 1<sup>st</sup> January 2010, the office may stop FTB payments to those who have not lodged their overdue tax returns or informed the office that they do not need to lodge one. This is to minimise misuse of the system by those who hide their real income by not lodging their returns. On seeking clarification, the office has informed us that they do not expect taxpayers to lodge their 2009 tax returns before 1<sup>st</sup> January 2010, instead 2008 or prior returns. For further information please visit <http://www.familyassist.gov.au/New/2009/Pages/nonlodgers.aspx>

**TIP!** Lodge your overdue tax returns before 31<sup>st</sup> December to continue to avail the benefit of uninterrupted FTB payments.

After all, one of the reasons for the international recession today, is individuals' uncontrolled and unwarranted spending beyond personal means. Recent months have seen a surge in retail spending and increased credit card debt in Australia. Remember, credit cards are one of the most profitable products that banks have on their books. Banks could have quietly retained current rates, lead consumers into self-belief that this Christmas brings new opportunities and optimism and made pot loads of money while we spent our lives away at shopping malls. By bringing forward the inevitable increase in rates, the banks might have actually done us a favour, reminding us that we are not out of deep waters yet and that we need to save, not spend!

**TIP!** These events again highlight the fact that we consumers need to review our mortgage products and bargain hard for best deals. When you sign up for any loans, check out if there is any 'early termination fee', sometimes smartly called 'deferred establishment fees'. This fee would probably make the difference in your being able to take a new offer or remain stuck to the old one.

## PLANNING POINT

### ARE BANKS THE ONLY ONES TO BE BLAMED?

Recent increase in bank mortgage rates beyond RBA's increase has brought forth a plethora of bank bashing. Lets sit back and think before we make a judgment.

**TIP!** For complimentary home loan health check and possible better rates and options give us a call at the earliest!

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