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Andrew Yee
HLB Mann Judd
Sydney
ayee@hlbnsw.com.au

Good time for an SMSF health check

Now is a good time to review SMSF arrangements, before the end of the year.

It can be timely to make any changes or updates to ensure funds are compliant and able to implement future changes easily, as well as taking advantage of current opportunities, such as more generous transition to retirement rules, that might end this financial year.

Any changes that are introduced by the Government will be easier to manage and less costly to implement if the SMSF is up to date and in good shape.

Tips for an SMSF health check include:

Transition to retirement

It is critical that anyone aged over 55 consider starting a pension from their SMSF this financial year as the rules could change from July 1, 2017.

Under the current super rules, anyone who has reached 'preservation age' (55 for those born before July 1, 1960) can start a pension and draw up to a maximum of 10 percent of their account balance each year, irrespective of whether they continue to work or not.

It is a good strategy to reduce tax but more importantly, increase contributions to superannuation whilst supplementing their reduced take-home pay with their pension withdrawal.

The added bonus of this strategy is that earnings in the super fund paying the pension are exempt from tax.

The government proposes to remove this tax exemption from July 1, 2017 for funds paying a transition to retirement pension.

However, super funds already paying pensions to members over age 55 and retired or to persons over age 65, will continue to receive the tax exemption.

Maximise contributions

Review salary sacrifice agreements to ensure they take full advantage of this year's concessional contribution caps.

These are currently $30,000 for those under age 50 and $35,000 for those aged 50 and over.

Anyone turning 50 during the next 12 months will be eligible for the $35,000 cap this year so, if possible, salary sacrifice agreements should be updated to reflect this.

In addition, those planning to make after-tax contributions to their SMSF should undertake a "stocktake" of non-concessional contributions made since July 1, 2007 to determine whether they are under or over the proposed $500,000 lifetime non-concessional contributions cap.

If in doubt, contact the Australian Taxation Office to provide this information, as breaching these caps can be very expensive.

Review cash flows

With proposed changes to superannuation that severely restrict the amount of money that can be contributed, in particular the $500,000 lifetime non-concessional contributions cap back-dated to July 1, 2007, SMSF trustees may need to restructure their SMSF, or change the asset mix of their fund to maintain the cash flow required to operate their SMSF.

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In this Issue

Investors must avoid 'portfolio panic'

Michael Hutton
HLB Mann Judd
Sydney
mhutton@hlbnsw.com.au

Investors are understandably worried about the current economic and market environment particularly with the current historically low interest rates.

It is important that people don't panic and start making wholesale changes to their long-term investment strategies, especially their superannuation

Retirement savings should be seen as a long-term investment strategy, not one where the approach constantly chops and changes.

Being able to generate a regular income while at the same time maintaining capital at a healthy level is the key.

There is no sure-fire strategy to achieve this, and no quick-fix – it is simply a case of remaining focused on long-term investments, ignoring the market noise as much as possible, and maintaining good diversity within their portfolios.

While some more equity investments might be a worthwhile consideration for some, particularly those heavily invested in cash, any such changes need to be in moderation.

If investors do keep trying to chase yield, the most likely outcome is that they will reduce the diversification within their portfolio, and increase risk.

The key for pre-retirees and retirees is to find a balance between growth, capital preservation and yield.

Those who can achieve this will be best placed to achieve a comfortable retirement. ■

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It may mean stopping or reducing pensions in their SMSF, especially as members may not be able to re-contribute their pensions without exceeding their $500,000 cap.

This may be particularly problematic for SMSFs with lumpy assets such as property or, even worse, where the SMSF has borrowed monies to acquire such assets and consquently needs to make interest repayments.

Trustees may be forced to sell such assets in order to meet pension liabilities, or just stop the pension which will then mean the SMSF will pay tax on the earnings of these assets.

$1.6 million pension cap

If the proposed pension cap comes into effect on July 1, 2017, SMSF trustees with over $1.6 million in super benefits who are in pension phase, or planning to commence pensions, must get their structure right beforehand.

Under the proposed cap, people with tax free pension assets over $1.6 million will need to move the excess balance back to accumulation phase and attract 15 percent income tax on its earnings.

Therefore people may consider how to segregate pension assets and accumulation assets beforehand so they can minimise the tax impact on accumulation assets after July 1, 2017 if the pension cap changes are made.

Similarly people may consider selling assets and realising profits now to mitigate any capital tax liabilities after July 1, 2017.

