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Here are your Articles for December 12, 2013.

Weston Woodley & Robertson's News

Partners'MessageDecember 2013

We wish you a Merry Xmas and Happy New Year. Our office will be closed from 23 December and will reopen on 6 January 2014. The Partners wish to acknowledge our clients, employees and suppliers for their continued support.

With the end of the year fast approaching, the Partners are looking forward to the new year and are extremely pleased to announce the following new appointments for 2014:-

Cameron Johnstone has been appointed Chairman of The Institute of Chartered Accountants NSW Branch for 2014. As a member centric organisation the ICAA has a responsibility to members and the community to ensure policy is appropriate for a strong Australia. Cameron has worked in professional practice for 32 years dealing with business, not for profit and government sectors as well as practicing in all mediums of professional practice. He has also been a past International Chairman of our GMN International affiliation (that has over 78 firms located throughout the world). Cameron's goal is to ensure the Institute remains relevant and strong to its membership base over the coming 12 months.

Michael Payne has been appointed as an Associate effective from 1 January 2014. Michael has over 19 years experience in the professional services industry advising on audit and assurance issues. Michael will oversee the audit division with Ian Cooper to ensure our clients' audit reports provide confidence in the results of financial statements, and give credibility to companies, and comfort to their stakeholders. In addition, the audit process provides further added value through recommendations for improving the control environment of the organisation. Business executives become more aware and ready to manage challenges and risks faced by organisations.

Finally we advise that **Michelle Winduss**, an Associate of the firm since November 2004, has announced she will be leaving us to spend more quality time with her family and to pursue new opportunities. She has been an absolute pleasure to deal with and a valued member of our management team. The staff and clients wish her future success.

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Involvement intheInstituteofChartered Accountants Events

Over the last few months, Weston, Woodley & Robertson have participated in various Institute of Chartered Accountants Events.

In late September, WWR entered its first team into the 13th Annual Chartered Accountants Basketball Tournament (in support of Endometriosis Australia).

In October, the Institute of Chartered Accountants (NSW) organised its 2nd Annual Women's High Tea Debate. With all proceeds going to the National Breast Cancer Foundation, members of Weston, Woodley & Robertson supported the event. Held at the Ivy Ballroom, the topic of "Can Women Have It All" was debated with humour and insight.

Please click on "Full Article" below for further details about the events.

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StayinginFrontwithForesiteIT

Foresite IT are leaders in Managed Services, Implementation and IT Support Services. The company has grown to include a range of blue chip clients and SME's in various categories. Tony Chareunsy heads up the company and is supported by significant backing from key corporations in the financial services market. This technical briefing is one of the way we reach out to our clients to stay ahead of the game.

Please click on "Full Article" below for further information about services provided by Foresite IT.

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Self-Managed SuperFunds:BenefitsandWhyYouShouldActNow

The sooner you put into place practises to improve your net worth when you retire, the more time you have to extract maximum value from your retirement planning efforts.

Superannuation funds are useful tax structures and can play a significant role in your estate planning especially where death benefits may be received tax-free.

We have developed many strategies for clients to ensure this structure can support their extended families in the years ahead. These strategies report considerable increased after tax incomes for the family.

Please click on "Full Article" below for further information.

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ChangingResidences: BeAwareoftheCGTExemption Rules

Property is starting to be a hot market again and if you plan to take advantage of this to purchase a new home, you could end up owning two residences at the same time – at least for awhile. If that happens, you will likely be able to take a CGT concession. But to do so, you will have to satisfy several conditions. Here is how you get the full concession as well as details on when you may receive a partial concession.

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CGTRolloversWhenRelationships BreakDown

Assets are rolled over to a spouse or partner automatically following the dissolution of a marriage or de facto relationship, provided certain criteria are met. This article outlines the requirements for a CGT rollover and how the rules apply to various assets.

Please click on "Full Article" below for further information.

