

Welcome

Welcome to the fifteenth edition of the Accru Plus client newsletter

Inside you'll find a snapshot of the new carbon tax rates and payments, an update on Directors' personal liabilities and FBT on meals. Accru Melbourne brings you the story of a transport company that grew from one truck to a multi-million dollar business, and Accru Perth offers tips on how office workers can fit more exercise into their lives.

Carbon Tax

The new measures at a glance

BY GREG NEWBURY, ACCRU FELSERS, SYDNEY

On 21 July 2011, the Government announced its long anticipated policy on the carbon tax. The emissions levy of \$23 per tonne on major polluters will be combined with tax cuts and family payment increases to compensate households for the resulting price rises. How will your tax rates change? Greg Newbury outlines the key carbon tax assistance measures below.

Personal Income Tax

The tax free threshold will be permanently increased:

- + from \$6,000 to \$18,200 effective 2 July 2012, and
- + from \$18,200 to \$19,400 effective 1 July 2015.

Low Income Tax Offset (LITO) will be reduced:

- + from \$1,500 to \$445 effective from 1 July 2012, and
- + from \$445 to \$300 effective 1 July 2015.

The combined impact of the increase in the tax free threshold and the reduction in LITO is that the effective tax free threshold will rise to \$20,542 for the 2013 and 2014 financial years and will rise to \$20,979 thereafter.

Senior Australia Tax Offset (SATO) and Pension Tax Offset

The Government has announced that the SATO will increase, providing additional tax cuts to self funded retirees. The Government also proposes to combine the pensioner tax offset with that of the SATO. Details of these proposed changes have not yet been announced.

Assistance through pension, income support and family payments

The government has also announced an increase in pensions, income support and family payments.

The first of these measures will be delivered in May or June 2012 to pensioners and family tax benefit (FTB) recipients through a one off payment called the Clean Energy Advance.

The Clean Energy Advance is a tax exempt one off payment that will be made automatically. The quantum of these payments is as follows:

- + Pensioners will receive up to \$250 if single and \$190 for each eligible member of a couple. Self funded retired who are eligible for the Commonwealth Seniors Health Card (CSHC) will receive \$250 if single and \$190 for each eligible member of a couple.
- + Families receiving FTB Part A or B will receive 1.7% of the maximum annual rate of the payment.

After that, on-going assistance will be paid through a new Clean Energy Supplement, commencing from 20 March 2013. This is an ongoing tax exempt payment paid in line with regular payment cycles, and will be indexed by the CPI.

The quantum of these payments is as follows:

- + Pensioners will see a 1.7% increase in the maximum rate of the pension. This will commence from 20 March 2013.
- + Self funded retirees who are eligible for the CSHC will receive \$338 per year for singles and \$255 per year for each eligible member of a couple. This will commence from 20 March 2013.
- + Family Tax Benefits:
 - > Both the maximum rate and the base rate of FTB Part A will be increased 1.7%, worth up to \$170 per child.
 - > FTB Part B will be increased by 1.7%, worth up to \$69 per family.
 - > Both these supplements will be paid fortnightly from 1 July 2013.
- + Other income support payments will be increased by 1.7%. This will commence from 20 March 2013.

New Low Income Supplement

The Government has also recognised that some families may not receive sufficient assistance through the above measures. These households will be able to apply for an annual, tax exempt low income supplement of \$300. This supplement will be paid by Centrelink and will commence from 1 July 2012.

The following income limits apply:

- + \$30,000 for singles without a dependent child
- + \$45,000 for couples without a dependent child
- + \$60,000 for singles with a dependent child
- + \$60,000 for couples with a dependent child

Other assistance

- + A new single income family supplement of up to \$300 for single income families with a primary earner income of between \$68,000 to \$150,000,
- + An essential medical equipment payment of \$140 per year for eligible claimants, and
- + An increase to the small business instant write-off threshold to \$6,500 from 1 July 2012.

For further assistance please contact your local Accru office or go to cleanenergyfuture.gov.au

In summary, the proposed tax scales are as follows:

	CURRENT		2012/13		2015/16	
	THRESHOLD	MARGINAL RATE ^	THRESHOLD	MARGINAL RATE ^	THRESHOLD	MARGINAL RATE ^
	UP TO \$6,000	NIL	UP TO \$18,200	NIL	UP TO \$19,400	NIL
	6,001	15%	18,201	19%	19,401	19%
	37,001	30%	37,001	32.5%	37,001	33%
	80,001	37%	80,001	37%	80,001	37%
	180,001	45%	180,001	45%	180,001	45%
LITO	UP TO \$1,500	4% REDUCTION ON INCOME OVER \$30,000	UP TO \$445	1.5% REDUCTIONS ON INCOME OVER \$37,000	UP TO \$300	1% REDUCTION ON INCOME OVER \$37,000
EFFECTIVE TAX FREE THRESHOLD*	\$16,000	\$20,542	\$20,979			

* Includes the effect of the tax free threshold and the low income tax offset (LITO).

