



DUNCAN DOVICO
Accountants & Advisors

The BOTTOM Line

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Welcome to our new look Newsletter which coincides with our recent rebranding to Duncan Dovico Accountants & Advisors

We trust that you will enjoy reading our technical and lifestyle articles. We would also be pleased to receive your feedback on topics that you would like to see and hear more about in the future, and remind you to also take a look at our new website at www.ddvic.com.au for the latest happenings at the practice.

Regards George and Brad.

WARNING: IF YOU RUN A SMALL BUSINESS, USING YOUR PREMISES TO GENERATE NON-BUSINESS INCOME MIGHT MEAN MORE TAX WHEN YOU SELL

Who should read this article?

If you, or an entity you control, own business real property that you plan to sell or transfer one day in the future, you should read this article on whether non-business income (e.g. rent, agistment revenue, storage fees etc.) earned from that property may result in a significantly higher tax bill when you sell.

What is at stake?

The small business CGT concessions offer significant tax savings to those who can take advantage of them. In many cases, if the concessions are applied correctly, a capital gain from the sale of business assets can be made entirely tax-free. This is no small matter, as the tax payable on sale of business assets can amount to many hundreds of thousands of dollars.

But it can be easy to inadvertently deny yourself access to the concessions. For example, in some circumstances the use of business premises to generate non-business income can be the difference between a tax-free gain and a significant tax bill.

Take, for example, that farmland, or warehouse, which is no longer used in your business, or is only partially used. Surely there can be no harm in earning a little on the side by making the property available to someone who can use it, in exchange for a small fee. A good example of this is earning agistment revenue from agricultural land, or allowing a third party to use part of your warehouse for storage.

What should you do about it?

If the income you earn from making your real property available to a third-party qualifies as 'rent', and the property is used 'mainly' for this purpose, you may be denied access to the small business CGT concessions. Not all derivation of non-business income will be a problem, but you should seek the advice of your accountant prior to making your land available in this way.

Prepared by Practising Tax

Providers of specialist tax information and training

P: 03 9815 2998 | E: enquiries@practisingtax.com.au | W: www.practisingtax.com.au

EMPLOYEE OR CONTRACTOR? DOES IT MATTER?

Who should read this article?

If you engage contractors in your business, are you confident that you are treating them correctly for tax purposes? Are you withholding the correct amount of tax, and are you meeting your obligations to pay superannuation on their behalf?

If you operate in the building and construction industry, the ATO is paying particular attention. It is also looking at call centres, cleaning, security, logistics, retail, tourism and hospitality, education, aged care, health and telecommunication industries.

What is at stake?

When an employer pays salary and wages to an employee they must:

- Be registered for PAYG withholding, withhold the correct amount from payments they make to employees, and report and pay the withheld amounts to the ATO; and
- Pay 9% superannuation contributions to the employee's superannuation fund.

No such requirements exist where a business engages a contractor instead of an employee.

If a business is found to be engaged in sham contracting arrangements, or is simply classifying its workers incorrectly, the ATO has the power to impose significant penalties for failure to pay superannuation contributions and failure to comply with PAYG withholding obligations. In the case of PAYG withholding obligations, directors of corporate entities can be held personally liable for a failure to withhold correctly.

What should you do about it?

The correct status of each worker engaged by your business depends on yours, and their, particular circumstances. There is no hard and fast rule. Factors such as whether the worker can pay someone else to do the work for you, whether you pay them by the hour or for a particular outcome, whether you expect them to pay for their own equipment are all relevant.

But whatever you do, don't assume that just because one of your workers has an ABN that they are a contractor!

So if you operate in an industry which commonly engages contractors:

- Review the status of all your workers; and
- Consider making a voluntary disclosure to the ATO if you think you may have made a mistake.

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SIMON SAYS...BEEF FILLET ROLLED IN HERBS AND WRAPPED IN KANGAROO PROSCIUTTO

A fine recipe from Simon Biddiscombe.

Owner - Zacks Gourmet Meats Pty Ltd

1534 Main Road Research Vic 3095 | Phone 9437 1851

Portion yield: 12

Ingredients:

8 tbs olive oil
1.6kg fillet of beef
8 cloves garlic (finely chopped)
2 lemons (zest)
2tbs marjoram leaves
1/2 bunch flat leaf parsley (roughly chopped)
1/4 bunch mint leaves (roughly chopped)
2 tbs capers (chopped)
2 tbs extra virgin olive oil
15 slices kangaroo prosciutto
Sea salt
Fresh cracked pepper



Method:

Pre heat oven to 200 deg C and grease the baking dish using 1 tablespoon of the olive oil.

Using a sharp knife, remove any sinew from the beef fillet. Then butterfly the fillet by slicing it lengthways, not cutting it completely through.

Open up the cut and then make a second cut on both the left and the right of the first cut. This should open up the fillet with 3 equal sized flaps.

Press the flaps down to make them as flat as possible. Using a knife cut a series of crisscross incisions about 1cm deep (this will help the flavors of the herbs permeate into the meat.)

Combine the garlic, lemon zest, marjoram, parsley, mint and capers in a bowl, then drizzle enough extra virgin olive oil to bind the ingredient into a rough paste.

Lay the prosciutto slices down side by side slightly overlapping to form a square big enough to cover the beef fillet. Place the butterflied fillet on the prosciutto slices.

Smear the herb mixture over the crisscrossed incisions in the beef and season with salt and pepper.

Roll the beef within the prosciutto so that it resembles its original shape, making sure that the prosciutto overlaps the fillet and covers it completely.