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Personal Tax

ClearinguptheConceptofNegativeGearing

When a rental property is in most cases acquired with a loan, it is possible that the net rental income will be less than the interest on the borrowing. That means the property generates a net rental loss. If that happens, you may be able to deduct full rental expenses from rental and other income. Here is a worksheet that illustrates how to do the calculations.

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Involvement in the Institute of Chartered Accountants Events

13thAnnualCharteredAccountantsBasketballTournament

On Sunday 29 September 2013, Weston, Woodley & Robertson took part in the 13th Annual Chartered Accountants Basketball Tournament (in support of EndometriosisAustralia).

The Tournament involved fourteen teams from various NSW based Chartered firms, all competing for the top prize of Chartered Accountants Basketball Tournament Champions.

The Weston, Woodley & Robertson basketball team consisting of present and past staff and friends

The day proved to be entertaining for both competitors and spectators alike, and was full of thrills and spills as prominent firms and companies battled it out.

It was the first time our firm had entered the tournament and the staff who took part thoroughly enjoyed the day. Weston, Woodley & Robertson competed in six games, and although we only won one, the other five games were very close. The results may not have gone our way but the team who played were pleased that we didn't finish last.

Results aside, the day proved to be a great opportunity to network with other firms, and partake in a competitive yet light hearted team building exercise.

Whilst we may not have been the best on the day, the important thing was that those involved had fun. It is safe to say that we make for better accountants than we do basketball players.

Click here for more photos from the Institute of Chartered Accountants' facebook page.

2nd Annual Women's High Tea Debate - Can Women Have It All?

On the day of the debate, the Weston, Woodley & Robertson team comprising Michelle, Elizabeth, May, Fiona, Elvina and Elina entered the Ivy Ballroom ready for a fun afternoon. The venue was elegantly decorated with pink draping in support of the National Breast Cancer Foundation (NBCF).

With Rhys Muldoon as host, and Natarsha Belling for the affirmative and Helen Wiseman (CA) for the negative, it was a star studded event. Natarsha re-defined the topic, openly stating that unless there is a shift in thinking to encompass families as a whole being involved, then it is not possible for women to have it all. Helen Wiseman provided many humourous anecdotes to support her argument that it is not possible for women to have it all.

Clockwise: Contents of our goodie bags, Rhys Muldoon, Natarsha Belling, Helen Wiseman (CA), Program

Raffle tickets were sold to raise funds for the NBCF, with prizes including a pink ice cream maker and magnum of champagne. None of the WWR ladies were lucky enough to win, but we'll still be attending next year's High Tea Debate.

Click here for more photos from the Institute of Chartered Accountants' facebook page.

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Staying in Front with Foresite IT

