

businessessentials[®]

Advice and ideas to grow your business

August 2013

Audio CD



the extras

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Welcome to the August 2013 edition of Business Essentials.

If this is the first time you've received a Business Essentials CD, we hope it will be a thoroughly enjoyable experience for you - and that you'll come back for more!

TURN DRIVE TIME INTO PROFIT TIME

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For more information about the topics discussed on this program, please contact the relevant organisations listed below.

THE ECONOMY

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Neville Norman's Pollie Porkies

Get ready for Pinocchio nose-extending shockers in the forthcoming 2013 Federal election, from politicians on both/all sides. It's our job in media commentary to ensure politicians come clean and be clear, credible and comprehensive. Based on some lengthy experience in watching politicians (and their advisers) perform during the sensitive time of elections, I have a list of shockers – plus the corrective actions we need to demand of them to get them back on track, with clear, comprehensive, evidence-based representations to the public.

Offence	Example	Corrective
Uncosted promises	We will fix the health system with 10 new hospitals	Give explicit costings, with sources and on a time scale
Timeless money spins	If elected, we'll spend \$XBn on roads in NSW & Queensland	Demand all data be located on a time scale: years, quarters.
Jargon-based excuses	Things got worse first because we have the "J-curve" in operation	Brief polties and advisers on the true meaning of economic terms
Exaggerated attribution	'We' have created 45,000 jobs since coming to office	Govt. spending provides about 25% of the real spending and job creation, not 100%.
Exaggerated derision	'They' never produced a budget surplus through their entire time in Government.	Allow for external events like the GFC
Confusion between marginal and average personal tax rates	We'll produce this magic budget without raising any tax rate	With fiscal drag, ATR's (share of income in tax) rise with income even with MTRs unchanged
Standstill personal income tax schedules	Tables with several standstill incomes and associated new & old tax payments	Use progressions of income as the only realistic scenarios over time
Crude tax estimates	Raise the GST rate from 10 to 15%, a 50% boost to GST revenue	Allow for fiscal dividend, tax substitution and other corrections to such crudities
Point estimates, not ranges	GDP will grow 2.35% this year	90% confidence band: in zone 1.7 to 3.3% - with reasons
Multiplier fallacy	Our new stimulus package will create 10k jobs directly and 50k secondary jobs, after the multiplier effect.	No supply side, exaggerated impact.
11 to 15 – I'm waiting...		
Watch this space!		

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Accountants Who Help You See Further

Cummings Flavel McCormack are accountants who provide accounting, auditing and business advice to business owners. Cummings Flavel McCormack also provides tax consulting services.

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We have significant breadth of experience, having worked with successive governments in tax law development and holding key positions on advisory and education committees with professional tax bodies.

David Kent, Michael Jones and Neil Flavel lead a group of dedicated taxation professionals.



see further



Individual resident marginal tax rates for the year ended 30 June 2014

Income year 2014 Taxable Income \$	Income year 2014 Tax Payable (excluding Medicare levy)
0 – 18,200	Nil
18,201 – 37,000	19% of excess over 18,200
37,001 – 80,000	3,572 + 32.5% of excess over 37,000
80,001 – 180,000	17,547 + 37% of excess over 80,000
180,001 +	54,547 + 45% of excess over 180,000

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