Secure the roll by trussing it with butcher's string. Heat the remaining oil in a pan over a medium to high heat and seal the beef on all sides, browning the prosciutto.

Transfer the beef to the greased tray and cook in the oven for about 30 minutes.

Remove from the oven and let it rest for 10 minutes before carving.

Serve with Salsa Verde & Enjoy



WHICH BANK OR SWITCH BANK?

Times have certainly changed within the lending and banking space...gone are the good old days of long term customer loyalty, of being able to speak to a banker who knows you and your family, and of being able to walk into a bank without a teller "selling you fries" with your deposit or withdrawal!

It also wasn't that long ago that we eagerly waited for the Reserve Bank of Australia (RBA) to announce at their board meeting whether interest rates will move up or down...and back then, as a general rule, the major banks would pass on the full rate rise or rate cut, directly in line with the RBA announcement...

Well fast forward and welcome to 2012!

Post GFC and post every other financial hand-grenade that is exploding around us, we now have a market place where the major banks are clearly intending to sing from their own song book! What that will do is increase the variations in offerings between banks and other lenders, making it even more confusing for a borrower to know if he or she is on a good thing or not?

Understandably most people are not lending experts and won't necessarily know if they have a good loan deal or not. Unless you are prepared to spend countless hours comparing hundreds of options you simply won't have the information on hand to know. You will also need a lot of spare time, (and the stamina of a long distance runner!), to try to get through to someone at your current

bank to simply talk about your needs. Then the fun really begins as you try to understand their banking jargon, and wade through what seems like 500 pine trees of paperwork should you be lucky enough to obtain some product information, or change your lending product or supplier.

But don't despair!! - A proven solution exists within the Duncan Dovico Accounting Practice.

Our in-house mortgage broking team will put you back in control of your lending requirements. Our experienced brokers have in excess of 50 years of combined finance experience and can source and compare hundreds of lending options. We also provide some good old fashioned service - at no extra cost!

A simple phone call to Ted Cross on **0400 592 208** or Brad Purvis on **1300 883 122** is all it will take to find out if you are better off to switch banks or stay put.

Brad Purvis, - B.Bus,
CPA, Partner – Duncan
Dovico Accountants
and Advisors,
Accredited Mortgage
Consultant - MFFA



AUSTRALIA'S BEST GOLF COURSES

by Peter Wood

In Australia we are blessed with a good number of wonderful golfing links . But how many of these are truly world standard?

In my opinion the collective group of courses known as "the Melbourne Sandbelt" is one of the premier golfing destinations in the world . There are not many places in the world that can offer the number of quality courses to compete with:



- Royal Melbourne
- Kingston Heath
- Metropolitan
- Huntingdale
- Yarra Yarra
- Commonwealth
- Woodlands
- Victoria

Of these Royal Melbourne & Kingston Heath are regarded by experts around the world as icons of world golf.

Add Barnbougle Dunes in Tasmania, New South Wales and Royal Adelaide and we can claim 5 courses that compare well with the best in the world .

Of these only Barnbougle is public access.

Nevertheless we have a plethora of options when it comes to good golfing destinations . And we can play year round - how lucky are we?

Peter Wood retired from life as a public accountant and financial planner after undergoing heart surgery in 2006.

He has returned to good health and is following his passions in golf and travel.

He is a former Chairman of Barnbougle Dunes and rated international golf courses for Golf Digest USA magazine.

He currently runs a number of charity golf tournaments each year and leads golfing trips domestically and internationally.

He is a partner in the golf travel business.

www.thetravellinggolfer.com.au

You can contact Peter at **pete54@mac.com**



BUYER BE AWARE!

There are many statistics being floated around in the media about the state of the property market currently.

Key data reveals

that auction clearance rates late spring 2011 were around 52% with between 700 and 900 properties offered for auction each weekend in November.



The media has painted a negative picture about the property market for most of last year, so it is interesting to note that the clearance rate for the same time in 2010 was around 59%.

Comparatively, auction clearance rates are not that much lower one year later.

Has the market just steadied, not really fallen badly as some would have us believe?

I believe the slow down is very healthy for Melbourne property. Dangerous boom, bust conditions do not apply here currently.

These results in fact demonstrate how evenly balanced the market is with half the auctions resulting in a sale. Unsold properties provide buyers with opportunities to make offers after the unsuccessful auction. They could have more power in this type of negotiation.

Our local market is not underpinned the same way as the US and Europe and in my opinion affords buyers a very safe place to put your money.

We are undersupplied in Melbourne and the population continues to grow. These factors have and should continue to drive capital growth going forward.

From my perspective as a Buyers Agent, it is a good time to buy.

Consider adding a property to your investment portfolio or upgrading your family home in 2012. Last year, the market was less aggressive and patchy.

Capitalise on other peoples "wait and see" mentality. If other buyers are snoozing, you should act. You will have more selection, less pressure and may just snag a bargain.



As a professional property buyer, I advise my clients to apply these golden rules:

1. Pick the right property!

What you buy will determine its future performance.

2. Be well informed on values.

If you do not have the time, resources or knowledge to do this research, hire a professional to help, and

3. Set a price limit and don't overpay.

If you are likely to be competitive or emotional or you are not a skilled bidder or negotiator, seek help from a toughened, unemotional Buyers Agent that can assist and add value here.

Janet Spencer B Sc CEA (REIV)

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REIV Buyers Agent of the Year Finalist 2009, 2010, 2011

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