

## BENEATH THE SURFACE

### SELLING BUSINESS ASSETS

As mentioned previously, the Tax Office has moved from an educational stance to one of audits and compliance in relation to GST. Their audits to date have determined that many taxpayers are not charging GST when they sell business assets. Some examples are:

- a computer or filing cabinet used in the business
- trading in a motor vehicle

- the whole business

If you are registered for GST and sell a business asset, then you must charge GST for that asset and declare the sale at G1 on your BAS and the GST component at 1A. There are some exceptions to this rule, eg GST-free sale of a going concern exemption, so see us well before sale (and before signing any contracts) to ensure you meet all the requirements on the checklist/s.

### WILLS 'N' THINGS

Is your will up-to-date? Are your loved ones adequately catered for in the event of the unthinkable? If not, please see your solicitor today.

We openly encourage financial independence within relationships, so if you need help with a pre-nuptial agreement, or the defacto equivalent, please call to make an appointment. As non-solicitors, we cannot draw up the contract for you, however, we can assist to bring all the issues onto the table for frank discussion.

### PAYING TAX & BAS AMOUNTS TO TAX OFFICE

One of the unfortunate parts of the new tax system is that taxpayers now have two separate accounts with the tax office: one for income tax and a separate one for BAS/GST amounts. Please check carefully the electronic reference codes when making payments so that you are using the correct one. This will avoid unnecessary "demand for payment" notices.

### TAX INVOICES

A reminder that for all purchases over \$55.00 (GST-inclusive), you must hold a valid tax invoice **prior** to claiming any GST refunds. We have noticed that often you have to physically ask for a tax invoice from insurance companies, especially if you pay premiums by direct bank debits. Ensure that your tax invoices are valid and on-file prior to claiming refunds.

### AMBULANCE SUBSCRIPTION

Ambulance subscriptions (Qld) have started to appear on electricity accounts for business owners – be aware that this is a private expense and non-deductible. It also falls outside the GST regime, so no tax codes are required. Please note that if your business is run through a company or trust, ensure that you either repay this amount, or have an existing credit loan balance for offsetting the payment. This will avoid adverse tax penalties at year-end.

### GST & SALES TO ASSOCIATES

Many taxpayers are unaware of the effects of Section 72-C of the GST Act. If you sell a business item to an associate, it deems you liable for the GST on that item - calculated as one-eleventh of the GST-inclusive market value.

For example, if the market value for your service is \$1,100 and you sell to a family member and charge only \$550, then you are still liable for \$100 GST (1/11<sup>th</sup> of \$1,100) and not \$50 (1/11<sup>th</sup> of \$550).