^ Rates exclude the Medicare Levy and Flood Levy.

BY RICHARD BOWDEN,
ACCRU HARRIS ORCHARD

Directors beware: Personal liabilities are about to expand



The range of personal liabilities to which company directors are exposed has increased from 1 July 2011. This latest change is driven by the Government's increasing vigilance in collecting tax arrears. If you're a director, it will pay to understand the situations where you can become personally liable for a company's debts or obligations.

All companies must have at least one director and there are a number of duties that come with the position as well as penalties for failing to meet them as set out in the Corporations Act 2001. Directors may also be subject to further penalties under the Taxation Administration Act 1953.

Before accepting a directorship, it is important to be fully aware of all duties and obligations that will come with your role. If you are already a director, then now is a good time to make sure that you are comfortable with all existing arrangements.

The changes

In brief, the new regime means the following:

- + For the first time, directors can be held liable for a company's failure to pay employee superannuation.
- + There will no longer be a 21-day grace period for some unpaid company liabilities that remain unreported after three months. The Australian Taxation Office (ATO) will also be able to start recovery action against directors.

Directors and their associates will sometimes be prevented from obtaining credits for withheld amounts in their own tax returns if the company fails to pay withheld amounts to the ATO.

Directors' wider liabilities

It is worth revisiting the existing circumstances under which directors can become personally liable for debts incurred by a company. Care is needed to avoid personal financial consequences in any of the following situations:

- + **Trading whilst insolvent**
If a company cannot meet its debts as and when they fall due, directors are obliged to cease trading and prevent further debts. Failing to do so can render the directors personally liable for the debts incurred during the insolvent period.
- + **Personal guarantees**
Many directors provide personal guarantees as security for company borrowing. The effect is that directors can be liable to meet any repayments of the underlying debt if the remaining security available to the financier is insufficient.

- + **Non-payment of company tax**
The Australian Taxation Office can collect certain outstanding company tax obligations by making company directors personally liable for a penalty equivalent to the unpaid amount. It is imperative to ensure that a company meets its taxation obligations as and when they fall due.
- + **Claims for employee entitlements**
During liquidation, a liquidator or an affected employee can make a claim against directors if they have caused a transaction that reduced assets available to pay employee entitlements.

To find out more about the possible impact of these changes on your individual circumstances, please contact your local Accru adviser.

BY MICHAEL BURNETT,
ACCRU HOBART

FBT and the free lunch



No such thing as a free lunch...? There might be, but there are at least 63 different permutations or combinations that will impact on the answer to that question!

Fringe Benefits Tax (FBT) was introduced in 1989 to prevent companies providing perks to employees as a tax deduction to them. Essentially any benefit an employee receives (eg indirect payment, concession, use of asset or other personal benefits) may be subject to FBT.

FBT is a difficult area as there are so many variables for which the ATO still have 'fuzzy' criteria after 20+ years. Despite this, it is important we know where things are at to ensure we comply with the law and pay the correct tax, make arrangements and payments in a way that minimizes or avoids FBT, and to avoid hassles if the ATO conducts an audit.

ATO audit activity in this space has significantly increased in the past year or so. For example, by using information obtained via State (Motor Vehicle) registration records the ATO can see the number and type of vehicles owned by your business. Recent statistics show a 70% fail rate with businesses and an average adjustment of \$25,000.

The main FBT problem areas are:

- + Meal entertainment
- + Motor vehicles
- + Reportable employer super contributions

Meal Entertainment

Meals are essentially a private expense which would normally be non-tax deductible, however different tax treatments apply depending on their nature and purpose, as the table below demonstrates.

Because the tax treatment of meal entertainment is so convoluted, the ATO allow three methods to deal with it:

- + Based on actual costs incurred – the FBT is based on the costs of the actual entertainment provided to employees.
- + Twelve Week Register Method – FBT payable is based on the total entertainment expenditure incurred by the employer on all employees for the year, multiplied by the register percentage. The register percentage

is based upon a detailed register of expenditure in the period covered.