Collectable investments

Trustees of SMSFs holding collectable assets, such as antiques or artwork, need to be aware of the strict rules that came into force from July 1, 2016.

Under these rules, a collectable asset:

- can't be leased to or used by a related party
- can't be stored or displayed in a private residence of a related party
- must have decisions about their storage documented and kept
- must be insured in the fund's name within seven days of acquisition
- must have a qualified independent valuation if they are transferred to a related party.

These rules have been in place since July 1, 2011 for collectables purchased after then; however collectables purchased before this have until June 30, 2016 in order to comply.

Consider winding up SMSF

For some, it could be worth considering whether the SMSF is still viable or whether it should be wound up.

It may be that the fund has reduced in value to a point where it is no longer cost effective to continue operating.

For instance, members may have exited, or a key trustee/member has died and the remaining member or members do not have the skills or inclination to continue running the SMSF.

If other changes are made to the superannuation system, it may simply become too difficult to bother with.

Final checks

- Other areas to check include:
- Trust deed – does it need updating?
- Life insurance – it is often worthwhile to hold life insurance in the SMSF
- Trustee – converting from an individual trustee to a corporate trustee could be a good idea
- Death benefit nominations – are they still valid and up to date? ■


James Henderson
HLB Mann Judd *Brisbane*

Helen Duncan
AMVL Migrations

Tips on managing overseas workers

Businesses that hire visa holders should ensure they understand both their rights and obligations as employers. HLB Mann Judd Brisbane has formed a joint venture with AMVL to provide advice on these issues.

There are almost two million temporary visa holders in Australia, with full, limited or no work rights. Students, for example, are normally only entitled to work 40 hours a fortnight.

Working holiday visa holders cannot work for a single employer for more than 6 months, and 457 holders can only work for their sponsoring employer, in the occupation they have been nominated in.

It's a good idea for any business owners who employs overseas workers, or is considering doing so, to ensure they understand their rights and obligations towards these workers.

Civil and criminal penalties may apply if a business allows someone to work in breach of their work restrictions, and civil penalties may be imposed even if the breach was unintentional.

Penalties may also apply to companies and their directors and officers, in cases where they are considered reckless or negligent.

457 visas

Perhaps the most onerous rights and obligations apply to 457 visa holders. While the benefits of the program for Australian businesses is significant, the administration required can be daunting.

However businesses shouldn't let this prevent them from going ahead with this approach, as long as they have a strategy in place to avoid any pitfalls.

The most common obligations include:

- meeting the training benchmark of one percent of total payroll spent on training Australians
- ensuring sponsored employees work in the nominated occupation
- notifying the Department of Immigration and Border Protection if any sponsored employees cease employment
- paying return airfares upon cessation, if requested in writing.

Record-keeping

The amount of documentation required can be significant, so good record keeping systems for each obligation can ensure businesses are able to easily respond to any requests for information or workplace audits by Immigration.

Requests for information will normally target:

- salary and benefit payments to 457 holders
- notifications to Immigration
- calculations of market salary
- job position records.

Inspections and audits

Immigration and Fair Work inspectors have broad powers to inspect workplaces and demand records, and businesses are obliged to co-operate with them.

If Immigration shows up unannounced, a few simple rules can assist:

- Know who you are dealing with. Inspectors are required to produce ID, and should be happy to do so if requested
- Be co-operative. If requests can't be complied with immediately, make arrangements for more time, and contact your migration agent for professional assistance
- Ensure all communication from the business comes through a single authorised person. Immigration inspectors are entitled to speak to employees, but make sure that employees are not speaking on behalf of the business unless they are authorised.

Training benchmarks

The obligations relating to training benchmarks are, in our experience, not well recorded.

As they are based on the anniversary date of the business sponsorship, businesses may need to monitor training expenditure across periods that do not match other accounting periods, over a period of years.

Careful record keeping is essential.

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Eight tips to improve a business sale

Simon James
HLB Mann Judd
Sydney
sjames@hlbnsw.com.au

Less than one in ten business owners have an exit plan: usually because they claim they are too busy to think about it.

The result is that they don't start planning for their business exit until it is actually time to exit, which is far too late.

Leaving succession planning to the last minute means the business is at risk of slumping growth, unhappy and confused employees, and clients and customers who are caught by surprise at the news of a change of ownership.

All this can significantly decrease the value of the business to potential acquirers.

It may not be time to exit the business yet, but it is still time to plan.

Following are eight tips to achieve the best results from a business exit:

Be proactive

Most business owners think first of competitors as potential purchasers of their business, but this is unlikely to be the only option.

