

Small Business Assistance Program: tax update ISSUE 5 – week ending 16 October 2009

Small business benchmarks

Benchmarks provide a snapshot of how businesses in an industry are performing, on average, by providing a measure of various business costs in relation to turnover.

Super funds and illegal early release

We are working to prevent the rollover of funds to self-managed super funds created for the purposes of illegal early release.

Tax Refund email scam

The Tax Office is warning people about another bogus email circulating that claims to offer a refund from the Tax Office.

Trading stock – check opening stock values

We have noticed that many micro businesses are recording their trading stock incorrectly. To meet the tax law, make sure the opening value of stock equals its closing value in the year before. Many micro businesses have lodged tax returns where their opening trading stock figures don't match the closing trading stock amounts from the year before. These mistakes can mean sales and taxable income is incorrect.

Make super contributions by 28 October 2009

Employers must make super contributions for the quarter ending 30 September 2009 to a complying super fund or retirement savings account by 28 October 2009. They must contribute:

- at least 9% of each employee's ordinary time earnings
- the total amount owed for the quarter.

Super contributions cap reduced

The amount that can be contributed to super before extra tax applies has been reduced. The change affects concessional (or 'before tax') contributions, such as super guarantee and salary sacrificed amounts. It's a good idea to encourage your employees to review their super contributions now to ensure they don't unintentionally exceed the reduced cap and end up having to pay extra tax.

Are your workers employees or contractors?

As an employer, workers you engage on a contract basis may still be classified as employees, even if they have an Australian business number.

Agreements for the allocation of taxing rights with respect to certain income of individuals

Australia has agreements for the allocation of taxing rights with various other tax jurisdictions. If a person is a resident for tax purposes of one jurisdiction, but temporarily resident in another, these agreements help to establish where tax should be paid.

Helping investors claim losses correctly

We have new information on our website at www.ato.gov.au to help individuals claim losses when they dispose of investments. The webpage, 'Claiming losses from the disposal of investments':

- outlines the difference between capital losses and revenue losses
- advises on record keeping

GST food classification made easy

We have recently published the *GST food classification decision tool* to help food retailers, wholesalers, manufacturers and tax professionals working with the food industry work out the GST status for food and beverage items.

Tax crime investigations and results

Find out about tax crime, how we are dealing with it and how you can help.

Research and Development tax credit (offset)

In the 2009-10 Budget, the Government announced that it will replace the existing R&D tax concession with a simplified R&D tax credit (offset) starting from the 2010-2011 income year. A transitional measure will apply to the 2009-10 income year.

Super guarantee charge and tax file number declaration

Employers who **did not pay** super contributions by the due date (28 October 2009) are **liable to pay the super guarantee charge**. They should lodge a [Superannuation guarantee charge statement – quarterly](#), using the [Superannuation guarantee charge statement and calculator tool](#) to calculate their liability.

Employers must provide their [employees' tax file numbers \(TFN\)](#) to their super funds within 14 days of receiving it, using the [Tax file number declaration \(NAT 3092\)](#). Failing to do so will entail penalties.