

YOUR QUARTERLY SOURCE FOR BUSINESS ADVICE AND INFORMATION

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Q3 | January - March 2013 **THE**
ADVISOR



A MESSAGE FROM NEVILLE HUGHES

WELCOME TO OUR FIRST QUARTERLY NEWSLETTER FOR 2013. I TRUST YOU ALL HAD A GREAT CHRISTMAS.

OUR GOAL AT GTC FINANCIAL IS TO MAKE 2013 A FANTASTIC YEAR FOR YOU.

Some clients have asked if we could carry out tax planning for them in March or April rather than leaving it to May and June. We have previously found it difficult because we were still preparing tax returns up until the May deadline.

However last June we introduced a new system for managing workflow and changed our Key Performance Indicators (KPIs) to include job turnaround, as a result most of our 2012 tax returns will be completed by March 31st.

This means we will start tax planning in March and also use the extra time for more client nurturing visits.

Another major achievement for GTC is the progress made to get our Financial Planning business ready for the "FOFA" (Future of Financial Advice) changes which come into effect on July 1st this year.

All new financial planning advice is now provided on a fee for service basis. We have also revised our ongoing service packages and have started rolling these out so that all our clients will be on a fee for service basis before June 30.

We have some exciting seminars and events planned for 2013 so make sure you keep an eye on our Website, Facebook, Twitter and LinkedIn for the details.

I hope you enjoy the Newsletter, please feel free to pass any feedback or ideas on to us for inclusion in future editions. You can do this by emailing them to Pallavi at Pallavi.Malviya@gtcfin.com.au.

Cheers,

Neville Hughes.

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GTC Financial is a 'TAX PLANNING FIRM'

By that we mean we proactively help our clients to legally minimise their tax.

The following case study demonstrates just how easy tax planning can be.

Jack and Jill have a Mechanical Business, 'J & J Mechanical Pty Ltd'.

They've had a good year and agree they need tax planning.

To start we ensure that J&J's books are up-to-date (say March for example) then carry out a quick review to verify the records.

Using nine month's data we estimate J & J's tax position.

	YTD March	Est. Y/E 30 June 2013
Taxable Income	\$90,000	\$120,000
Tax @ 30%		\$36,000
Less Instalments (incl. Q4)	4 @ \$8,000	\$32,000
Est. Tax Position	Tax to pay	\$4,000

If Jack and Jill do nothing they will pay a total of \$36,000 for the year.

However at our tax planning meeting we discuss various alternatives for reducing tax.

The key considerations are:

- Do the options make good business sense?
- Do they fit with Jack and Jill's personal goals?
- The following tax planning options are agreed to buy a Dyno tuner.

We agree they should lease this equipment. This way they can pre-pay 12 lease payments of \$1,000 before 30 June 2013.

Additional Superannuation

Jack and Jill are keen to build up their superannuation. They have only contributed \$5,000 and can contribute a further \$20,000 each before 30 June if they want.

Contributing additional superannuation requires cash so we determine they could contribute another \$10,000 each and still have sufficient cash to meet financial commitments. To claim a tax deduction the additional contributions must be made well before 30 June.

Jack and Jill receive a report showing their estimated position, a list of the actions agreed, their revised tax position (Table 2) and will receive a follow up call.

By undertaking tax planning Jack and Jill will save \$9,600 in tax. Better still they have used their money wisely and bought a new Dyno Tuner for their business and put extra money away for retirement.

Tax planning should be done early to ensure all options are considered and the best decisions made. Don't wait until it's too late, call us now!

GTC - 2013 is the year to take Total Financial Care of you!

HAVE YOU EVER ASKED YOURSELF 'WHERE WOULD I LIKE TO BE IN 10 YEARS'?

Will you still be in business, or will you have sold it?

What assets would you like to have?

Perhaps you will be care free and travelling the world?

Everyone has dreams and goals - have you discovered yours yet?

More importantly, do you know how to achieve them?

At GTC we want to help you achieve your business and personal goals. For us to be able to help you it is important we are both on the same page.

To achieve your goals you must have a plan, but where do you start? Here's a brief example of how we can help you.

You need to consider:

- (1) Where you are now
- (2) Where you want to be in 10 years
- (3) How to bridge the two columns!

(1) Your life now	(3) Bridging the gap	(2) Your life in 10 years
Business profitability & value.	Improve business performance & make it "sale ready". Plan for succession rather than sale (maybe step back).	Business sold? If so, how much? Still in business what is your role?
Other investments & assets.	Prepare an investment plan & accumulate assets to produce the income level you want. Make your super work for you.	What investments will you have? What level of income will you have (or need)?
Debt & liabilities.	Debt reduction plan.	Will you be debt free?
Business & personal risks. Insurances & risk plans.	Protect yourself, your family and the plans that you have put in place.	
Estate planning	Review your wills & powers of attorneys or peace of mind.	If I die how do I make sure my assets go to the right people.
What are your interests outside work?	Get your work/life in balance?	What are your retirement plans?

