

Paid Parental Leave Scheme *WILL* Involve Employers

On 14 July 2010 the new Paid Parental Leave Act 2010 received Royal Assent. The scheme will be available to parents for births and adoptions that occur on or after 1 January 2011 with claims able to be lodged from 1 October 2010.

It will provide 18 weeks postnatal leave paid at the national minimum wage (currently \$570 a week before tax). Payments under the scheme will be taxable and in most cases, the person will receive the payment through their employer.



Impact on Employers

- Employers will be responsible for making Paid Parental Leave (PPL) payments only where the employee has completed 12 months continuous service prior to the date of birth or adoption of the child.
- The Family Assistance Office (FAO) will work out if PPL will be paid through the employer. This will be on a case by case basis.
- The FAO will ensure that employers receive the required government funds in advance of making PPL payments to the employee in their usual payroll cycle.
- Employers will need to declare PPL funding amounts received from the FAO as taxable income and they can claim a tax deduction for the amount of Parental Leave pay provided to an employee.
- Employers will not be required to make superannuation payments for government PPL.
- Employers will be required to withhold PAYG amounts and provide Parental Leave pay to the employee in accordance with the employee's usual pay cycle.
- The government PPL scheme will be able to be taken in conjunction with, or in addition to, employer-paid leave.

Information on the PPL scheme is also on the FAO website at <http://www.familyassist.gov.au/news-and-updates/paid-parental-leave-scheme.html>

Borrowing by your Superannuation Fund

Although a Self Managed Superannuation Fund (SMSF) has been able to borrow since 2007, there have been some recent amendments to the legislation which need to be considered by anyone seeking to borrow within their SMSF from 7 July 2010. These can be summarised as follows:

- The borrowing can only be for a single asset (such as a house), or a collection of assets which are identical and have the same market value (an example of such would be a collection of shares of the same class in a single company purchased at the same time).
- Expenses incidental to the purchase can also be included as part of the finance. These include conveyancing fees, stamp duty, brokerage and loan establishment costs. Repair and maintenance costs may also be included, but care is required since improvements to the property are not included.
- An existing loan can be refinanced.
- The loan cannot be drawn down upon to improve the asset.
- If property is acquired it cannot be subdivided whilst the loan arrangement is still in place.

Although the government has stated it will introduce legislation to ensure that the superfund is treated as the relevant taxpayer and there would be no Capital Gains Tax when the asset is eventually transferred from the trust to the superfund, it is important to note that the legislation has not yet been introduced. With this in mind, it is important that the arrangements are correctly drafted and entered into to ensure no adverse tax or stamp duty issues arise.



CGT Main Residence and Compulsory Acquisitions



The Government has released for comment draft legislation proposing to extend the Capital Gains Tax (CGT) main residence exemption to include compulsory acquisitions of land or structures that are adjacent to a taxpayer's main residence (in such circumstances as new highway or major power line construction). The proposed changes seek to ensure home owners will not be made worse off by such compulsory acquisitions compared with the tax exemption that would apply if the dwelling were also being acquired along with the land.

The CGT exemptions are proposed to apply to CGT events happening on or after the day which the amending Bill receives Royal Assent. However taxpayers will be able to choose to apply the provisions to CGT events that have happened since the beginning of the 2004-2005 income years until the days before Royal Assent.

Timing of Bringing in Records

The accounting industry as a whole is driven by deadlines for the majority of services that we undertake on behalf of our clients. Most of these deadlines are set by the Australian Taxation Office, some by the Australian Securities & Investment Commission, the Office of State Revenue, etc, with penalties and interest being charged where the deadlines are not met.



At BBV we take great care to monitor these deadlines closely in order to assist our clients to meet their compliance obligations.

By ensuring the necessary information is provided when requested, your accounting team is able to help manage these deadlines and avoid incurring any penalties or interest that could otherwise apply.

The BBV Website is Getting an Overhaul!

We are currently in the process of redesigning the BBV website. It has been in its current form for some time now, so we feel it is time for a change. We are excited about how the new website will look and feel and hope that you will like the changes we are proposing.

Some of the changes include enhancements to the Secure Payments section, a customised News & Alerts area to keep you up to date with relevant business topics as soon as they happen, and improvements to our very popular Secure Client Area.

We see the BBV website as a useful tool for our clients and business partners and as a result would enjoy receiving your feedback on other features you would like to see included in the new BBV website. Feel free to email your feedback or suggestions to Rod Simpson on rsimpson@bbv.com.au.



Rod is also happy to discuss with you the benefits of the Secure Client Area of our website if you would like more information. The Secure Client Area is a FREE facility we provide for our clients to save time in getting your MYOB or other data files to and from BBV in a secure environment.

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