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tass

FINANCIAL & WEALTH SOLUTIONS



“OUR SUPER ADVICE”

Tip

Working overseas beware, you must now have an Australian Super Fund. The rules have changed. Tax of 45% could apply. Contact Leanne for details.



Pension Planning and Contributions

There are many pitfalls, traps and tax bills awaiting clients who access pensions or contribute to SMSF's without professional advice. You should contact Leanne McGinty or John Keogh before you access or contribute to your SMSF.



Beware of scam letters

At Tassgroup our clients seem to approach us on a regular basis about letters advising of lost super. These companies will charge you a fee for a very simple service. **It is a SCAM.** All you need to do is go to www.ato.gov.au – For superannuation – Find your lost Super - Lost Superannation for individuals and do the search. It is that simple.

Sole Purpose Test

A SMSF must comply with Section 62 of the SIS Act. This requires that a SMSF is established and maintained for the sole purpose of providing retirement / death benefits and for certain ancillary purposes. The SMSF should not be regarded as “your money”, it is for your retirement as defined by the Act.

The ATO recently released draft ruling SMSFR 2007/D1. It looks at situations where the ATO will consider a breach of the sole purpose test has occurred, eg private use of assets, the holiday house, paintings in the office etc.

Even though it is a draft ruling for comment it clearly reflects future thinking of the ATO.

Instalment Warrants

The Government has given ground to the Investment Banking industry to allow SMSF's to borrow. Until recently APRA & the ATO took the stance that borrowing was a breach of Section 67 of the SIS Act. But Telstra instalment warrants changed all of that!

The new Section 67(4A) allows the SMSF to enter into a contract to borrow. **But you need professional advice.** Broadly speaking the changes will allow SMSF's to borrow for shares or even commercial properties, with the fund providing the initial deposit.

Directors of Companies—Caution is Needed

From 1 July 2007 contributions to a superannuation fund are only deductible to an employee where two tests are satisfied.

First the contribution must be for an employee. A Director is defined under Section 12 of the Superannuation Guarantee (Charge) Act (SG) to include “persons who are entitled to payment for the performance of duties as a member of the executive body ...” Secondly the person must be employed in producing assessable income in Australia.

The ATO has taken the view that directors of a company are not entitled to payment for services they perform as Director's unless payments are provided for in the company constitution or approved by shareholders.

Therefore we must now:

- check your company's constitution;
- pass a resolution ensuring that payments to Directors are approved; and
- make the payment.

Tassgroup are aware of all the requirements. If in doubt talk with Leanne McGinty or John Keogh.

If you would like Financial & Wealth Solutions Newsletters sent via email in the future, please direct your request to leanne@tass.com.au, and we will ensure that you receive your copy of “Our Super Advice” in the quickest time possible.

This information has been prepared to provide you with general information only and should not be relied upon without obtaining professional advice. In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular person.

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