Seek out potential purchasers such as international corporate buyers, equity institutions, existing management or long-term employees.

All these potential acquirers may value the business differently – and more advantageously – than competitors, suppliers or customers.

Get organised

Most business owners are unprepared for the amount of work and documentation required to support the due diligence process.

This documentation is needed to verify the performance and profitability of a business.

It can be extremely time-consuming to bring together the historical data needed to provide confidence and show the business in the best possible light, so leaving it to the last minute is not a good idea.

The sales process itself is time-consuming and heavily distracting for all involved.

This is where a good transaction advisor can take the pressure off management and increase the chances of success.

Maintain business focus

As retirement approaches, business owners may be tempted to take their foot off the accelerator, but this is a mistake. It can damage the business by allowing competitors to gain market share.

It's important to keep running the business to its fullest capacity, or else speed up the succession plan so value is not eroded.

Consider a staged exit

It's not always necessary to sell 100 percent of the business immediately.

Many purchasers see an advantage in a 'staged exit' because it retains customer goodwill and gives new owners time to learn how the business operates.

For sellers, there is the advantage of keeping an interest in the business, demonstrating its worth, and staying busy while reducing the level of responsibility with a clear endpoint.

Understand tax implications

We've known business sales to be cancelled because the business owner didn't understand the implications of their current personal tax structure.

Making sure the right structure is in place early on is vital to a smooth and successful sale process, taking into account considerations such as capital gains, trusts, small business and superannuation exemptions, and tax-effective distribution strategies.

Keep personal expenses out

The purchase price of a business is usually linked to a multiple of annual earnings, including personal "non-business" expenditure in the cashflow.

Therefore excluding such expenses can have a significant impact on the sale price.

Reduce risk for purchasers

Provide a clear business forecast and an ongoing business model that is proven, robust and realistic. This will reduce the purchaser's perceived risk and help increase the sale price.

Reassess expenditure

It is a good idea to be competitive on technology and plant, but at the same time not to over capitalise immediately prior to a business sale.

Any new equipment purchased must be adding value to business processes and efficiency and bottom line to increase sales value. ■

See Peter Bembrick's story on page 5 for more tax tips.

Peter Bembrick
HLB Mann Judd
Sydney
pbembrick@hlbnsw.com.au

There are many things to think about when selling, or planning to sell, a business, and the likely tax outcomes should be factored in from the very beginning, reports Peter Bembrick.

Tax considerations when selling a business

Whether or not tax is payable (and how much tax) on the sale of a business can make a huge difference to the amount of cash that business owners end up with. There are often choices that can be made to reduce or eliminate the final tax bill, if the planning starts early enough.

Selling business or company?

This is often the first question that comes up, and can be a critical one. In general it is better for individual owners to sell their shares in a company carrying on a business than for the company to sell its business and then distribute the proceeds, because companies are not eligible for the 50 percent capital gains tax (CGT) discount.

Of course not every buyer is prepared to acquire the company, and that is a matter for negotiation, but if sellers understand just how much tax is at stake, they might not give up the argument quite so easily, and it may be possible to find a way to do the deal on the basis of a share sale that satisfies both parties.

CGT concessions

The small business CGT concessions are extremely valuable for businesses that meet the required conditions, and can allow the CGT on a business sale to be eliminated or at least substantially reduced.

The concessions are applied after the CGT discount and, while there can be tax savings when the concessions are used by a company selling its business assets, they usually provide greater benefits under a share sale, and its easier for the shareholders to access the funds.

The concessions can be used when a business has either "aggregated annual turnover" of less than $2m (the SBE test) or total net assets of less than $6m (the NAV test), subject to certain grouping rules involving related entities and individuals. The NAV test includes assets of controlling individuals, but specifically excludes the family home, superannuation balances and personal use assets (such as boats, cars and holiday homes).

There are two additional criteria that apply to share sales:

Firstly the shares must be sold by an individual with a direct or indirect interest of at least 20 percent in the company carrying on the business (a "significant individual"), or if the shares are sold by a company or trust then certain other specific rules must be satisfied.

Secondly the relevant company must satisfy the "active asset" test under which at least 80 percent of the company's gross asset values have been represented by business assets for at least half the period of ownership (except if the business has been carried on for more than 15 years, the test need only be satisfied for 7.5 years in total).

For this test, non-business assets will include passive investments, loans to shareholders and (in some cases) large cash balances that are not needed for carrying on the business.