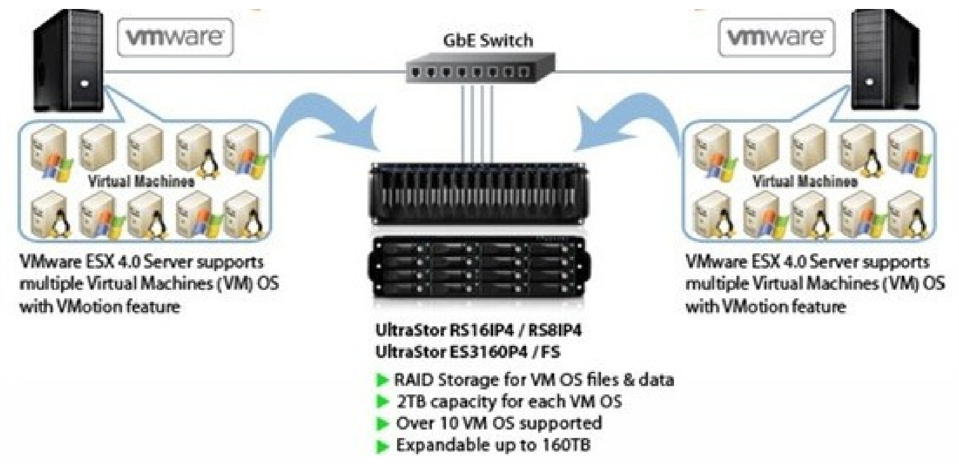
StayinginFrontWithForesiteIT

Foresite IT are leaders in Managed Services, Implementation and IT Support Services. The company has grown to include a range of blue chip clients and SME's in various categories. Tony Chareunsy heads up the company and is supported by significant backing from key corporations in the financial services market. This technical briefing is one of the way we reach out to our clients to stay ahead of the game.

ServerVirtualisation

Is your IT infrastructure "Virtualised" and are you maximising the virtual environment to its full potential? Here are some benefits of server virtualisation:

1. Sets up the foundation to transition to the cloud.
2. Extend the life of older applications as these applications may not be supported by newer operating systems or newer hardware. A snapshot image of the server hosting the older application could be virtualised to minimised the risk.
3. Isolate applications by separating each application onto its own server but still having all the servers housed in one physical hardware server box.
4. Disaster recovery is simplified by centralising the infrastructure which allows for faster and more cost effective replication.
5. Increase uptime by offering capabilities such as live migration, storage migration, fault tolerance, high availability, and distributed resource scheduling
6. Remove dependency on hardware.
7. Faster server provisioning: where traditional servers may take days to provision, virtual servers can be provisioned in minutes.
8. Allows you to easily build out a self-contained lab or test environment, operating on its own isolated network to test new deployment or upgrades.
9. Reduce the data centre footprint and save energy, go green.



ManagedBackupandReplicationSolutions

To complement our Managed Services suite, we also offer Managed Backup and Replication Solutions with some of the key features being:

Our Services Portfolio consists of Managed Services, Managed Backup and Replication, IAAS - Infrastructure As A Service, MS Office 365, Managed Cloud, Managed Mobile, Antispam and Web filtering solutions.

We can also fulfil Hardware and Software procurement.

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Here are your Articles for December 12, 2013.

Self-Managed Super Funds: Benefits and Why You Should Act Now

The sooner you put into place practises to improve your worth when you retire, the more time you have to extract maximum value from your retirement planning efforts.

Superannuation funds are useful tax structures and can play a significant role in your estate planning especially where death benefits may be received tax-free.

We have developed many strategies for clients to ensure this structure can support their extended families in the years ahead. These strategies report considerable increased after tax incomes for the family.

Presently many taxpayers are discriminated against in planning for their retirement and in most cases taxpayers in their early to late 50's are not able to contribute large sums to superannuation. When they are ready to contribute to superannuation, they have to be mindful of contribution limits; thereby discriminating the amount of wealth that can be accumulated in this environment.

Many older families have significant assets outside of the superannuation environment. What if we could provide a strategy for you to have this invested in a better tax structure. You need to discuss this with us today.

Many types of assets can be accumulated in the superannuation environment. Many of our clients hold these assets in their own SMSF. We can assist with the administration and taxation requirements at a cost effective rate and you are able to access Australia's fully integrated, most advanced SMSF accounting software which offers sophisticated capabilities* including:-

- 24 hour online visibility to your SMSF portfolio's performance and valuation.
- Increased levels of automation via the extensive suite of fully direct market and financial institution data feeds.
- Daily updated investment registry with historical data for listed investments.
- Full lifecycle pension suite for the establishment and ongoing management of all pension types.
- Your suite of tailored reports is easily accessed in "real time" and can be viewed via your own secure password protected pages, allowing you to make more timely investment decisions.

* *Disclaimer - Not all financial institutions and asset providers have live data feeds available. Live data feed updates are dependant on your financial institution and asset provider having this capability*

You control the investment decisions, supported by your broker and financial planners and we look after the administration, audit and tax requirements.

At the end of the day, all roads and actions should lead to a fulfilling retirement.

