

**Newsletter, October 2011****Practice Update**

Hello, it's been a fast and exciting start to the new financial year that will hopefully continue until Christmas. Daylight saving and the end of winter generally provide motivation for everyone to come out of hibernation. I've started doing a few presentations for small business owners with Evan Richards.

A lot of new clients have been dissatisfied with the service they get from their previous accountant. Do you know someone who isn't happy with the service they get from their accountant? Does their accountant lack expertise or just doesn't have an eye for details and is making mistakes? I'm enthusiastic to help businesses and I'm always accessible to clients on a timely basis so if you know anyone in business looking to change accountants please pass on my details.

**Save tax instantly when you reach 55 – superannuation re-contribution strategy**

When you meet a 'condition of release' such as preservation age (currently 55 if you were born before 1/7/60), you are able to commence a transition to retirement pension. There is a minimum and maximum drawdown limit that must be applied.

The benefit to this is that the pension is taxed at concessional rates (based on the components within your superannuation fund) which can provide significant tax benefits in conjunction with salary sacrificing (or making deductible contributions) back into super.

As an example, if you earned an annual salary of \$100,000 and had \$500,000 in your superannuation fund (say the tax free component was \$300,000 then a pension would be 40% taxable), you could draw down a 4% pension of \$20,000 (40% taxable = \$8,000). You could then salary sacrifice \$20,000 but would be in better cash position as you would save \$4,620 in tax (\$12,000@38.5%)! The total amount you can contribute into superannuation is subject to the age based limits.

The higher the tax free component of your superannuation fund, the more benefit there is to this arrangement (you need to check your superannuation statement). After the age of 60, all funds withdrawn from your super fund are tax free (the actual components become irrelevant).

The other significant additional benefit is that all earnings in your superannuation fund that relate to your pension account become tax free. If you have large unrealised capital gains in your superannuation fund, make sure that you establish a pension (if possible) before you realise them.

**Lodgement Dates**

The September quarter has now ended so you should be aware of the following dates:

- 28 October 2011                      September quarter superannuation payment due
- 28 October 2011                      September quarter BAS due

Did you know that if your Tax Agent lodges your quarterly business activity statements (BAS) electronically, you get a four week electronic lodgment and payment concession? This means that the September quarter BAS is due for lodgment and payment by 25 November 2011.

Kind regards,  
Nick