

Personal Property Securities Register

The Personal Property Securities Register (PPSR) is the register where details of security interests in personal property can be registered and searched. The Australian Financial Security Authority (AFSA) is the Australian Government agency responsible for administering the PPSR.

Register NOW – or risk losing out! PPSR transitional period ended 31 January 2014

The PPSR national online register of security interests in goods and other personal property is regularly used by buyers, sellers and financiers. What is Personal Property? Personal Property generally includes all forms of property other than land, buildings and fixtures. Common examples of personal property are goods such as machinery, vehicles, boats, crops, livestock and equipment. It also includes intangible items, trading stock, such as intellectual property, and financial property such as shares.

Buyers can check the PPSR to see if the valuable second-hand goods they want to buy are debt-free and safe from repossession.

Businesses selling on terms, such as retention of title, or leasing out valuable goods should consider registering their interest on the PPSR. Registering an interest in goods which a business hasn't yet received payment for can help recover the debt should a customer not pay or become insolvent.

Anyone can use PPSR. It is accessible online 24/7 and search results are immediate. Fees are minimal to conduct a search and to register a security interest in goods or other forms of personal property.

If you have any questions regarding the PPSR please do not hesitate to contact the office on 9878 3486.

NEWSFLASH

Pension Bonus Scheme Registrations close 1 March 2014

People aged 65 years or older (for men) and 63 and 9 months for women, on before 20th September 2009 and continued to work in paid employment beyond that date, may be eligible for a lump sum payment from Centrelink called the Pension Bonus Scheme. You or someone you know may have a substantial benefit waiting.

This could be very worthwhile as the maximum bonus is a lump sum of \$47,242 for a single person or \$35,713 each for a couple! Naturally there are further qualifying criteria beyond this age limit which includes income and assets tests, plus Australian residency requirements amongst other things.

If you or someone you know fit the age and work criteria and haven't applied for Age Pension yet, registrations for the Bonus close on 1st March 2014. For further information, feel free to contact Paris Financial Services on 03 9878 5755 or Centrelink on 132 300.

More detailed information is available at the Centrelink website, link attached below.

<http://www.humanservices.gov.au/customer/services/centrelink/pension-bonus-scheme>



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ATO continues to target tax cheats

Clients are urged to be careful and truthful about what they claim, including keeping all receipts as the ATO continues to clamp down on tax cheats. The government is trying to increase income tax revenue by focusing more heavily than ever on dodgy tax returns.

The ATO has spent millions of dollars on technology to enable them to match your tax return with an ever increasing bank of data collected from banks, investment companies, land titles office and other institutions.

The ATO expects to match 640 million credit and debit card transactions taken directly from the banks from 2014. The ATO has the power to look backwards for between two to four years, and in cases of tax evasion there is no limit.

An ATO spokesperson said "In 2012-13, we used our data and information matching to raise \$939 million in revenue adjustments from 449,000 reviews and audits."

We can't stress the importance of submitting true and correct information, this includes the ability to back it up with receipts. An audit from the ATO can cost you thousands of dollars which is why we offer audit insurance to all of our clients (audit insurance doesn't cover tax debt, only professional fees).



Property in Super

Since September 2007 Self-Managed Superannuation Funds (SMSF's) have been able to borrow to buy property. This was inserted into the legislation by the previous Howard Liberal Government a couple of months before they lost office. The legislation initially termed as Instalment Warrants which were very expensive to put in place and the Banks took a long time to get their systems in place and indeed to understand the product. We had many cases where it took 90 days of consistent work to get a clients structure in place and settle on their property in super because of the lack of understanding and confusion that this caused.

Over the last couple of years the product has both matured and changed. Firstly, the product is now known as SMSF Loan and although it still requires a Bare Trust to hold title to the asset, the understanding of the product has advanced and there are many banks now offering the product. In addition, the banks' variations around their product offering have expanded. They are allowing offset accounts in super and have a number of other variations that they are now offering within the legislation.