While not everyone will want to set up a self managed superannuation fund, it may be worth your while to take a look at some of the many benefits they offer, including:

1. **Control**: The fund assets are controlled by the trustees, who are also the members. The trustees are responsible for all decisions.

2. **Family:** Up to four members of your family can participate in the fund and reap the rewards.

3. **Security:** An SMSF offers the most flexible option for taking your benefits in retirement, whether as a lump sum or as a pension.

4. **Choice:** The trustees have absolute discretion regarding the choice and mode of investment. However, you need to manage your fund's investments in the best interests of its members and in accordance with the law. Investments must be separate from the personal and business affairs of fund members, including yourself.

5. **Taxation:** An SMSF enjoys the lowest rate of tax of any entity structure in Australia. The fund pays a maximum 15 percent tax rate which may be reduced by tax credits.

6. **Fees:** The SMSF fee structure may deliver substantial savings when compared with other retail superannuation funds.

7. **Flexibility:** Trustees have the flexibility to make decisions with respect to changing market movements and options for retirement income streams.

8. **Protection:** The fund assets of a member are generally protected from creditors in the event of bankruptcy.

With so many superannuation options available in the market, consult with us to discuss your individual needs.

The minimum lead time to set up your SMSF is two years out from your retirement date, so the sooner you act, the better. Keep in mind that this is general advice only and may not suit your particular circumstances. We can advise you before proceeding.

Here are your Articles for December 12, 2013.

Changing Residences: Be Aware of the CGT Exemption Rules

With the property market appearing to be heating up, you may be looking for a new home and, in some instances, could find yourself in the position of having bought a new home without having sold your old one.

When this happens you may have to rely on the generous CGT concession in s 118-140 of the Income Tax Assessment Act 1997 that will let you treat both homes as your main residence for a certain period of time so you can avoid unwanted CGT liability. This is subject to a range of important conditions.

The concession allows both homes to be treated as the taxpayer's main residence, and thus exempt from CGT, for a maximum of six months before the old home is sold, or for a shorter period if the old home is sold in less than six months.

In these instances, the law states both dwellings are treated as your main residence for the shorter of:

- six months ending when your ownership interest in your existing main residence ends; or
- the period between the acquisition of the new ownership interest and the time when the old ownership interest ends.

As a result, if it takes longer than six months for you to dispose of your original dwelling, both dwellings will be treated as a main residence only for the six months before you sell the original dwelling. As a result, you will receive a partial CGT exemption for one of the dwellings to the extent that the six-month period is extended. This partial exemption is calculated under a pro-rata formula set out in the ITAA 1997.

Which Dwelling?

The legislation does not specify which of the two dwellings will be subject to the partial exemption. Various commentators have stated that you would have a choice. An alternative view is that the partial exemption would apply to the home which did not qualify as your main residence for the period exceeding six months when you owned both homes. In this case it would be the home you had not occupied as your main residence during that period. The second view is in accord with the underlying principle of the CGT main residence exemption that a person's main residence is a question of fact.

> **Example:** You acquire a home on 1 January 2014 and move into it. You sell your original home nine months later on 1 October 2014. Under the ITAA 1997, both homes can be treated as your main residence for the six months before 1 October 2014 (that is from 1 April 2014). However, the three months from 1 January 2014 to 31 March 2014 will be treated as the period during which the old home, as a question of fact, did not qualify as a main residence. Therefore, only a partial exemption will apply to the old home reflecting the three-month period that it did not qualify as a main residence.

Use of Absence or Building Concession

Also, in the above example, if you wished to shelter all of the capital gain on the old dwelling there would be nothing, prima-facie, that would prevent you from being allowed to use the "absence" concession in the ITAA 1997 to preserve the exemption on the old home. However, in this case, because the absence concession does not allow any other dwelling to be treated as a main residence for the period that it is applied, your new home will be subject to a partial CGT liability for its first three months of ownership and occupation.

