

SHOMAR & ASSOCIATES

Contact Us: Unit 3, 8-16 Eighth Ave, CAMPSIE, NSW 2194 Ph: (02) 9789 4877 Fax: (02) 9789 4866

Don't let the banks get away with it - Shop Around!

Inside this issue:

- Shopping Around** 1
- Tax News** 2
- Aged Care** 3
- Web pages of Help** 4
- Invoice Financing** 4

Many clients would be aware of the recent financial results of the big 4 banks, and noted that despite what they call tough times they all recorded record profits.

On top of this the reserve bank put up interest rates by 0.25% but many of the banks used these opportunities to increase their rate by well in excess of this.

Fortunately competition in this area is strong, and without our given right to compare rates, and shop around for the best deal we are sure rates would have gone even higher over the last few years.

In talking about the banks in our newsletter we encourage all clients to shop around on finance. Finding the right home loan can be a daunting task, especially with so many products on the market.

These helpful hints can make your loan application process a smooth one.

Have your documents ready:

Lenders have cracked down on their lending policies over the last 24 months, so it helps to have clear documentation proving your income, liabilities and living expenses. The more documentation you provide, the less likely a lender will delay the processing of your loan application.

Show genuine savings:

A savings record is important to most lenders. If you can show that you can manage your money – including an ability to save while repaying credit cards, covering your rent and other expenses – you'll improve your position with lenders.

Matters of the heart:

Single? Couple? Kids? Your living situation can impact your borrowing capabilities. Think about how your circumstances

may impact your borrowing – now and in the future – and be realistic about what you can afford.

Talk to the experts:

With thousands of mortgages on the market, why not recruit the experts to help you track down the best mortgage for your needs.

As your accountant we have a number of relationships that can provide you unbiased advice on all aspects of finding finance. This could be from buying a commercial property, leasing a motor vehicle or equipment for your business through to knowing how to arrange the first home owners grant.

If you would like to review your personal or business finance do not hesitate to call us for an introduction to a professional who can be of assistance.



Tax news

Tax office eyes overdue tax lodgements

The Tax Office is eyeing companies, trusts, partnerships and individual taxpayers which have overdue income tax returns for any period between 1 July 2005 and 30 June 2009, and overdue activity statements for any period between 1 July 2005 and 21 December 2009.

The Tax Office has recently written to tax agents regarding their clients who may have overdue lodgement obligations. You should ensure that all overdue documents are completed and lodged as soon as possible. If you do not need to lodge, please contact our office as soon as possible so that we can advise the Tax Office.

It should be noted that outstanding returns and activity statements will generally attract penalties. In addition, the Tax Office will charge interest where tax debts remain unpaid. However, there are circumstances where the Commissioner may remit the penalty and any interest charges.

Tax Scams on Tax Office Radar

The Tax Office has recently highlighted the emergence of

new tax schemes, warning taxpayers to be vigilant and avoid becoming victim of identity and tax return fraud. The Tax Office said it never sends emails asking for personal information such as banking and credit card details.

If you receive a suspicious email or telephone call, please contact our office before giving out any personal information.

Deduction of Super Contributions – Ensure Paperwork is Valid

The Tax Office has reminded self-managed super fund (SMSF) members that if they intend to claim a tax deduction for their personal superannuation contributions, they must complete the correct form – that is, the ‘Notice of intent to claim or vary a deduction for personal super contributions’ form. In addition, SMSF members must also receive an ‘acknowledgement’ from the fund of the valid notice they have completed.

The Tax Office in its compliance program for 2010-11 noted that it will look closely at individual income tax deduction claims for personal contributions to superannuation funds. In particular, the Tax Office said it will ensure that the requirements for lodging a valid notice of

intent to claim or vary a deduction for personal superannuation contributions have been met.

Court Can’t Review Tax Office Decision to Delay GST Refunds Payable

In a recent case, the Federal Court dismissed a taxpayer’s application for a review of a Deputy Commissioner’s decision to ‘withhold’ GST refunds that were payable under the GST Act. The Court held that the taxpayer had no reasonable prospect of obtaining the relief sought.

This case demonstrates that in such situations a taxpayer is unable to ‘force’ the Tax Office to release a refund. If a taxpayer is the subject of a Tax Office audit, a GST refund may be withheld. Also, the Commissioner can apply the refund against any outstanding liabilities.

