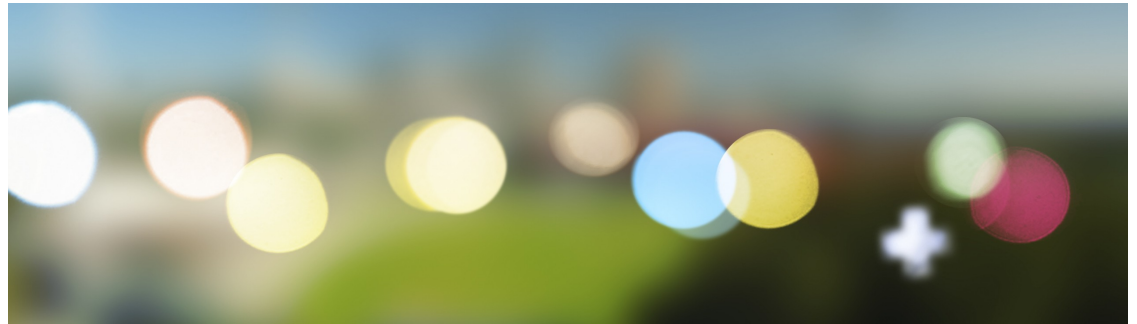


Considered Value

Issue 61 – April 2011



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“He who fails to plan, plans to fail.” Never were these words truer than in succession planning for your business.

The process of succession planning should consider how your business would continue after the retirement, death or illness of a key person. In a family business, this often means passing the reins to the next generation. It is very important to decide to whom you would want to leave the business and what skills and experience they will need.

Once a successor has been chosen, you will need to consider what skills and experience they will need. It may be that they should gain experience in an external business for a number of years before returning to work for the family. It may also be appropriate that you delegate part of the business operations to them in advance to give them responsibility for one area of the operations while you are still in control and to encourage their involvement in your decisions.

It is often the case that a lot of important information is only stored in one person’s head. Succession planning aims to ensure that this vital information such as supplier and customer agreements, arrangements with key employees, intellectual property and business processes, are documented and kept in a safe place.

A good succession plan is not only important when a business owner leaves the business: it can also give the business more strategic direction and improve morale as people feel involved and valued. Try to have a retirement date in mind and work towards it. Once you have a plan in place and have set a retirement date, don’t delay as this can lead to resentment from the younger generation which may harm your business and your relationship.

Succession planning also takes into consideration whether the original owner has sufficient superannuation and other assets for their retirement. This should be planned in advance so that contributions can be made over a number of years to prepare for their future.

Succession planning should be considered well in advance of an owners’ planned retirement as it can take many years to prepare for a smooth transition. It is easy to put off succession planning as more urgent issues take priority in the day-to-day management of your business but time should be made for this important task.

If you are interested in succession planning, please contact our office to discuss how we can assist you in this process.



Transition to Retirement Income Stream

Taxpayers over the age of 55 are eligible to take advantage of the potential tax savings that can be made through Transition to Retirement Income Stream (TRIS).

A transition to retirement income stream is a flexible way to move from work to retirement. This strategy can create opportunities to increase your superannuation balance on retirement (subject to investment returns), whilst maintaining your current take home salary. Alternatively, the strategy can be used to boost your cash flow by taking advantage of potential tax savings.

The tax concessions from a Transition to Retirement Strategy are as follows:

- Investment earnings and capital gains on the assets used to fund TRIS are effectively tax free (within the superannuation fund)
- For those aged over 60, money received regularly as a super pension will be tax free
- For those aged 55-60, the pension income will be taxed at a marginal rate, however you will be entitled to a tax offset of up to 15% on that income.

A Transition to Retirement Income Stream (TRIS) Strategy can be a tax effective means to boost your superannuation balance in the final years before retirement. Most salary earners aged 55 or over will see tax benefits as a result of this strategy.

Please note that this strategy is more restrictive than in the past now that the concessional contribution limits for members have been halved.

Type of Contribution	Annual Contribution Cap - per person 50 -74	Annual Contribution Cap - per person to age 49	Excess Contributions Tax
Concessional	50,000	25,000	31.5%
Non-Concessional	150,000	150,000	46.5%

From 1 July 2012, it has been proposed that members aged 50 or over with a balance of less than \$500,000 will continue to have a contribution cap of \$50,000. Full information about this has yet to be released.

R & D Taxation Concession Services

As part of Brentnalls SA's objective to strengthen the value it provides to its clients, we have recently introduced a new capability to provide our clients with industry leading expert service in the 125% Research & Development Taxation Concession field.

This incentive is designed to increase business investment in innovation and encourage Australian industry to undertake research and development activities.

The Research & Development (R&D) Taxation Concession provides a significant and valuable incentive for eligible companies who expend funds on research and development. The R&D Tax Concession serves to substantially reduce company tax and, in certain circumstances, can provide a sizable tax refund.

Operating as an entitlement program, meaning that an applicant need only demonstrate eligibility to be "entitled" to the benefit, the R&D Tax Concession is jointly administered by AusIndustry and the Australian Taxation Office. The R&D Tax Concession works in two streams, either by reducing the company tax of profitable companies or by providing a tax offset or refund for companies with a loss or carry forward loss.