Likewise, the "building concession" in the legislation could be used to allow the new dwelling to be treated as the taxpayer's main residence before it is occupied for the purposes of using the six-month overlap concession.

Other Conditions

There are also other key conditions which must be met for the concession to apply.

1. The new home must become your main residence. Moreover, it does not matter when this occurs because of the way the sixth-month overlap rule operates. In particular, the fact that it covers the six-month period before the old home is sold while the new one is also owned means that the new home can become the your main residence at any time without effecting the operation of the concession – be it one year or 20 or more years.

2. The second condition includes two restrictions:

   - the original home must have been your main residence for at least three of the 12 months before your ownership interest in it ended; and
   - the original home must not have been used to produce assessable income in any part of that 12-month period when it was not your main residence. This condition could be met by applying the absence concession.

   Here is how that would work:

   Anne acquired a dwelling on 1 January 1986 where she lived until she went overseas on 1 January 1997. Anne did not rent the home during her absence.

   She acquired another dwelling on 1 February 1998 and moved into that dwelling on her return from overseas on 1 March 1998. She sold the first dwelling on 1 August 1998.

   Anne chose to treat the first dwelling as her main residence for the period 1 January 1997 until she disposed of it. In addition, under section 118-140, Anne may treat the second dwelling as her main residence from when she acquired it on 1 February 1998. Under section 118-140, Anne may treat both dwellings as her main residence for as long as the six months that ended when she ceased to have an ownership interest in the first dwelling.

Availability to Special Disability Trusts

Importantly, the changing main residence concession is available to the trustee of a Special Disability Trust to the extent the principal beneficiary could have accessed the concession if they had owned the dwelling directly.

This changing main residence concession is the only time when two dwellings can be treated as a taxpayer's main residence at the same time. In all other instances, if a dwelling is deemed a main residence no other home can also be considered the main residence for purposes or the exemption.

If you are acquiring a new residence, consult with your adviser to determine how the exemption may apply to your circumstances.

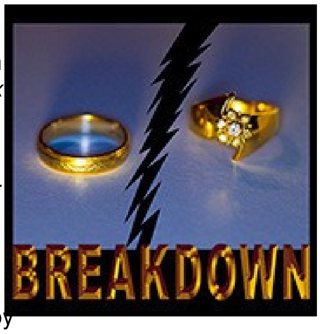
Here are your Articles for December 12, 2013.

CGT Rollovers When Relationships Break Down

When you transfer an asset to your spouse as the result of the breakdown of your marriage or relationship, there generally is an automatic rollover that ensures the cost base of the asset is transferred to the spouse or partner who also obtains the capital gain or loss when the asset is eventually shed.

The rollover is available only when the asset is transferred because of court orders or other legal agreements under the *Family Law Act 1975* or a State, Territory or foreign law relating to relationship breakdowns. So, for example, the rollover does not apply when the transfer of an asset results from a private agreement or is made through an entity connected with the other spouse or, for example, the executor of the deceased estate of the other spouse.

Meaning of spouse



A second important point is that the rollover applies only when the individuals meet the definition of spouse in the *Income Tax Assessment Act 1977,* which states that spouses are:

- individuals (whether of the same sex or a different sex) in a relationship that is registered under a State or Territory law, or
- individuals who, although not legally married, live together on a genuine domestic basis as a couple.

The concept of "genuine domestic basis" is governed by common and state laws which take into account such issues as:

- the duration of the relationship;
- the nature and extent of common residence;
- the degree of financial interdependence;
- arrangements for support between or by the parties;
- the ownership, use and acquisition of property;
- the care and support of children; and
- the "public" aspects of the relationship.

Bona fide breakdown

A critical matter that is easy to overlook is that the breakdown in the marriage or relationship must be bona fide. This is not a legislative requirement, but the Commissioner stated in Taxation Determination TD 1999/49 that marriage breakdown means that one or both spouses forms an intention to sever or not to resume the marital relationship and acts on that intention or, alternatively, acts as if the marital relationship has been severed.