The retirement concession can also be used by those aged under 55, but the difference is that the amount of the concession (in this case $500,000) must be paid into a super fund, and many people are not prepared to do that as they need access to the entire sale proceeds.

An alternative is to reinvest the $500,000 into another active asset, including shares in a company carrying on a business, as long as they qualify as a significant individual with an interest of at least 20 percent, but again that does not suit every situation.

Other tax considerations

Another key point is to look at the level of retained profits and associated franking credits in the operating company. It is common for a share sale agreement to require any profits to be paid out as dividends to the existing shareholders prior to settlement, so it is worthwhile planning to make dividend payments over a number of years rather than being stuck paying large dividends just before the sale, most of which may attract the top marginal tax rate. Even after franking credits there is "top-up tax" of around 23 percent.

A related issue is the ownership structure of the operating company. If one individual owns all of the shares in the company, then they must receive all of the dividends.

If, however, several entities own shares, then any dividends will be split amongst all the shareholders, and it is more likely that at least some of the payments will be taxed at lower marginal rates.

Be wary of having separate classes of shares with special dividend rights, however, as this can make applying the small business CGT concessions on a sale much more difficult.

In our experience the cleanest and most effective approach is where all the shares are owned by a family discretionary trust, or if more than one family is involved then multiple family trusts.

This provides maximum flexibility, allowing dividends to be paid up to the family trust(s) and then distributed amongst various family members each year as appropriate, and makes satisfying the small business CGT concessions quite simple. ■

Avoiding fraud in online banking

Kinh Luong
HLB Mann Judd
Sydney
kluong@hlbnsw.com.au

Online banking has become the norm, and most of us would think of it as safe and secure, with low associated risks. But vigilance is still required, says Kinh Luong.

Banks and other financial institutions have done much to make online banking as safe as possible. Banks use encrypted webpages or purpose-built software, which abide by strict regulatory requirements.

But we have all heard horror stories associated with online banking, whether it be personal banking or a business processing a monthly trade payables payment run.

In many cases, it is human error that is at the root of any problems. For example, a payment to an incorrectly inputted account number can result in a painful and costly recovery exercise.

The human element involved when using online banking can compromise the security simply through trust (e.g. shared passwords), inaction, or inadvertent errors.

At the heart of any online banking system, an authorised signatory gains access via an authentication process, typically a password or token key, or, for more sophisticated systems, a biometric characteristic such as a fingerprint.

These systems in themselves may be secure and reliable, but their use can be compromised in a number of ways. A password can be shared or hacked, a token key can be lost or taken without knowledge.

Vigilance is vital to protect these systems, but it's not enough on its own. Fraud or error via online banking can occur even without these safety measures failing.

For example, many businesses use a Vendor Master File (VMF) which contains the key financial information used by their online banking systems, to identify who to transfer funds to. This uses BSB and account numbers, not account names.

The most common way fraud arises in online banking is where someone internally has deliberately altered the BSB and account number to their own bank account, but retained the account name to mask the fraud. Banks do not rely on or check account names.

Another scenario is that the VMF details are legitimately changed by the accounts personnel within the company, after being contacted by an external perpetrator who has managed to convince them of a change in bank details.

It's a good idea to regularly check BSB and account numbers to ensure they still match those provided by suppliers.

Other ways to improve, that require little time or money, include:

- Passwords - exposure to phishing scams, malware, or the sometimes necessary and one-off sharing of passwords, means this authentication safeguard may be compromised. Lower the risk by using sophisticated passwords and regularly updating these passwords
- Two factor identification - using two or more factors in the authorisation process, for example a password plus a token key or mobile verification, easily enhances security
- Segregation of duties – for businesses, implementing multiple accounting signatories ensures there is always sufficient personnel available to authorise payments, without the need to share and therefore compromise passwords
- Software - there is now software available such as EFTsure, which provides real time verification of the BSB and account numbers to an independently verified database at the critical payment authorisation phase.

HLB Mann Judd strongly encourages clients to review their online banking system, identify the weaknesses, make the necessary improvements and monitor these processes on an ongoing basis.

We also regularly conduct reviews on the online banking system and VMF which ultimately help protect our clients from fraud.

Vineet Danwar
HLB Mann Judd
Melbourne
vdanwar@hlbvic.com.au

Corruption can affect any business, but good corporate governance will help minimise it. Vineet Danwar explains.

