



Monday, 23 June 2008

Dear valued client

FINANCIAL YEAR ENDING 30 JUNE 2008

Our first birthday was 1<sup>st</sup> May 2008.....what a year that was!

Firstly, a very big thank you to our valued clients old and new...without your support and co-operation we would not be where we are today...we sincerely thank you, one and all, for your patience and understanding in what can only be said to have been an extremely busy year for us all here at Julie Hamon-Ottema CPA Pty Ltd.

We are happy to say that the production of your 2008 work will be more like what you expect of a professionally run practice....we are well placed to provide a timely service after you send your records into our office. We now have all our systems in place, they will of course need a bit of fine tuning in the early stages of the new financial year, however, we are confident that your work will be turned around by our professional staff with the minimum of fuss and in a period that should not exceed 10 weeks for business and 10 days for individuals without any business requirements.

Now down to the business end of this circular.....

That time is nearly upon us again, this is our first of the annual circulars that you can expect to receive as part of the ongoing service to our clients. This circular is your "get organised" and reminder of things to do to make tax time a simple and efficient process for us all.

Do you have friends or colleagues who you think would benefit from this circular, please contact our staff on 9361 1533 and they will mail out a circular to them with our compliments.

Attached to our circular is your check lists which covers all types of clients; please review the checklist that best suits you and make sure you provide all the documentation in the tax organiser envelope attached.

With this information and organiser you can conveniently provide all of your records either by dropping them in or mailing them to us and this will help us to be efficient in processing your work for the 2008 financial year.

If you require further envelopes please contact our secretarial staff by email [info@jahocpa.com.au](mailto:info@jahocpa.com.au) or phone 9361 1533 and one of our capable staff will be pleased to send them to you.

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Other things to remember in addition to the checklists provided later:

### **TAX-FREE THRESHOLD**

If you have not been a resident of Australia for the full year or if you have ceased full-time education during the year for the first time, then we will need details of the date that you arrived in Australia or ceased to be a student to complete the required details on your tax return.

### **CAR USAGE DETAILS**

Along with the items noted in the checklist would you copy your diary records or log book records and include in the Tax Organiser Envelope (Important reminder: log books are required every 5 years) to substantiate the business work related proportion of the claim.

### **SUBSTANTIATION OF EXPENSES**

As always, where you are claiming a deduction relating to car, travel and work expenses, we both sign a declaration on the income tax return form stating that you hold the receipts or other records that substantiate the claim where the claim will be over \$300.

Please provide these receipts so that we can maintain our quality assurance procedures in the event of an Australian Taxation Office audit.

They will cover claims such as:

- travel expenses
- car expenses (mentioned previously)
- uniform/protective clothing
- tool replacements
- union dues/professional association dues
- work-related self-education expenses

Where you feel you have a claim other than those listed, please bring the receipts and we will assess your claim based on current legislation.

If you have received an allowance from your employer for car expenses, tools, clothing or similar allowance, it will be on your PAYG payment summary. For claims against your allowance we still need to substantiate the claim with your receipts. We are not able to make a claim for you without your receipts. The Australian Taxation Office may relax the requirement for substantiation of expenses like claims for overtime meal allowances, travel allowances and award transport payments but that depends on your industry and income tax rulings at the time of lodgement of your return. If you have received any of these three allowances, we need to know how your employer calculated these allowances to see if you are eligible for the relaxed substantiation rules.

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### **CAPITAL GAINS TAX**

A note of great importance!! If you have sold any assets during the year, we need you to provide us with:

- purchase documents for the asset
- receipts for any costs associated with the purchase of the asset
- sale documents for the asset

If you are not sure about what we need, please ask one of our qualified staff prior to your appointment.

There is a lot to consider with the complexity of the tax laws in this area and it is not practical for us to give general guidelines; please contact us before you sell any asset to be sure you are doing the right thing for your taxation obligations. In almost all situations, your family principal residence is exempt from capital gains tax, but there are exceptions.....the sale of your home should be discussed with us before an offer and acceptance is signed as it is the offer and acceptance that dictates how and when any tax is payable on the sale.....it is not settlement date! If we are to properly consider your case, an appointment should be made with us to discuss the facts before any advice is given. Capital gains tax extends to personal use assets, like your boat, your jewellery and paintings amongst many other items as well.

### **SALE OF PROPERTY**

Have you sold real estate, shares or other property, including any vehicle previously used for business or work related purposes? If so, we need the documentation relating to purchase cost and sale proceeds to calculate any taxable portion of the gain or loss on sale.

### **SELF-ASSESSMENT**

As you know from previous years the Australian Taxation Office self assess all tax returns when received by them on the basis that they are 100% correct. The Australian Taxation Office do not check your returns when lodged in detail as they did in the past, they simply accept what is given to them. Any Australian Taxation Office assessing staff are now tax auditors that undertake detailed checking of your return when an audit is flagged after lodgement of your return.

As in previous years the Australian Taxation Office has announced another long list of taxpayers who will be targeted for audit in the 2008 financial year. Please remember that you can and may be called on to prove your claims at any time in the future.