CALL OUR OFFICE

If you need to discuss your tax return lodgment and tax planning issues or areas of concern do not hesitate to call the office to make an appointment time.



Aged Care

With the number of Australians aged over 70 expected to double in the next 20 years, many families will one day need to find, and finance, aged care services and accommodation for older relatives.

The cost of aged care, and the government support provided, varies considerably depending on the type of facility, level of care provided, and individual circumstances.

Income and asset testing is generally used in determining eligibility for government assistance with aged care costs, and to calculate pension entitlements. Centrelink or the Department of Veteran's Affairs (DVA) undertakes this assessment for both pensioners and self-funded retirees.

When a home owner moves into aged care, special rules apply to the treatment of the former home. Sale or rental of the property can impact home-owner status for Centrelink and DVA assets test purposes, and affect the rate of pension payable. Superannuation, gifted assets, and complying income streams are also assessed under income and assets rules at the time of the move and must be taken into account when considering aged care accommodation.

Accommodation Options

Before moving into an aged care facility, a health evaluation is carried out by an aged care assessment team, which determines the appropriate level of care.

There are three accommodation options:

- Hostels – low-level care enabling independent living with access to nursing is required
- Nursing Homes – high-level care with full-time nursing
- Extra-service nursing homes – provides superior accommodation, facilities, services or meals for an extra fee.

Entry Fees

Those entering a hostel or extra-service nursing home pay an accommodation bond. This bond is generally negotiated with the facility's management and has no upper limit. It can be paid either as a lump sum or by periodic payments, or a combination of both. When residents die, or otherwise leave the facility, any balance (less a set retention amount) is returned to them or their estate.

In nursing homes, an ongoing accommodation charge is payable. The charge is subject to a maximum limit, is negotiable and can only be paid periodically. Once the amount has been set, it cannot be increased.

Both accommodation bonds and accommodation charges take into account residents' assets when they enter the facility.

Those with less than \$38,500 in assets are not required to pay an accommodation bond or charge.

Daily care fees

In addition to entry fees, residents of aged care facilities may also have to pay ongoing living costs.

For example, all residents pay a basic daily care fee, which covers nursing, personal care and meals. An additional income-tested fee is payable by residents of both low-level and high-level care, depending on their assessable income.

Independent advice

One of the greatest challenges facing the family is in the choice of facility. One business that is a specialist in this area of advice is www.tenderlivingcare.com.au

Unlike most providers in this area Tender Living Care does not receive any benefit from the aged care business, or own any aged care facility. It however is a business that locates facilities and then assists government, hospitals, families and other healthcare providers in finding the most appropriate facility for the person requiring care.

Clients of the practice who mention this newsletter can get a 15% discount off the standard fee that Tender Living Care charges for its premium service.





Www.....

Over the last 10 years the World Wide Web has undergone an amazing transition.

Before the turn of the century it was a tool that was primarily for people with an interest in computers, but today almost all of us have an email, buy and sell goods via the internet, gain education or use the web as an excellent vehicle to use as a knowledge resource.

From a financial and accounting point of view, a few websites you may find useful are listed below:

The Tax office	www.ato.gov.au
Searching the web	www.google.com.au
Interest Rate Comparisons	www.cannex.com.au
Stock Exchange	www.asx.com.au
Job Seeking	www.seek.com.au
Real Estate	www.realestate.com.au
Financial Calculators	www.fido.gov.au
Book shop online	www.amazon.com.au
Self Managed Superfunds	www.thesmsfreview.com.au
Worksafe	www.worksafe.gov.au



Invoice Financing

One area of finance that is often overlooked to assist a business's cash flow is Debtor Finance.

Debtor finance has in its use the ability to give you a false sense of security, however, if used correctly and managed it can assist many businesses during a dry cash flow period.

Debtor Finance is an attractive proposition given there is typically no requirement for real estate property security and less reliance on balance sheets and financial performance, making it perhaps the most accessible form of funding..

What does Debtor Finance offer businesses in the current environment?

- Strong, reliable cash flow to streamline operations
- No real estate security required
- Access to funding to take advantage of growth opportunities
- Up to 85% advanced against invoices in 24 hours
- Doesn't add to long term debt levels

A flexible, cost effective line of credit which grows with sales

If you would like to discuss your cash flow options, we can review the business accounts to see if this will assist you, and then obtain quotes and introduce you to a reputable specialist in the area.