Legislation does, however, species that if the CGT asset is transferred following certain agreements, the spouses must be "separated" with no reasonable likelihood of cohabitation being resumed. Once the requirements are met the rollover applies and covers such diverse and complex matters as how the rules apply to:

- the transfer of pre-CGT assets;
- the transfer of post-CGT assets (including a "separate asset" component);
- creating an asset in a spouse;
- the transfer of dwelling (and adjustments for any main residence usage);

- the transfer of an asset from a company or trust (including a dwelling) or the creation of an interest in a company or trust -- together with adjustment for interests held in the company or trust, and dividend issues; and
- the transfer of collectables and personal use assets.

Practical tip: If you don't want to obtain the benefit of the rollover in order to, say, realise a capital loss, the rollover won't apply if the asset is transferred outside the rollover rules.

The rules do carry one potential downside from a CGT point of view. Spouses cannot each have a main residence over the same period and maintain the CGT exemption on each of them.

Consult with your adviser for further details on this issue.

Here are your Articles for December 12, 2013.

Clearing up the Concept of Negative Gearing

The ATO is very clear about how to calculate net rental income or loss.

In fact, the tax agency has published a sample worksheet that clearly illustrates the calculations. The ATO example assumes the property was purchased with the help of borrowed funds. When a property is bought with a loan and the net rental income, after deducting other expenses, is less than the interest on the borrowing, the property is said to be negatively geared. The overall taxation result of a negatively geared property is a net rental loss.

In those cases, you may be able to claim a deduction for the full amount of rental expenses against rental and other income ? such as salary, wages or business income ? when you complete your annual tax return. Where the other income is not sufficient to absorb the loss, it is carried forward to the next tax year.

Here is a version of that worksheet with extra columns for you to include your own figures and to check them off as you add them.
You should find this a handy tool to help you correctly account for income and expenses on each of your properties.

	Category	Your Amount ($)	ATO Example Amount ($)
	Income		
	Rental income		8,500
	Other rental-related income		800
	Gross Rent		*9,300*
	Expenses		
	Advertising for tenants		48
	Body corporate fees and charges		500
	Borrowing expenses		259
	Cleaning		100
	Council rates		700
	Deductions for decline in value		796
	Gardening/Lawn mowing*		350

	Insurance*		495
	Interest on loans(s)		11,475
	Land tax		200
	Legal expenses		150
	Pest control		50
	Property agency fees/commissions		800
	Repairs and maintenance		1,000
	Capital works deductions		2,745
	Stationery, telephone and postage		80
	Travel expenses		436
	Water charges		350
	Sundry rental expenses		95
	Total expenses		*20,629*
	Net rental loss ($9,300 - $20,269)		*(11,329*)

***Note: you cannot claim for these items if the expenditure is already included in body corporate fees and charges.**

It is a good idea to prepare one worksheet for each property in your portfolio and hand the sheets over to your adviser who can also help you calculate your rental income and losses. Here is a blank worksheet you can print out and use for any other rental properties you may own.

	Category	Amount ($)
	Income	
	Rental income	
	Other rental-related income	
	Gross Rent	
	Expenses	
	Advertising for tenants	
	Body corporate fees and charges	
	Borrowing expenses	
	Cleaning	
	Council rates	
	Deductions for decline in value	
	Gardening/Lawn mowing*	
	Insurance*	
	Interest on loans(s)	
	Land tax	
	Legal expenses	
	Pest control	
	Property agency fees/commissions	

	Repairs and maintenance	
	Capital works deductions	
	Stationery, telephone and postage	
	Travel expenses	
	Water charges	
	Sundry rental expenses	
	Total Expenses	
	Net rental income or loss	

***Note: you cannot claim for these items if the expenditure is already included in body corporate fees and charges.**