We want to emphasise the information given to us for preparation of your return needs to be complete and accurate; penalties are imposed where claims are found to be incorrect, regardless of whether it is a genuine error or not and these penalties can be severe.

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**ELECTRONIC LODGEMENT**

As has been the practice for some years now we continue to lodge tax returns electronically. Our experience with the Australian Taxation Office shows that refunds will issue (and assessments, if applicable) within 10 days of lodgement, however, there are circumstances where that time frame can extend to 28 days and the Australian Taxation Office will not speak with us on a refund issue until 28 days has passed.

As soon as you have your records ready,

***please either post them to:***

***PO Box 2307 in Midland WA 6936***

***or***

***Email them to [info@jahocpa.com.au](mailto:info@jahocpa.com.au)***

***or***

***call our secretarial staff to arrange an appointment 9361 1533.***

Office hours are 8.30 am to 4.00 pm, Monday to Friday. Appointments outside these times may be arranged at a convenient time by checking with our secretarial staff.

Once again thank you for your support of the practice in this our first year....we are truly grateful to you all!

*Yours sincerely*

*Julie Hamon-Ottema*

*B.Bus (Acc) FCPA*

*Principal*

## 2008 END OF FINANCIAL YEAR CHECKLIST

Paperwork needed for the period 1 July 2007 to 30 June 2008  
To help you get organised and help us work more efficiently for you

Every Tax Payer	
√ PAYG Payment Summary - Individual Non Business	√ Contributions to spouse superannuation.
√ Termination payments, ETP statements; and any roll-over notification forms.	√ Donations to charities √ Superannuation statements (if any). (Receipts needed).
√ Centrelink income (PAYG summaries). √ Exemption certificate from Centrelink if applicable. √ Other Centrelink taxable income. √ Family benefits paperwork from Centrelink required.	√ Home office expenses (Remember to provide your 4 week Diary record for substantiation). √ Family additions - details of any Children born since 1 July.
√ IAS (Instalment Activity Statements) Quarterly statements.	√ Health insurance rebate advice for your private health cover details.
√ Pension payments PAYG summaries received.	√ HECS - Higher Education Contribution Scheme liability notification.
√ Interest and dividends Get your bank to print the annual summary of interest received on all accounts. All dividend statements are needed; there are usually two a year for each company you hold shares in.	√ Medical expenses If your out of pocket expenses exceed \$1,500 for the year please provide your: • Private health fund statement; • Medicare statement; and • Summary of pharmacy expenses. Any other expenses not covered by the health care system.
√ Costs related to interest and dividends	√ Income protection insurance. √ Expenses related to employment (Receipts are needed).
√ Investments bought or sold ie shares Please remember to include copies of all bought and sold notes.	√ Trust distributions (Remember to provide the tax statements from the fund manager that you will receive sometime in August or September 2008).
√ Rebate - Tax offset information for: • Zone rebate; • Parent or invalid relative; Sole parent; and	√ Motor vehicle usage details (if claiming under the log book method) We require details of all expenses for the use of your private motor vehicle for work related travel; including fuel and oil, service receipts, registration, insurance, tyres, batteries, repairs etc.

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Paperwork needed for the period 1 July 2007 to 30 June 2008  
To help you get organised and help us work more efficiently for you

Investors	
✓ Purchase and sale contracts (Offer and Acceptance with Settlement statement for any real estate purchases or sales) for any assets bought or sold in the year.	✓ Bank statements for the period 1 July to 30 June. ✓ Loan statements.
✓ Rental property annual summary from The real estate agent. If you provide 12 individual statements we will need to summarise these and the cost will need to be passed on to you. Your agent can produce an annual summary often at no charge or for a minimal fee of around \$30.	✓ Out of pocket expenses that you may have paid yourself that do not appear on the agents rental property annual summary.

All Businesses	
✓ Cash book up to date, balances and reconciled if possible.	✓ Details of any income and expenses not passing through your business account.
✓ Bank and credit card statements, deposit books and cheque butts.	✓ Log books for motor vehicle and telephone use.
✓ Computerised data on disk or emailed to <a href="mailto:info@jahocpa.com.au">info@jahocpa.com.au</a> Remember to provide <i>any password</i> for the data base and the name and version number of the software you are using. eg. MYOB V16.	✓ Business use vehicle remember to take down and provide use with the odometer readings at 30 June.
✓ Plant and equipment purchased or disposed of during the financial year. Invoices are needed for all purchases and sales.	✓ List of debtors (owed to you) and creditors (owed by you) as at 30 June.
✓ New loans, leases, HP's Copies of contracts are needed.	✓ Stock on hand as at 30 June. A full stock take list is needed.
✓ Group employer reconciliation. Please include copy of summary to the Australian Taxation Office and all PAYG summary statements issued to employees.	✓ BAS - Business Activity statements for the whole year. <ul style="list-style-type: none"> <li>• 4 if you lodge quarterly, and</li> <li>• 12 if you lodge monthly.</li> </ul>
✓ Business travel away from home.	