



# THE CP CATCHUP

WELCOME TO THE TENTH EDITION OF THE CP CATCHUP

DECEMBER 2013

With Christmas fast approaching, the team at CP would like to thank you for your support during 2013. We wish you & your families all the best this holiday season and we look forward to working with you again next year. Merry Christmas!

Please check out our website at [www.cpnnumbers.com.au](http://www.cpnnumbers.com.au) and don't forget to follow us:   

## ASIC Releases Report on the Costs of Running SMSF's

ASIC has released a report, that it commissioned Rice Warner Actuaries to prepare, in relation to the "Costs of Operating SMSF's". AFR columnist, Chanticleer, commenting in the Australian Financial Review, Tuesday 17 September 2013, stated: "Dig below the surface of the corporate regulator's latest crackdown on Self Managed Superannuation Funds and you will find good reason to think Australians are more than capable of managing their own retirement savings. That will not sit well with the big four banks, AMP and industry super funds. These professional advisers must despair each month when they read that the growth in SMSF's shows no sign of slowing. Total funds under management in SMSF's hit about \$500 billion at June 30. About 670 new SMSF's are created each week."

Some of the findings from the Rice Warner report are that:

- A person or couple with \$200,000 or less would not be better off in an SMSF compared to an APRA fund unless they do the administration themselves.
- SMSF's with \$200,000 or more are competitive with both industry and retail funds provided the trustees undertake some of the administration.
- For balances of \$250,000 or more SMSF's become the cheapest alternative provided the trustees undertake some of the administration.
- At sizes above \$500,000, SMSF's can be the cheapest alternative.

Ref: NTAA Voice – Edition 230

## ATO Believes SMSF's Need at Least \$200k to Start Up

In a document on the ATO's website entitled 'Thinking about SMSF', the ATO indicates that, similar to the previous article, it also believes that \$200k is the minimum figure you need to 'think about an SMSF'. The following are excerpts:

- Costs of setting up and running an SMSF: to establish a viable SMSF that can be competitive with large funds, it is considered that you may need around \$200,000 in super savings.
- The ongoing costs of running an SMSF may be around \$2,000 a year, including the annual supervisory levy, plus audit fees of around \$500.
- If you set up or join an SMSF, you will also need to consider having adequate insurance in case you die or are unable to work because of an illness or accident. As a trustee you are required to consider insurance cover for fund members as part of the fund's investment strategy.

Ref: ATO website – Thinking about SMSF



## What Does Tax Look Like Under a Coalition Government?

Now that the Abbott government is settling in, it is worthwhile to look at their promises and the commitments that they made in the run-up to the election. Here's a rundown on some of the more important commitments, although many don't have effective dates:

- Self education expenses: there will be no \$2,000 cap on self-education expense deductibility.
- FBT and cars: the statutory formula method for car fringe benefits will not be abolished.
- Company tax rate to be cut to 28.5% from 1 July 2015.
- No changes to the GST rate before the next election – although a proposed Tax Reform White Paper may cover GST reforms which would be taken to the electorate at the next election.
- Abolish the carbon tax.
- Abolish the mining tax (MRRT).
- Discontinue the company tax loss carry-back measure (linked to the MRRT).
- Discontinue the small business instant asset write-off (currently \$6,500).
- Remove accelerated depreciation for motor vehicles for small business (currently \$5,000).
- Introduce a 1.5% levy on companies with taxable incomes above \$5m to fund a Paid Parental Leave (PPL) Scheme. The scheme will commence on 1 July 2015 and give mothers six month's leave based on their actual wage (capped at \$150,000) or the national minimum wage (whichever is the greater), plus super.
- The superannuation guarantee will increase from 9% to 12%, but will be delayed by 2 years, so that the 12% target is achieved in 2021 rather than 2019.

Ref: NTAA Voice – Edition 230

### Client In Focus - Bike Mart

Bike Mart is a Motorcycle Accessories & Parts retailer located in Ringwood, Victoria. We cater for Ladies & Mens 'Road' & 'Dirt Bike' needs with a wide range of popular stock covering everything from Road Leathers to Dirt Bike tyres, all sold at very competitive prices. Our products include helmets, jackets, boots, casual wear, gloves, spares, armour and oils.

We are a passionate bunch at Bike Mart & we believe that it is this enduring devotion to the 'two wheeled' way of life that keeps us in touch with our customers. We also like to help out many people in different racing disciplines including junior & senior Motorcross and road racing.

Next time you're in Ringwood, drop in for a chat, we'd love to hear a story or two & help you out in any way we can.



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**OUR OFFICE WILL BE CLOSED**  
**FROM 5PM THURSDAY 19 DECEMBER 2013**  
**& WILL REOPEN 8:30AM MONDAY 6 JANUARY 2014**

