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The year is finally at an end—and what a year we’ve had! We’ve continued to assist all our existing clients this year in minimizing their tax, maximizing their asset protection and providing support and guidance to them as they’ve needed it—and we’ve also enjoyed showing our new clients how we can do the same for them.

A big thank you to all our clients for your wonderful support this year, and we look forward to a bigger and better year in 2012!

Merry Christmas and a Happy New Year from the Team at Superior Tax Solutions!

NEWS

FUEL TAX CREDITS

Do you use a vehicle of 4.5 tonne GVM or more and travel on public roads, registered for GST and use one of the following fuels?;

- | | | |
|----------|-------------|--------------------------------|
| Diesel | Petrol | Gaseous Fuels (LPG, CNG, LN G) |
| Kerosene | Heating oil | Toluene |
| Fuel oil | | |

If yes, you are eligible for the fuel tax credits. Please contact us to register your business and discuss this matter further.

SMALL BUSINESS ACCELERATED INITIAL DEDUCTION FOR MOTOR VEHICLES

As part of the 2011-12 Federal Budget, the government announced it would allow small businesses to claim up to \$5,000 as an immediate deduction for motor vehicles, with effect for vehicles acquired from the 2012-13 income year.

The remainder of the motor vehicle value will be pooled in the general small business pool (depreciated at 15% in the first year and then 30%).

This reform is closely related to another previously announced measure that allows small businesses to immediately write-off any new business asset worth less than \$6,500 from the 2012-13 income year onwards.

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TAXABILITY OF DISASTER RELIEF PAYMENT

During the 2010-11 financial year, you may have been one of the many Australians who were affected by natural disasters. If you received a natural disaster relief payment, you need to understand how it affects your tax. Some of these payments are treated for tax purposes as:

- non-assessable non-exempt payments, or
- amounts you do not need to pay tax on (not taxable).
- exempt income

If you received any payments and have not provided the information when submitting your documents for preparing your 2011 tax return, please contact us so that we can make sure that you did not need to declare it.

SCHOOL CHILDREN CAUGHT UP IN EDUCATION TAX REFUND FRAUD

Media Release 2011/55 ATO 1 December 2011

Suspected promoters of an Education Tax Refund scam had their personal computers and records seized yesterday with the execution of multiple search warrants by the Australian Taxation Office and Australian Federal Police.

It is suspected the group targeted students from South-Western Sydney high schools to submit fraudulent Education Tax Refund claims for non-existent school children or in the names of students not entitled to claim the refund.

"Tax fraud is a crime. It places an unfair burden on people who do the right thing and contribute their fair share in accordance with the law," Taxation Commissioner Michael D'Ascenzo said.

"The ATO uses sophisticated data matching technology to review all refund claims and check for fraud before refunds are issued.

"We also receive information from honest taxpayers who let us know about tax fraud happening in their area.

"Australians do not tolerate tax fraud. Make no mistake - if people try to make claims they know they are not entitled to, they are likely to be caught with serious consequences," Mr D'Ascenzo said.

A member of the group is alleged to have used Facebook as his main recruitment tool, telling students on the social networking site he could arrange refunds if they provided their Tax File Number (TFN), address and date of birth.

"Your TFN is one of your most valuable forms of identification. Like all personal and confidential information, your TFN should be kept secure, and never given to an unauthorised person," Mr D'Ascenzo said.

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SCHOOL CHILDREN CAUGHT UP IN EDUCATION TAX REFUND FRAUD CONTINUED...

"If someone steals your identity it could affect you for the rest of your life. Overseas travel, your future credit rating and access to your superannuation and savings can all be affected if you are a victim of identity theft.

"To report suspected tax evasion and fraud, call 1800 060 062 during business hours. Your call will be confidential with no strings attached, and your name will not be linked to any investigations."

GENERAL TOPICS

WHY INVEST IN RENTAL PROPERTIES?

There are many different types of investing, with rental properties being the one we've dealt with most and gained the most profit from. The strategy we used worked for us because we were almost 100 per cent focused on building a business at the same time. Having read this far into the book, you would be aware of at least five other strategies to turbo-charge your wealth creation from property.

However, there's one investment that needs to be your very first port of call on the journey to financial independence. Before you invest a cent in property, or anywhere else for that matter, you need to invest in yourself. Now I'll let you in on a little secret – that's exactly the same way that we started. Our practical education began back in 2000 when we started reading books. As well as that we attended a number of seminars where we learned things they never taught us during our degrees or afterwards; and we have spent close to \$50,000 on self-education. It's certainly a lot of money but it's important not to dwell on that fact. The trick is to write the money off as a cost of business and think of it as an investment in yourself, which is easy for us to do as that money we initially spent has created a high enough return to make us millionaires.

It's amazing, really, to think of how much time Anita and I both spent in accounting firms without ever learning how to become financially free. You'd think it would be the first perk of a life spent juggling numbers for other people but none of our colleagues was asking the right questions and none of our superiors seemed to have the answers anyhow.

Of course, that lack of assistance turned out to be beneficial in one way, as it left us to learn everything the hard way. We passed through the school of hard knocks and picked up the skills we now have by actually doing things rather than simply observing or reading about them. For instance, nobody ever told us one of the most important equations for those undertaking a wealth-creation journey; we had to figure it out for ourselves. It goes like this:

Asset + time = wealth

Or, to put it another way:

Property + time = wealth

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WHY INVEST IN RENTAL PROPERTIES? CONTINUED...