Effective corporate governance can reduce likelihood of corruption

A recent survey showed that corruption, both in the public and private sector, is an increasing concern for Australians and that such instances are increasingly becoming public. According to the OECD, the cost of corruption equals more than five percent of global GDP.

It can include a company paying bribes to win a contract, recruiting a friend for a senior position despite their lack of qualifications, or an executive embezzling funds for personal use.

Reputational damage

Not only is there the immediate monetary impact to the businesses hit by corrupt practices but increasingly – in today's social media world – there is an enormous reputational damage that can take months, if not years, to heal.

No business, large or small, can assume they are immune from corruption or its effects and, as with most things, prevention is better than a cure.

Corporate governance

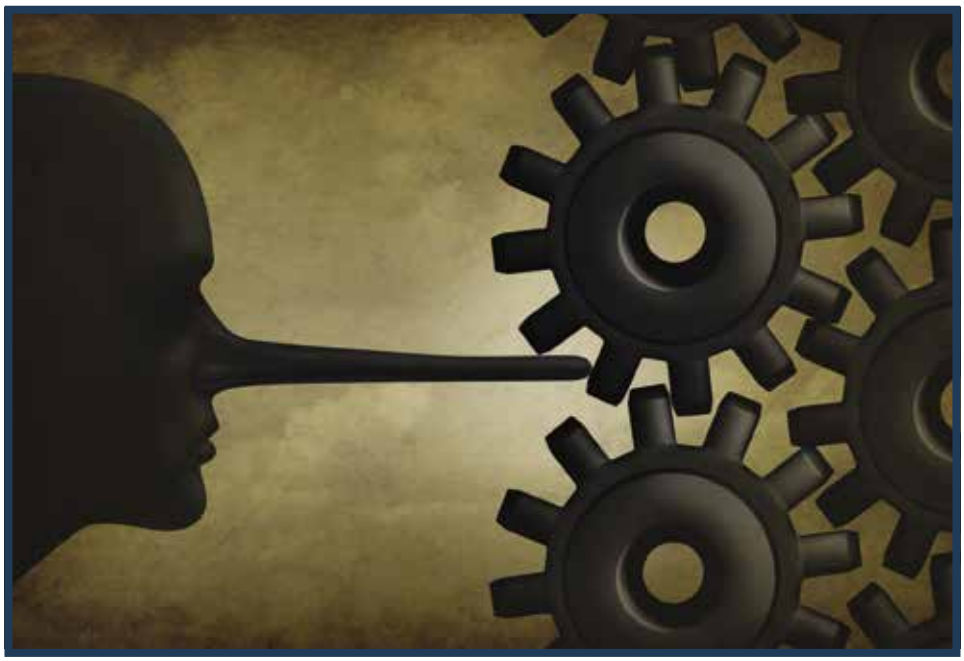
The best way to reduce the likelihood of corruption is through effective corporate governance.

'Corporate governance' can be defined as the system of rules, practices and processes by which a company is governed.

It encompasses practically every sphere of management and specifies the rules and procedures for making decisions in corporate affairs.

The principles of good corporate governance such as accountability and transparency can not only improve operating performance, but also reduce the level of corruption by imposing more constraints.

They provide the guidelines for how the company can fulfil its goals and objectives in a manner that adds to the value of the company and is also beneficial for all the stakeholders in the long term.



Responsible behaviour

Good corporate governance prevents corruption, or at the very least, limits its negative effects. It promotes honest and responsible behaviour, and adheres its practices to the letter and the spirit of the law.

As in many business transactions, corruption has a demand side and a supply side.

Corporate governance is one of the main tools in controlling the supply side of the corruption equation, by creating a transparent system where the whole process of providing corrupt payments or gifts is quickly exposed, and therefore becomes unsustainable.

It sets up mechanisms, which not only combat corruption on a legal basis, but also in terms of business ethics.

In other words, in addition to being a risk management issue, corporate governance becomes a strategic orientation towards a value-based corporate identity.

An important theme of governance is the nature and extent of corporate accountability.

These days, it is just not enough for a company to merely be profitable; it also needs to demonstrate good corporate citizenship through environmental awareness, ethical behaviour and sound corporate governance practices. ■

> ***"No business, large or small, can assume they are immune from corruption or its effects..."***

What does the new withholding tax mean for you?

Josh Chye
HLB Mann Judd
Melbourne
jchye@hlbvic.com.au

A new "non-final withholding tax regime" came into effect on 1 July 2016, potentially impacting anyone buying or selling property.

The new regime is aimed at foreign residents who sell Australian property, requiring 10 percent of the sale price to be withheld.