Where an eligible company is in a tax payable situation, the R&D Tax Concession provides a reduction in tax of up to \$7,500 for every \$100,000 expended. For companies in a loss situation, the concession can provide tax offsets or refunds of up to \$37,500 for every \$100,000 expended on R&D.

These benefits can be even greater when an eligible company has a 4 year history of claiming the R&D Tax Concession. In these instances, the Tax Concession can be as much as 175% of the incremental increase in eligible expenditure after the 3rd year of claim.

At Brentnalls SA we consider the R&D Tax concession to be a highly specialised but valuable and generous incentive for our clients to look into.



This month Brentnalls SA is supporting World Vision Japan Disaster Appeal

Eligible R&D expenditure can include wages and salaries, overheads apportioned to R&D activities, materials, direct contract expenditure, design costs, depreciation of R&D plant, finance and capital raising costs, to name but a few.

The R&D Tax Concession is claimed via the company tax return and requires annual registration within 10 months from the end of a company's financial year. Thus, for company's operating with a tax year end of 30 June 2011, the lodgement deadline is 30 April 2012.

To enable Brentnalls SA to provide a market leading service in this field we have formed a collaboration with YOUR R&D Tax, a South Australian expert in R&D Tax services with over 20 years of experience in this field. (www.yrdt.com.au)

YOUR R&D Tax provide a professional, value based model with the tools, expertise and experience to enable applicants to maximise their claims and benefits while maintaining the necessary compliance aspects of the process.

To determine if you are eligible for the R&D Tax Concession, please visit our website to undertake a free, anonymous and accurate self assessment test. At the end of the self assessment, please complete the form and press send. By doing this we will then receive your details and results by email and be better placed to discuss your eligibility and benefit.



Saasu

Saasu has announced that an **iPhone App is now available**.

- Data will be available to view offline.
- Ability to create and view contacts, invoices and quotes on the spot.
- View recent Sales and Purchases.
- View your Inventory Items.
- Data transfer is encrypted between your iPhone and Saasu's servers.

Plans for the app include email transactions, dashboards, image upload and push notifications such as closed sales and budget targets achieved. The App is currently limited to a single file with no more than 5,000 contact records and 1,000 inventory items. In a future update multiple files and higher volumes will be supported.

To download the App search the App store for "Saasu".

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We welcome the opportunity to
assist you and discuss any matters in
our newsletter

Should you wish to receive our
Newsletter electronically, please
E-mail us with 'Newsletter' in the
Subject line.

Disclaimer

The information provided in this newsletter does not constitute advice. The information is of a general nature only and does not take into account your individual objectives, financial situation or needs. It should not be used, relied upon, or treated as a substitute for specific professional advice. We recommend that you contact Brentnalls SA before making any decision to discuss your particular requirements or circumstances. Brentnalls is not a partnership or a joint venture. Instead, the business of Brentnalls SA is independently owned and operated and it is an independent member of the Brentnalls Affiliation of Accounting Firms. Individual member firms do not accept responsibility or liability for the actions or inactions of any other individual member firm.

Client News

Congratulations to the Cox Rural group for being awarded the SA/WA Australian Independent Rural Retailers (AIRR) fastest growing member award for the 2010 financial year. AIRR support the independent rural retailers of Australia by utilising group buying power. We are sure the Cox Rural group growth will continue into the 2011 financial year and beyond.

Brentnalls SA Team Building Session



On Friday 8 April we held a team building session for the whole Brentnalls team at ETSA stadium.

The session was run by Katrina Webb and Wayne Enright. Katrina is recognised and acknowledged for her unique athleticism and outstanding success as a Paralympics athlete. Wayne specialises in Team, Leadership and Strategy Development, Stress & Change Management and Lifestyle Coaching.

We were put into eight teams and competed against each other in Sitting Volleyball, Wheelchair Basketball, Blind Goalball and Blind Bocce just to name a few! We then got together to chat about what we had learnt from the afternoon and how we could relate this back to our working life.

It was great to be able to step back for a few hours, do something different, and appreciate challenges and opportunities.

Brentnalls SA News

We farewell Brittany Haussen who has gone back to full time study and Timothy Ryan who has gone on to a different career pathway. We wish them all best for the future.

Congratulations go to Sarah Foreman who has completed her CA studies.

Further we wish to congratulate Christina Saunders and Tahlia Thomas for passing the Audit module and Jake Potter for passing the Tax module of the CA Program.

Congratulations to Jake Potter and Cass Jones on the birth of their daughter, Lily.

Meet Sarah Foreman

I am an accountant in John Crouch and Matt Holden's team, and have thoroughly enjoyed working with a diverse group of clients at Brentnalls SA since 2008.

I have just completed the Chartered Accountants Program, and am enjoying having my active social life back again.

I have recently bought my first home with my partner Aidan and have just finished painting and generally 'fixing up' the house, although I have been warned this is a never ending aspect of home ownership! In my spare time I enjoy spending time with friends and family and travelling to the country when time permits.

