



Directions

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Superannuation Contribution Splitting

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The recently released Superannuation Industry (Supervision) Amendment Regulations 2005 (No. 8) allow the splitting of superannuation contributions between a superannuation fund member and their spouse from 1 January 2006.

This allows couples (excluding same-sex couples) access to two low-rate eligible termination payment (ETP) thresholds and two reasonable benefit limits, providing increased tax advantages for the fund member and their spouse.

A member of a regulated superannuation fund may request after the end of a financial year that the previous year's contributions be transferred, rolled over or allocated to their spouse. Only one application for splitting is allowed per year. The maximum splittable contributions are 85% of deductible contributions (gross contributions less 15% tax) or 100% of personal contributions made in a financial

year.

Contributions are unable to be split in the following-circumstances:

- where the member's spouse is over 65 years or between 55 and 65 years and permanently retired;
- where the amount to be split exceeds the maximum splitting threshold (85% for deductible contributions and 100% for undeducted contributions);
- where the member has already applied for superannuation splitting in that same financial year; or where the amount to be split is not specified in a splitting application.

Our Superannuation Fund deeds already provide for the option of splitting of contributions and working pensions. Talk to your accountant or financial planner about the effective use of this new option.

Company Reinstatement Policy update

ASIC has made the following policy announcement.

Policy Statement 83 *Reinstatement of companies* has been reissued to reflect changes to ASIC's reinstatement policies as set out under the CLERP 7 initiatives.

The changes include information on ASIC's reinstatement policy for companies that have been de-registered for non-payment of review fees under s601AB(1A) of the Corporations Act. The policy has been updated to make it clear that:

- late fees may be payable; and
- ASIC will not reinstate for non-payment of review fees unless there has been procedural errors, or proof provided that the payment was made before deregistration.

Government's Regulation Taskforce Report

Government's Regulation Taskforce Report has been released. The recommendations made in the report provide an opportunity for ASIC and other regulatory agencies to identify and take practical steps to remove unnecessary layers of regulation, and to help alleviate the 'red tape' burden on business.

The report is available from the Prime Minister's website. www.pm.gov.au

At-call Loans to small business to be treated as debt

The Government has announced changes to simplify the debt/equity tax rules (Division 974 of the Income Tax Assessment Act 1997) for related party 'at-call' loans made to small companies.

Small business will now have only one test to apply in determining whether the debt / equity rules apply to their at-call loans.

The Minister for Revenue, Mal Brough, said this should significantly reduce the compliance burden on the sector and let them use company funds more productively in the business.

He said the changes would treat at-call loans of such companies as debt interests for the purposes of the income tax law. The amendments took effect from 1 July 2005 to coincide with the end of the transitional rule for related party at-call loans.

Originally, changes were to apply to companies which had capital gains tax (CGT) assets with a net value of \$5 million or less and annual deductions in relation to the loan of \$100,000 or less.

However, further consultation with industry had helped to simplify the rules further, Mr Brough said the proposed changes would now apply to companies with an annual turnover of less than \$20 million.

For private companies with related party at-call loans that can't take advantage of the proposed changes because their turnover exceeds the \$20 million limit, the Government will allow a further opportunity of reducing their compliance costs.

Further reading:

Statement by Minister for Revenue Mal Brough: At-call loans to small business to be treated as debt.

New Services

Wills, Power of Attorney: — In conjunction with our specialist tax lawyers, Norton & Smiles, ACN Direct can assist with the establishment of wills, power of attorney's, etc. These forms are not available on the web site as yet but we can fax or email the questionnaire on request. Fees will be variable based on the complexity and involvement of the solicitors. Quotes can be provided.

Training: ACND in conjunction with Dover Financial Training, a fully-accredited Registered Training Organisation, can provide PS146 or SMSF advisor programs or ASIC-Registered SMSF training materials (without assessment) along with our trust deeds. Contact Rod for further details.

Domain Name Registration: ACND in conjunction with our partner, Melbourne IT, can arrange domain name registration directly for you/your client or you/your client can complete registration and/or web site hosting via a website link. Preferential treatment and a dedicated contact are the benefits of this approach