It is a significant change in tax law and applies to real estate; interests in Australian entities whose majority assets consist of real estate; and options or rights to acquire such interests.

Perhaps the key aspect of the new tax is that it effectively shifts the tax collection and remittance of the 10 percent withholding tax to purchasers of property.

While it does not apply to the sale of properties with a market value under $2 million or shares listed on an approved stock exchange, it still has a number of implications for both Australian and foreign vendors and purchasers of real estate if not managed appropriately.

Purchasers

Anyone who purchases property from foreign residents will potentially be obliged to act as "tax collector" on behalf of the Australian government.

Accordingly, we expect many purchasers to demand a "clearance certificate" from vendors prior to settlement, to prove the vendor is an Australian resident, or else an approved ATO variation notice if the vendor is a foreign resident but believes the withholding tax is inappropriate in their situation.

If the 10 percent withholding tax is applicable, purchasers will be required to complete an online 'Purchaser Payment Notification' form to provide details of the vendor, purchaser and the asset being remitted to the ATO.

Purchasers must pay the withheld amount on or before settlement.

> *"Australian residents may need to provide proof to a purchaser that they are not a foreign resident…"*

Vendors

Australian residents

Australian residents may need to provide proof to a purchaser that they are not a foreign resident and therefore not liable for the withholding tax.

The ATO can provide a 'clearance certificate' which vendors can give to prospective purchasers to confirm their Australian residency status.

Clearance certificates are valid for 12 months and people can apply for one at any time they are considering selling their property, including prior to listing for sale. With sufficient planning, we would recommend this as the preferred approach.

Foreign residents

Foreign residents subject to the new withholding tax requirements can apply for a variation to reduce the amount of the tax if they believe that 10 percent is inappropriate (for example because the property will be sold at a capital loss). This variation can be done via an on-line form from the ATO.

It is important the notice of variation is provided to the purchaser before settlement to ensure the reduced withholding rate applies.

In addition, this new regime operates as a "non–final withholding tax." This means foreign residents are still required to submit an Australian tax return reflecting the sale of the property and the 10 percent amount withheld will be factored into the final tax payable (or refundable) to vendors. ■

Michael Gummery
HLB Mann Judd
Melbourne
mgummery@hlbvic.com.au

The Australian Securities Exchange (ASX) recently proposed a number of changes to the listing requirements for companies, via a consultation paper, reports Michael Gummery.

Proposed changes to ASX admission requirements

The listing changes proposed by the ASX are likely to have a significant impact on potential future IPO transactions.

The suggested changes apply to both "front door" (IPO) and "back door" (reverse acquisition) listings. At time of writing, the changes have not yet been finalised but could come into effect immediately.

Some of the key proposed changes include:

- Increasing the financial thresholds for listing under both the profits test and the assets test. Perhaps most significantly, under the assets test it is proposed to increase the net tangible asset requirement from $3 million to $5 million and the alternative requirement regarding market capitalisation from $10 million to $20 million.
- Introducing a rules-based 20 percent minimum free float requirement at the time of admission. Previously there was a general expectation that entities list with a free float of at least 10 percent but ASX had also been prepared to accept a lower free float where an entity could explain its plans and timeline to increase the free float.
- Changing the minimum spread requirements to require 200 security holders if the entity has a free float of less than $50 million, or 100 security holders if the entity has a free float of $50 million or more, with each security holder having a parcel of securities with a value of at least $5,000.

  The current spread requirements require a larger number of security holders (between 300 and 400) but with a minimum parcel of only $2,000 per security holder.

- Standardising the current $1.5 million minimum working capital requirement by extending the additional requirements that currently only apply to mining and oil and gas exploration entities, to all entities admitted under the assets test.
- Requiring audited accounts from assets test entities for the last three full financial years and, where the latest full financial year accounts are more than eight months old, audited or reviewed accounts for the last half-year.

  Currently entities applying for admission under the assets test have greater flexibility to provide unaudited accounts and accounts for a period less than three years. The proposed change therefore brings the audited requirement under the assets test in line with the profit tests.
- Requiring that the audit report or review report must not contain a modified opinion, emphasis of matter or other matter paragraph that ASX considers unacceptable. The ASX amendments are expected to be linked to ASIC requirements.

ASIC is simultaneously consulting on proposed changes whereby ASIC may accept less than three full years of audited accounts, and the types of modified opinion, emphasis of matter or other matter paragraph ASIC will accept for these purposes

The ASX has also stated that it intends to reinforce its absolute discretion on admission and quotation decisions, stating that it will take into account the reputation, integrity and efficiency of its market in exercising such discretion.