There has also been a directive from the ATO and the Superannuation Compliance regulator that there will expressly be NO double stamp duty with the product. A few years ago there was a school of thought that there would be a second lot of stamp duty assessed on the property when it gets transferred from the Bare Trust title to the SMSF Trustee after the loan is paid off. This caused much confusion and scared many away. It is now crystal clear that if setup correctly, there will be no stamp duty on this transfer.

From an advice perspective there are lower setup compliance fees, however, these have been replaced by Financial Advisors Fees and rightly so. The authorities have expressly instructed SMSF Trustees and their advisers to address the members risk profile from a personal insurance perspective as an extra safeguard for gearing up retirement nest eggs. In addition, the banks are demanding that Financial Advisors, not Accountants, give product advice on the borrowing. This is not only giving the banks comfort but also giving clients a far more balanced approach to both their retirement planning and their Personal Risk Protection.

Finally, there has been increased stringency placed on improving properties bought in a geared SMSF. Between 2007 and 2011 financial years, there was no express part of the legislation that prevented properties bought in super from being subdivided or extend with a major renovation - these have now been expressly banned. If you buy a property in super you can only repair the property and make cosmetic improvements that do not require a permit.



So there have been many changes since 2007 and the Paris Group of Professional Firms have always been at the forefront of advising our clients on buying geared property in super. If you are interested in looking into a SMSF loan further, feel free to call Pat in the office.

Teaching your kids about money

One of the most valuable skills you can pass on to your children is good money management. Showing kids the basic steps, such as how to budget and shop around for the best price, will establish good money habits for life.

Here are some tips to teaching your kids to be savvy about how they earn, spend and save their money.

Start early

It's never too early to start teaching your kids about money. Children can learn how to save coins in a piggy bank before they understand how to count the right change.

Even very young children, including pre-schoolers, can learn the value of money and saving for small goals. Try showing them how much \$2 or \$5 can buy in the supermarket. Talk to them about the difference between the things they need and the things they want.



Encourage saving

Find out what your children want to buy. Then help them think about ways they could earn pocket money and save for the item: toys and games if they are young; or books, movies or a special event if they are older.

Discuss how much they will need to set aside from their pocket money or their pay each week to reach their target. Encourage your children to stay on track by offering to add to their savings if they achieve a particular savings goal. If your children's first savings experience is good, they will be more likely to repeat it!

Consider saving as a family for something fun like a holiday or a visit to the zoo. This is an opportunity for parents to demonstrate good money management. It's also a way to naturally introduce finance topics to the dinner table.

Pay pocket money for doing jobs around the house

Pocket money is a great way to teach children that money has to be earned – it doesn't magically appear from ATMs. Set age-appropriate tasks for your children like helping with gardening, washing up or putting the bins out. Draw up a job chart to let your kids tick off their tasks.

Show children how to budget

Learning to budget is an important skill. Teach your kids how to budget by:

- Giving them a combination of notes and coins in their pocket money. This teaches them how to handle different sums of money, and they can immediately put a few coins or notes aside for saving.
- Showing them how to read household bills and bank statements.
- Sending your older kids to the grocery shop with a shopping list and a fixed sum of money. Tell them that they need to buy everything on the list, and can save any left over. They will need to consider branded products, bulk buying and even where to shop.
- Letting them pay for small expenses and asking them to check they get the right change at the checkout.
- Giving them a fixed amount of spending money for family holidays. Show them how much they can afford to spend each day to avoid running out of money before the holiday ends.

Help older kids get a part-time job

Teenagers can benefit from having a casual job. It provides valuable experience in finding, and applying, for a job, and teaches them the responsibilities involved with employment. Having a job also gives your child an independent source of income.

Get your child to draw up a spending budget for their wages, allocating part of the money to spending and part of it to saving. Running out of money before pay day is a great lesson in the value of sticking to a budget.

Source: MoneySmart



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