- + 50/50 Split Method – the FBT payable is based on 50 per cent of the entertainment expenses paid by the employer during the FBT year.

Note also that a GST credit can only be claimed when the expense payment is a tax deduction (or would be in the case of a not-for-profit entity).

Be aware of the 'Minor Benefits' exemption

Small businesses may not need to pay any FBT at all on staff entertainment if the cost is less than \$300 per year per staff member. Fringe benefits with a taxable value of less than \$300 pa per employee are exempt from FBT where the benefits are provided on an irregular and infrequent basis.

These are just some of the many variables that apply to FBT. Please raise this topic with your local Accru accountant so we can ensure that you are minimising the FBT your business pays while being fully compliant with the law.

TYPE OF MEAL ENTERTAINMENT	DEDUCTIBLE	FBT STATUS
MEALS TO EMPLOYEES FOR REFRESHMENT WHILST WORKING (INCLUDING OVERNIGHT TRAVEL)	TAX DEDUCTION	NO FBT
MEALS TO EMPLOYEES WITH EXCESSIVE ALCOHOL (MORE THAN INCIDENTAL TO THE MEAL)	TAX DEDUCTION	SUBJECT TO FBT
FRIDAY EVENING DRINKS AND NIBBLES	TAX DEDUCTION	SUBJECT TO FBT
FRIDAY EVENING PIZZA WHILST WORKING OVERTIME	TAX DEDUCTION	NO FBT
BUSINESS PROMOTIONAL EVENT (EG COCKTAIL PARTY, GOLF DAY)	TAX DEDUCTION	SUBJECT TO FBT
NIGHT OUT WITH CLIENT (CLIENT SHARE)	NO TAX DEDUCTION	NO FBT

King of the Road

Glen Cameron Group – The very best in Australian transport and logistics

The Glen Cameron Group currently offers over 100,000 square metres of warehousing space and a fleet of over 500 plus vehicles. Services include local trucking, couriers, contract cartage, interstate transport and third party logistics management. Accru Melbourne shares the story of a transport company that commenced with one 8 tonne truck.

BY GILLIAN GOLLER,
ACCURU DANBY BLAND PROVAN,
MELBOURNE

From very humble beginnings in 1975 with one 8 tonne-tray truck and a rented room with no phone connection or carpet on the floor, the Glen Cameron Group has grown to a multimillion dollar, privately owned national logistics company.

Success lies in exceptional customer service

Glen Cameron believes his company's successful growth lies in his strong commitment to customer service. Customer service has always been paramount for Glen and was demonstrated from the beginning of his company in 1975. With no phone connection in his \$18 a week office, Glen would walk to the nearest phone booth three times a day to ensure that his customers were receiving quality service from the taxi trucks he had contracted for them.

Glen's father Ed clearly influenced his son in his chosen career of transport logistics. Glen grew up in transport and has been passionate about trucks for as long as he can remember. School holidays were spent working on site at D & E Cameron, his father's transport company, or in the trucks as they made their deliveries. Trucks have been and still are his life.

Trucking pioneer family

Trucking innovation has also been in the family. Ed Cameron could easily be recognised for being both a pioneer and entrepreneur in the transport industry. He introduced Kenworth Trucks to Australia and established himself as the sole agency to sell them.

Glen felt he was destined to take over D & E Cameron Transport, however, not all went to plan. In 1970 Glen had turned 18, completed school and happily joined his father Ed in the business. Six months after he joined the company his father sold the business. Glen was devastated but decided to work for the new owners until 1974, when fate offered him an extraordinary opportunity.

The opportunity

Late December 1974, the struggling division he headed was merged with another and Glen was offered the role of Receptionist, which he declined. Glen left the company, and took an extended break to contemplate his future. His vision of the future always came back to trucks, his childhood passion. Thus, in June 1975, at the age of 22, he started his own local transport business, the Glen Cameron Group.

Loyal employees

Presently the Glen Cameron Group employs over 700 company employees and sub-contractors. Glen believes employing the right staff is an integral component for company growth and success. In fact, they can boast having four sub-contractors, Paul Curran, Alan Cameron, Brian Calder and Robert Gordon who have worked for Glen for over 30 years. In fact, Paul Curran and Alan Cameron have been there since 1975 – 36 years!

Important milestones

Glen believes that every year is a milestone and he also recognises that he has been able to capitalise on economic opportunities that arose in the 1970s and 1980s. It was a turbulent time in the economy with Union strikes. A couple of businesses in the area had an extended period of strike action and needed to store goods. Glen grabbed this opportunity and rented a building and stored their goods, thus the warehousing division began to grow. Also in the late 70s he started a fleet of trucks for one customer, which then evolved into others, and now includes Coles and Woolworths.