Its consultation paper specifically mentions that entities that are incorporated in, have their main business operations in, or have a majority of their board or a controlling security holder resident in, an emerging or developing market, will be subject to a formal review process. ■

The ATO on the hunt for 'lifestyle' assets

Daryl Jones
HLB Mann Judd
Brisbane
djones@hlbqld.com.au

The ATO has announced a program to help it identify 'lifestyle' assets that it believes have not been properly accounted for or taxed.

It will be utilising data from a number of insurance companies to assess and identify the owners of these assets, allowing it to formulate an opinion on taxpayers who have reported very little taxable income in their personal tax returns but who have accumulated significant lifestyle assets.

Lifestyle assets

Lifestyle assets include personal assets and collectables such as fine art, marine vessels, aircrafts, enthusiast motor vehicles and thoroughbred horses.

The ATO will review these assets for the last two financial years based on the following nominated asset threshold:

- Marine vessels – over $100,000
- Aircraft – over $150,000
- Enthusiast motor vehicles – over $50,000
- Thoroughbred horses – over $65,000
- Fine art – over $100,000

Assets with a value below these thresholds will not be selected for review.

Information gathering

Information will be collected from a number of insurance companies including details of the insurance policy holder (i.e. names, addresses, phone numbers); and insurance policy details (i.e. policy number, policy period, asset and value insured, physical location of asset etc.).

It is estimated that more than 100,000 insurance policies will be obtained by the ATO.

The ATO will match the details on the insurance policy with the information it already holds on the taxpayer to identify non-compliance with registration, lodgment, reporting and payment obligations.

The data collected will be used by the ATO to better understand the assets and wealth of particular taxpayers, and allow it to identify possible compliance issues with income tax, capital gains tax, fringe benefits tax, GST and superannuation.

The ATO has stated that it considers this as an opportunity to promote voluntary compliance and strengthen community confidence in the integrity of the tax system.

Insurance providers can notify clients of their participation in this program and the documents that have been provided to the ATO.

Discrepancies in information

Where there appears to be a discrepancy, the ATO will contact taxpayers and give them the opportunity to verify the accuracy of the information prior to amending any income tax return.

It is therefore a good idea to revisit the insurance policy of any lifestyle assets owned to ensure that all the details are correct and information is correctly reported on financial statements and income tax returns. ■

Continued from page 3

Not all training expenses count towards the benchmark.

Failing to continue to meet training benchmarks may mean that a business won't qualify for a further sponsorship, and employees who are relying on sponsorship for continued employment or gaining permanent residency may be deeply disappointed.

As a general rule, all businesses should know the residency status of any worker, to ensure they have the appropriate work rights.

There is only one safe way to do this, and that is to check the work rights of every employee before they start work.

Immigration publishes an online database called VEVO – Visa Entitlements Verification Online.

Employers should have systems in place to use this system to check work rights or the citizenship of all new starters, and schedule follow up checks when appropriate. ■

jhenderson@hlbqld.com
helen@australianmigrations.com

Appointments

Brisbane

Brian Sully was appointed partner in business advisory services and superannuation at HLB Mann Judd Brisbane earlier this year. He has over 30 years accounting experience and has also worked as a company auditor and forensic accountant.

Brian holds a bachelor of commerce from the University of Queensland and a post graduate diploma in financial planning, and is an ASIC registered SMSF auditor. He is a fellow of Chartered Accountants Australia and New Zealand, a fellow of the Tax Institute, and an SMSF Specialist Auditor with the SMSF Association.

Perth

Kirstin Stewart has been made partner in Perth in the business advisory services division. Since joining HLB Mann Judd in 2005, she has provided accounting and business advice to a broad spectrum of clients.

Ms Stewart is an Accredited Adviser of Family Business Australia and is a member of CPA Australia. She holds a bachelor of commerce from Murdoch University.

Sydney

Nicholas Guest has been appointed partner in audit & corporate advisory at HLB Mann Judd Sydney, and has over 12 years experience. He holds a bachelor of commerce and is a member of Chartered Accountants Australia and New Zealand.

Kinh Luong has also become partner in Sydney's audit & assurance division. He has also worked in the New York firm of the HLB network and has particular expertise in financial modelling.

He holds a bachelor of commerce (accounting) from Macquarie University and is a member of Chartered Accountants Australia and New Zealand.