We settled on rental properties as our wealth-creation vehicle for a number of reasons including:
the benefits of capital growth and equity;

- good debt versus bad debt (we wanted assets that appreciate and/or earn income, not those that depreciate and/or lose income);
- the tendency for rents to double every decade;
- the fact that 30 per cent of Australians currently rent with more likely to do so in the future;
- a high income is generally not needed to buy an income property; and
- value can be added easily by renovating

But by far the best reason of all is that the tenant and the tax man – that's right, the tax man – help you pay for the rental property.

An extract from Tax & Asset Protection Chapter in Think and Grow Rich In Property book - Written by Adrian Hill"

HOW TO GET HELP OWNING YOUR RENTAL PROPERTY

If you keep the property in excellent condition you will get the maximum amount of rent from your tenant, which can be put towards paying down your mortgage. The taxman's part, though, is a little more complicated and can be a lot more profitable to your bottom line.

There are two things I should mention before proceeding: you should avoid buying vacant land, unless you intend to immediately build a rental property on it, develop it or add value in some other way, because unless your property is producing an income you won't get the many excellent tax benefits I'm going to spell out for you. Also, you should keep in mind that owning two smaller rental properties is better than owning one big one.

If you have a solid understanding of tax law or, even better, have a good accountant who knows it backwards, you can claim many tax deductions that will significantly increase your wealth and hasten your journey towards financial freedom. The key words there, of course, are "good accountant". You might think it's reasonable to assume that all accountants would know what I'm about to tell you but unfortunately that is not the case. The education received by accountants, both at university and throughout their on-site training, is patchy at best so you have to be extremely careful about choosing one that can not only talk the talk but also walk the walk.

It's not just an accountant that you need as you begin your journey to financial freedom, either. You need to build an entire team to support you along the way and help you reach your goals, each member of which will play a crucial role.

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HOW TO GET HELP OWNING YOUR RENTAL PROPERTY CONTINUED...

Team members should include:

- Accountant – Superior Tax Solutions
- mortgage broker / financier
- property manager
- insurance broker
- solicitor
- quantity surveyor.

An extract from Tax & Asset Protection Chapter in Think and Grow Rich In Property book - Written by Adrian Hill"

SUPER CORNER

WHAT CAN GO WRONG WHEN SETTING UP A STRUCTURE

When you are thinking about setting up a structure, the old adage – *you get what you pay for* – is certainly true.

Here is an example of what can go wrong:

Joe Smith wants to setup a SMSF (Self Managed Superannuation Fund) with the intention of purchasing a property. By going to the right people in the first place, who understand the requirements and the current rules for a SMSF when borrowing to purchase property, you are ensuring the SMSF trust deed is setup correctly and ensuring a smooth transition process for the purchase of the property and subsequent settlement.

If your SMSF trust deed is not setup correctly, it can create unnecessary headaches for you, both at the time of obtaining finance for the property and also again at the time of settlement.

It may also result in a deed upgrade needing to take place, which is an additional cost to you. Plus there may be fines charged for the hold up of settlement on the property.

WOULD YOU LIKE TO KNOW HOW TO AVOID THIS HAPPENING TO YOU?

Superior Tax Solutions have taken the time to ensure the company which they use for all Client structure setups, provide a premium product and provide current up to date documentation to reflect all changes made by the Australian Taxation Office and Superannuation Industry (Supervision) Regulations.

We feel it is very important to invest a little more in the beginning to avoid issues arising, and incurring unnecessary additional costs in the future.

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WHAT CAN GO WRONG, WHEN PURCHASING A PROPERTY WITHIN YOUR SELF MANAGED SUPERANNUATION FUND

Congratulations! On the purchase of your first investment property within your SMSF (Self Managed Superannuation Fund). You must be very proud of your achievement.

However, there are two specific areas which need to be correct to avoid paying double stamp duty when the title of the property passes to the SMSF when the loan is fully repaid.

1. The name of the purchase on the contract is noted correctly

Each state has different requirements on who is noted on the purchase contract as well as Stamp duty requirements for Bare Trust deeds at settlement.

2. The Bare Trust Deed is signed and stamped correctly

To ensure the property settlement goes ahead smoothly and also to avoid paying double stamp duty the Bare Trust Deed is signed and stamped correctly.

There are times when it is worthwhile for peace of mind to use the right Solicitor who understands a Bare Trust and what is required. Superior Tax Solutions have taken the time to ensure the Solicitor's who we recommend are able to take care of the Bare Trust stamping and the property settlement.

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INTRODUCING NEW CLIENTS ...

A big **WELCOME** to new clients:

- **Kylie Holandsjo**
- **Enzo Torresan**
- **Fred and Melissa Garvie**

Delighted to have you on-board—
you're now members of a great Team of investors!



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Feedback

At Superior Tax Solutions, we love to hear about your experience in the preparation of your tax returns, things you'd like to see more of and suggestions of topics for our regular newsletters and Teleconferences.

OFFICE CLOSURE

Our Office will be closed from 1.00pm on Thursday 22nd December 2011 and will re-open at 9.00 am on Monday 9th January 2012.



Please note, the office hours will be reduced to 9.00am to 3.00pm from Monday 9th January 2012 until Friday 13th January 2012. We will resume normal office hours from Monday 16th January 2012, being 9.00am to 5.00pm.

This newsletter is not specific advice for your personal situation. Please do not act solely on the content of this newsletter.

Please seek professional advice before proceeding or at any times when major financial decisions need to be made.

CHRISTMAS WISHES

We would like to take this opportunity of wishing all of our clients and their families a Merry Christmas, health , wealth and happiness for 2012.



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