

Media Release

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WEALTH, PROTECTION & TAXATION

“Poor Tax Planning Crippling GC Businesses”

Too many Gold Coast businesses are being crippled by unnecessary tax bills because of poor tax planning according to leading Gold Coast chartered accountants International Professional Services Pty Ltd.

“It’s not so much a case of ‘planning to fail, as ‘failing to plan’,” says Director John Illingworth.

Mr Illingworth said year-end tax planning should ideally start as early as possible at the beginning of each financial year rather than being left to the last minute.

“Gold Coast taxpayers could reduce hefty tax liabilities by carefully analysing their taxable position and reviewing taxation strategies before the end of the financial year.”

He said there was no reason for anyone to pay one cent more tax than they legitimately needed to.

“The taxation system is not in place to penalise taxpayers, however too many businesses are so busy doing what they do best, that they overlook the fundamental importance of tax planning. The results can be disastrous.”

Mr Illingworth said year-end tax planning could include everything from:

- salary sacrificing to boost superannuation levels;
- pre-paying interest on investments;
- negatively gearing investment property;
- tax effective friendly society bonds;
- beneficiaries’ review;
- accessing franking credits through share buy-backs in listed companies;
- reviewing Australian entities operating overseas in relation to the thin capitalisation and debt/equity rules which came into operation in the 2002/2003 financial year;

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- ensuring any research and development (R&D) tax offset claims are in place, since these cannot be done later by amending tax returns;
- ensuring investments are owned by the low income spouse;
- agribusiness managed investment schemes with ATO product rulings; and
- accessing super co-contributions by paying into super funds now.

Other customary considerations in year-end tax planning included:

- writing off bad debts;
- completing Division 7A shareholder loan agreements;
- reviewing non-routine transactions;
- pre-paying leases;
- ensuring your business complies with Simplified Imputation System (SIS) and other ATO and ASIC requirements;
- allowable depreciation and completion of fixed asset registers;
- GST and PAYG instalment reconciliations to correct any discrepancies;
- ensure employers have paid adequate amounts to complying superannuation funds to meet SGC obligations.

Mr Illingworth urged Gold Coast businesses to take immediate action to review and if necessary, put in place important strategies to ensure they don't pay any more tax than essential - and to avoid penalties.

He said IPS consultants were available to undertake urgent year-end tax planning for Clients to help them achieve the best outcome possible.

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