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The extras



Welcome to this Extras booklet accompanying the August 2006 edition of Chartered Accountants' Tax in Focus.

Yes, Business Essentials is back – with a new name for these programs, new packaging and this monthly booklet.

These CDs, produced in conjunction with the Institute, are designed to keep you up to date with monthly tax issues, including legislative changes, new rulings, court cases of note and other matters of relevance in the taxation area.

Each CD is presented by Institute experts and as a subscriber, you'll receive the added benefit of valuable points to assist in your ongoing professional development.

The Extras booklet each month summarises the major points presented in the interviews as an easy reference point.

In a recent survey conducted by the Institute you said you enjoyed what we provided over many years so the format remains similar. The content of course continues to change – just as doing business never remains static.

I feel confident you'll find plenty of value on the CD and in this Extras booklet and I look forward to making contact with you each month. I would like to thank you for re-joining us.

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This month's essentials

05

Track 1

Legislation Update

- > Taxation Laws Amendment (2006 Measures No 3) Bill 2006
- > New Business Tax System (Untainting Tax) Bill 2006
- > Tax Laws Amendment (2006 Measures No 4) Bill 2006 - CGT amendments
- > Tax Laws Amendment (Repeal of Inoperative Provisions) Bill 2006
- > International Tax Agreements Amendment Bill (No 1) 2006

Track 2

Rulings and Determinations

- > TR 2006/5 – “New” Effective Life Ruling
- > TD 2006/44 – car limit for 2006-7
- > LCTD 2006/1 – luxury car threshold
- > TD 2006/45 – Div 7A benchmark interest rate for 2006-7

Track 3

Superannuation

Fact sheets released by Treasury on Simplified Super Proposals

- > Provides taxpayers with details on the proposals
- > http://simplersuper.treasury.gov.au/fact_sheets

Simplifying super - cashing rules modified

- > Amendment of S/S regulations
- > Impact on taxpayers aged 65 or older

NTLG Super Sub-Committee Meeting on 8 May 2006

- > ATO has released minutes
- > Clarification of its interpretation of 'retirement' for super splitting
- > ATO says that APRA view applies

Super Contributions Splitting – Amendment of regulations

PSLA 2006/5 – Late super guarantee contributions

Bankruptcy and Superannuation

- > Amendments to the Bankruptcy Act 1966

Track 4

Cases

- > FCT v Citylink Melbourne Ltd – fees paid by toll operator deductible
- > Pearson v FCT – trust distributions
- > Case 9/2006 – compensation payments assessable following work injury
- > Cameron Brae Pty Ltd v FCT – contribution to benefit trust not deductible
- > Isaacs v FCT – no extension to make ESAS election
- > Vu v FCT – taxpayer assessable on bank deposits
- > FCT v A Taxpayer – payment of tax debt would cause serious hardship

Track 5

Consolidation

TD 2006/47 - Deductibility of interest

- > Head company of a MEC group can claim a deduction for interest paid on funds borrowed after formation of the group – under certain provisions

TD 2006/48 – Deductibility of interest

- > Head company of a consolidated group can claim a deduction for interest paid on funds borrowed – under certain provisions

Track 6

Fringe Benefits Tax

NTLG sub-committee meeting of 18 May 2006

- > Minutes released by ATO

Issues discussed included

- > novated leased vehicle
- > combined PDAs and mobile phones
- > LAFHA
- > exempt vehicles
- > remote area holiday transport fringe benefits
- > no FBT on accommodation for spouses accompanying employees on work-related travel
- > concessions for remote area rental subsidies no FBT where employer provides funeral for deceased employee

Track 7

Tax Administration

- > Lodgement of 2005/6 returns

Track 8

GST

- > Kiwi Munchies Pty Ltd v Nikolitsis – refund of GST mistakenly charged
- > Keen v Telstra – no separate payment of GST on costs awarded
- > Westley Nominees Pty Ltd v Coles Supermarkets Aust. Pty Ltd – lease GST-free as no “review opportunity”

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