Growth

In the 1990s Glen decided to expand further and commenced business in Adelaide. Consistent with their history in Melbourne, they began with local



taxi trucks and warehousing. After further success in Adelaide, this proven strategy was then used in Sydney, Brisbane, Perth and Darwin.

To date the Glen Cameron Group has national carriers all over Australia and warehouses in every state. The business is split between Cameron Interstate (40%) which is freight moving between states and Glen Cameron Nominees (60%) which comprises local business, warehouses in each state and contract fleets.

Recognition

The Glen Cameron Group has been recognised by its peers for its achievements and has won the Australian Freight Carrier of the Year four times: 1990, 2001, 2003 and 2009. This award is judged by other trucking operators. Both Glen and his father Ed have been inducted into the Hall of Fame in Alice Springs in 2005 and 2002. Glen is also the Vice President of Victorian Transport Association.

The journey

Accru Melbourne has partnered Ed Cameron from the mid 1960s and Glen Cameron from 1975. As their chosen Chartered Accountant and Business Advisor, Accru Melbourne is proud to be part of the Glen Cameron Group family and their ongoing success. Glen recognises that Accru Melbourne is a great support for the business and their entire family. Throughout the journey, Accru Melbourne has been able to provide a varied spectrum of services including business advisory, wealth management, personal superannuation, and audit and assurance services.

Accru Melbourne is proud to partner the Glen Cameron Group, and we look forward to seeing what the future has in store for this innovative trucking entrepreneur.

Easy ways to fit exercise into your life

BY KIRSTY HAYDEN, ACCRU PAGE KIRK JENNINGS, PERTH

“Recently the lift in our building underwent refurbishment. From the ground floor to our second floor office there are forty-three steps. Those forty-three steps seemed a lot. Climbing the stairs in the morning and again after lunch was a battle. Sigh...when will the lift be working again?”

Since participating in a global corporate health initiative, our attitude to exercise has changed – we are focused on walking more, not less.

In Australia, overweight and obesity ranks alongside smoking as the most important preventable cause of ill health. The prevalence of obesity has more than doubled over the past decade with current obesity rates of 19% for men and 22% for women. The National Physical Activity Guidelines for Australians recommend at least 30 minutes of moderate physical activity on most days of the week, as well as enjoying some regular, vigorous exercise.

This can be harder to achieve than it sounds. Many Australians have a very sedentary working life and are often seated working at a computer for most of the day. In many ways, technology allows us to be tied to our desks. How can we counteract the inactivity of our computer-bound jobs?

Accru has been actively working on this through our involvement in the Global Corporate Challenge or ‘GCC’, the world’s largest corporate health initiative.

The GCC is a pedometer based walking challenge where teams of employees engage in a ‘virtual walk around the world’ for 16 weeks. Throughout the challenge, team members visit the GCC website and enter their daily step count recorded on their pedometer. As the team progresses through the course, they achieve milestones and learn about places through imagery, facts and Google maps. The GCC has independently proven results and the endorsement of some of the largest organisations in the world.

This year, the Accru group has 11 teams participating in the GCC throughout Australia and New Zealand, and we too can vouch for the benefits. It’s proven a fun way to interact both within the firm and across the group, motivated us to be more active, helped to promote teamwork and a positive competitive spirit and to increase our fitness. As a second year participant, I can personally report that the walking challenge is a fun way to increase the amount of physical activity I do each day.



We have learnt that building more physical activity into your daily routine need not take hours nor cost a fortune. Some simple suggestions based on our experience include:

- + Walk or ride a bike rather than drive
- + Walk your dog
- + Go for a walk at lunchtime, even if it’s just around the block
- + Join a team sport
- + Turn up the music and dance
- + Walk around your neighbourhood and admire the gardens
- + Start a veggie patch
- + Fix up the outside of your house
- + Clean your house thoroughly
- + Use the stairs instead of the lift or escalator
- + Reduce TV time and do those household jobs you’ve been putting off
- + Get off the bus or train one or two stops early and walk the rest of the way
- + Organise activities such as a game of football in the park with friends or family
- + Mow your lawn
- + Take a class to learn dancing, martial arts, trampolining or anything else you have always wanted to try

Health and fitness is achievable. All it takes is a little commitment and before long you will notice how great you feel. Good luck...

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