Fiona Dixon has been made director in HLB Mann Judd Sydney's tax division. She joined the firm in 2008 and holds a bachelor of commerce (accounting) from the University of Western Sydney, and is a member of Chartered Accountants Australia and New Zealand.

Wollongong

Mitch Markwick has been appointed wealth management partner in HLB Mann Judd Wollongong, in its SMSF division. He joined the firm in 2006 and holds a bachelor of accounting from the University of Wollongong.
Mitch is a member of, and SMSF specialist with, Chartered Accountants Australia and New Zealand.

Melbourne

Mike Gummery has been appointed director in the Audit & Assurance division in Melbourne.
He has over 10 years experience and joined the firm in 2012 after beginning his career with a big four firm in the UK.

Mike specialises in assisting ASX listed and private companies and has more recently been involved with various corporate finance transactions including IPOs, IARs and due diligence assignments.

He is a registered company auditor and a member of the Institute of Chartered Accountants Scotland. Mike has a bachelor of economics from the University of Bath.

Giving back to the community

Giving back to the community, both as professionals and individuals, is important to HLB Mann Judd says Tony Fittler, HLB Mann Judd Australasian chairman.

'We would like to acknowledge the volunteer work of Lucio Di Giallonardo.

'As well as being a partner in the corporate and audit services division of HLB Mann Judd Perth, Lucio is a director of the Leukaemia Foundation of Australia, Australia's peak body for blood cancer research and support.

'In addition, he gives his time for free as a member of the Chartered Accountants Australia and New Zealand Trans-Tasman Audit Committee, identifying and addressing issues with auditing standards and practices across Australia and New Zealand.

'Lucio serves as a good role model for younger members of the profession.' ■

Caring for a very sick child can be more than an emotional blow

George Wright
HLB Mann Judd
Adelaide
gwright@hlbsa.com.au

Having a child who is badly injured or chronically ill is a huge emotional blow, and more than enough for any parent to worry about without also needing to think about any financial impact.

Yet parents do need to consider financial aspects and this can mean much more than the cost of the medical support that may be needed. What happens if a family relies on the income of both working parents?

Most people don't think twice about upgrading their health insurance to family cover when they have a child, yet for most of us the idea of insuring a child for traumatic events doesn't even get considered.

Child life insurance is a relatively new type of insurance that can provide a lump sum payment should a child die, get diagnosed with a terminal illness, or suffer a specified medical condition or procedure.

Each insurance company will maintain their own list of illnesses and injuries, but common examples include brain damage, cancer, paralysis, burns, blindness and deafness.

Level of cover

How much child life insurance cover is needed depends on a range of factors including family levels of debt, income, savings and annual expenditure.

If both parents work, or if you're a single parent, enough cover to support family financial needs is required if breadwinners are unable to work for an extended period whilst looking after a sick child.

Lost income

Child life insurance benefit is paid upon diagnosis or occurrence of the illness or injury and can be used to cover medical treatment or rehabilitation, replace lost income if parents need to take time off work, or even take the family on a holiday to give respite from the stress.

Child life insurance is often packaged as an optional benefit within an adult's life insurance policy.

Benefits generally expire once a child turns 21, but many policies include a continuation option.

This means that the child life insurance policy can be converted to an adult policy once the child reaches a certain age (usually 18).

HLB Mann Judd wealth management professionals can advise further on child life insurance and other personal insurance needs. ■

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Member Firms

Adelaide
HLB Mann Judd
Tel 61 8 8133 5000
Email mailbox@hlbsa.com.au

Auckland
HLB Mann Judd
Tel 64 9 303 2243
Email mailbox@hlb.co.nz

Brisbane
HLB Mann Judd
Tel 61 7 3001 8800
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Gold Coast
HLB Mann Judd
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Email info@hlbgc.com.au

Melbourne
HLB Mann Judd
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Perth
HLB Mann Judd
Tel 61 8 9227 7500
Email mailbox@hlbwa.com.au

Business Recovery:
Tel 61 8 9215 7900
Email mailbox@hlbinsol.com.au

Sydney
HLB Mann Judd
Tel 61 2 9020 4000
Email mailbox@hlbnsw.com.au

Wollongong
HLB Mann Judd
Tel 61 2 4254 6500
Email mailbox@hlbw.com.au

Representative Firms

Hobart
Lorkin Delpero Harris
Tel 61 3 6224 4844
Email mail@ldh.com.au

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Thomas Noble and Russell
Tel 61 2 6621 8544
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