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Thinking Of Starting Your Own SMSF?

It's no coincidence that interest in self-managed superannuation has skyrocketed since the global financial crisis (GFC). The loss of investor confidence in superannuation fund managers combined with the lure of controlling your own financial destiny has seen an explosion in the number of Self Managed Super Funds (SMSF) in this country.



With almost \$408 billion under management, SMSF's are now the largest and fastest-growing segment of Australia's \$1.28 trillion superannuation industry. That figure is triple what it was just five years ago. As at September 2010, there were about 434,000 DIY funds with more than 830,000 members. This means that less than 3% of the 32 million superannuation accounts in Australia are in a SMSF but they own almost a third (31.9%) of all the assets.

One of the key motivators for moving to self-managed super is greater control. Your own superannuation fund provides members with control over the range of investments, the management fees and the tax bill. They offer a wider choice of investment options compared to 'off-the-shelf' super funds including corporate bonds, managed investments, listed shares, listed investment companies (LIC's), exchange-traded funds (ETF's) and direct property.

Flexibility is another key benefit of a SMSF. Apart from the wider choice of investments, your account stays with you wherever you go provided you remain within the framework of Australia's superannuation laws. You can transfer personally owned listed shares and managed funds directly into a SMSF and they can own 'business real property' (property used wholly and exclusively for business).

Who Should Have One?

You should only consider a SMSF if you're attracted to the key benefits of control, flexibility and the tax advantages. Remember, if you have a SMSF you are also responsible for the administration and you must ensure that any funds in your SMSF are invested for the 'sole purpose' of accumulating savings for retirement. Given a SMSF is run by related parties, the funds can't be used for your personal benefit but most breaches of the rules relate to acquiring assets from members or relatives, buying the wrong assets, getting the fund's money confused with their own and providing financial assistance to members and relatives. These are serious transgressions that carry heavy penalties.

To be successful you also need a sound investment strategy and we are often asked what sort of balance is required to set up a SMSF? Research suggests one in four funds have a balance of more than \$1 million and a further 25% have assets of between \$250,000 and \$550,000. Only one in seven funds in the research done by Russell Investments had less than \$250,000 in assets. This supports the \$200,000 figure proposed by the Federal Government as a minimum level for an economically viable self-managed fund.

This is just the tip of the iceberg when it comes to SMSF's but you don't have to know everything about SMSF's to have one. It is one of our specialist areas and if you are looking to establish your own fund call us today.

The greatest compliment we receive from our clients is the referral of their friends, family and small business colleagues. Thank you for your support and trust.



Technology is revolutionising the Australian Taxation Office's (ATO) compliance capabilities and the revenue it collects.

With a few mouse clicks, the ATO's new \$800 million 'Big Brother' computer system can uncover abnormalities and irregular transactions that used to involve up to seven weeks of manual work. With each mouse click, 300 analysts in the ATO's elite fraud squad can see new links in the data and they are getting closer to tracing potential taxable transactions or fraud that previously might have been missed.

For the first time this tax year the computer will summons every piece of data about your affairs including every dollar you've earned, properties, cars or boats you've purchased and your business connections including the tenants in your investment property and the members who sit on your company's board. The computer matches tax records against third-party data received from banks, share registries and other government agencies such as Centrelink and the Australian Securities and Investments Commission, checking employment, dividend, rental and other income.

Data-matching or comparing the same piece of information from two different sources has expanded rapidly in recent years. Four years ago, the ATO matched 50 million transactions, this year it will match 500 million. In 2004, the first year data-matching results were reported in the annual compliance program, the ATO detected 266,000 errors and issued \$130 million in tax bills. Last year, it found almost 400,000 errors and raised \$350 million in extra tax. In the first three weeks of processing 2010/11 tax returns, the new system has detected suspect refunds worth \$85 million. The entire tax return season last year netted only \$105 million.

The ATO's director of intelligence systems, Bruce Paynter says, "We can search in real time and that data is updated every night, so we're no more than 24 hours behind real time". Paynter adds that soon the ATO will strengthen its monitoring of you with the ability to use spatial mapping, overlaying charts of connected addresses on to Google Earth. "Then we can zoom down and look at a house – so in our property area, we might be looking at a property development that's claiming GST and we zoom down and find out it's a vacant property," he says. "It's all very CSI." Tax commissioner Michael D'Ascenzo says the introduction of the computer system is "bigger than anything else anyone has done around the world in the tax arena."

While identifying tax evasion, the system is also designed to speed up the processing of returns and refunds. Unfortunately, this wasn't the case last year for more than

half a million taxpayers who experienced delays and refund cheques went missing for a further 140,000 taxpayers. Not surprisingly, the ATO were inundated with complaints.

The ATO's strategy is to channel its resources into high risk industries and taxpayers based on sophisticated data analysis. The degree of data capture and usage is revealed in their 52-page compliance program for this tax year and it will check work expense claims following a 16 per cent rise last year. Also under the microscope are the structures used by the rich to manage their wealth and income that is streamed by contractors through Companies and Trusts. Income reported by small businesses (with cafes and plasterers a specific target) will be compared with cash economy benchmarks they have compiled.

Clearly the ATO are no longer engaging in 'fishing expeditions' and the building and construction industries will be targeted to ensure there is no 'sham' contracting arrangements to evade Pay-As-You-Go obligations. Online traders will be scrutinised to ensure they report all their income and the rebate claims of wine producers are also on their radar.

While the location of the computer system near Sydney's CBD is a closely guarded secret, the security system is state of the art. Entry is only permitted with an escort and photo identification through futuristic cylindrical tubes. Those who gain entry into the highly secure site are subject to a number of checks on exit, including being weighed to ensure no weight was gained that might indicate a person could be smuggling out sensitive data.

The ATO's 2011 Hit List

- Focus on high earning individuals who are earning more than \$1M - from medicos to footballers
- The very wealthy with assets of more than \$30m
- Targeting Plasterers and Cafes
- Businesses that incorrectly treat employees as contractors
- Legal Firms that have been recently re-structured
- Review payments made to 10,000 insulation installers
- Rental Properties - The ATO intends to continue issuing review letters to taxpayers who have unusually high claims for rental deductions, low rental income in relation to rental deductions and high claims for interest and borrowing expenses. The ATO will also focus on investors claiming expenses when the property was not available for rent or where the owners use it for their own personal use.



STAFF NEWS

FOUR STAFF ARE EXPECTING BABIES IN JANUARY 2012!

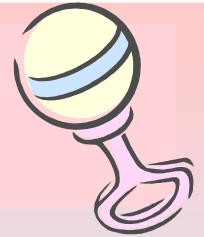
We are excited to announce the following news of our staff and their expectant babies all due in January!

Troy Thamm and Karen Rumbold will become first time parents in January 2012.

Pam & Chris Williamson are expanding their family with number 3 on the way and

Adam & Penny Laughlin are expecting a little brother or sister for Sam in January as well.

January is going to be a busy month for these parents!! The staff wish them the best during this exciting time!



FINALS FEVER!



GOOD LUCK TO TROY THAMM AND MARC REIFFEL IN THEIR CONQUEST TO BEAT SWAN HILL IN THE CENTRAL MURRAY FOOTBALL NETBALL LEAGUE GRAND FINAL.

BEST OF LUCK TO COURTNEY MCCLELLAND WHO WILL PLAY IN TWO NETBALL GRAND FINALS FOR SWAN HILL B GRADE & B GRADE RESERVE. COURTNEY WILL ALSO BE COACHING THE SWAN HILL NETBALL UNDER 15'S TO A HOPEFUL VICTORY THIS COMING WEEKEND.



ONCE AGAIN THE FIRM IS PARTICIPATING IN THE SWAN HILL RELAY FOR LIFE ON 14TH & 15TH OCTOBER. THE RELAY IS AN EVENT THAT BRINGS THE COMMUNITY TOGETHER TO RAISE MONEY FOR CANCER RESEARCH.

OUR OFFICE FUNDRAISING IS WELL UNDER WAY WITH MEAT & WINE RAFFLES BEING HELD EACH FRIDAY AND ALL PROFIT FROM THE SALE OF SOFT DRINKS GOING TOWARDS OUR FUNDRAISING GOAL OF \$1000. SO FAR WE HAVE RAISED OVER \$500!

IF YOU WOULD LIKE MORE INFORMATION ABOUT THE SWAN HILL RELAY FOR LIFE, VISIT WWW.RELAYFORLIFE.COM.AU