This is a key part of our 'Total Financial Care' concept at GTC. Contact us today to start working towards your dreams becoming a reality!

Table 2 - Revised Tax Position

	Est. Profit	Est. Tax Position
Tax Profit	\$120,000	\$36,000
Tax Planning Actions		
Prepay lease	12,000	3,600
Additional Super	20,000	6,000
Revised Position	\$88,000	\$26,400
Less Instalments		\$32,000
Estimated Refund		\$5,600
Tax Saved		\$9,600

The information contained in this article is general in nature and has been prepared without taking into account your objectives, financial situation or needs. Before making any decision, you should consider the appropriateness of the information to your individual objectives, financial situation and needs and if necessary seek advice from a suitably qualified professional.



CLIENT CORNER...

LYNDEL AND ODIN GATT OWN AUSTRALIAN GARAGES AND CARPORTS AND HAVE BEEN CLIENTS OF GTC FINANCIAL FOR 13 YEARS.



They initially started trading as Australian Garages & Carports (Gladstone branch) but three years ago had the opportunity to purchase the entire Australian Garages & Carports group licensing rights.

GTC have provided them with important advice about how their business is performing; ways to grow the business while ensuring that it is in strong shape for the future.

Here's what they had to say... "We came to GTC when we were in the second year of our business and since then they have helped us build our business every step of the way. They help us to deal with Queensland Building Service Authority Licensing (QBSA); as anyone operating in the building industry will know how frustrating this can be.

Every year they help with tax planning to ensure there are no unexpected surprises. They also helped us to restructure our business entities so that we had better asset protection. We seek Haley's opinion whenever we get stuck with any MYOB, accounting or tax issue and she always makes sure our problem is sorted quickly. We find the GTC team very approachable and easy to communicate with.

Recently we sold a key business asset - Haley and Neville helped us take advantage of the Small Business CGT Concessions to minimise the tax payable. Over the past few years Neville has become more like an unofficial partner to our business. Neville and his team have given us ideas on how to improve and grow our business, not just as our accountant but as very good business friends.

We would recommend any business to use GTC's services to grow their business, especially in the building and construction industry as GTC has both knowledge and experience to advise this industry in a better way."



Lyndel and
Odin Gatt

SALARY SACRIFICE

IF YOU ARE EARNING MORE THAN YOU NEED TO LIVE COMFORTABLY, SALARY SACRIFICING MAY BE AN ATTRACTIVE OPTION TO REDUCE YOUR TAX, BOOST YOUR SUPERANNUATION AND PREPARE FOR A MORE COMFORTABLE RETIREMENT LATER ON.

Salary sacrificing simply involves having part of your salary paid into a superannuation fund by your employer rather than receiving it as income. These contributions are not included as part of your assessable income, thus reducing your income tax burden.

But you can't have it all your own way.

As salary sacrificing is such an attractive strategy, the government does impose some restrictions and limitations.

You are generally limited to making a maximum of \$25,000 in such contributions each year, inclusive of your ordinary superannuation paid through your wage. These contributions also attract a 15%

contributions tax.

However this may be significantly less than you would pay in income tax if you received it as income. You will also need to have a formal agreement in place with your employer and you won't be able to access the money until you retire, on or after the time when you reach preservation age which is dependent on the year you were born.

If you have excess income and you are wondering what to do with it, contact the team at GTC Financial Services to assist you in setting up an effective salary sacrifice arrangement to maximise your benefits in both the short and long term.

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SALARY SACRIFICE

FUN FACT CORNER



Q. WHAT IS THE MOST IMAGINATIVE WORK OF FICTION BEING WRITTEN IN AUSTRALIA TODAY?
A. INCOME TAX RETURNS

SHARE MARKET OPPORTUNITIES

Current markets are offering high quality shares at excellent value but if you're not sure how to take advantage of these opportunities, here are three ways to invest in the share market.

Managed Funds

These are probably the easiest way to enter the share market. You can open a managed fund account with as little as \$1000 and rely on the expertise of the fund manager to buy and sell the shares to meet set investment goals and the level of risk that has been established for that fund.

As the manager purchases and sells underlying investments, you have less ability to manage your own tax situation, especially when capital gains on the underlying investments are concerned.

Direct Share Purchase

The main benefit of buying shares directly is that you own the shares and all of the income is paid directly to you. You also manage your tax position by buying and selling shares when you (with your adviser's guidance) consider

appropriate.

There are two ways to do that:

1. Set up an account with a share broker. This gives you access to research and you have the ability to move quickly when opportunities present themselves.
2. Open up a share trading account through your bank or other institution. This is the do-it-yourself of share trading and you must be willing, and have the time, to do all of the research yourself.

Individually Managed Accounts

Individually Managed Accounts (or IMAs) offer the best of both worlds. An IMA is a customised share portfolio which is managed by a specialist investment team in accordance with one or more specific investment models. These are similar to a managed fund, the difference being that you beneficially own the underlying shares, i.e. it is more transparent.

If you're not sure which option is best for you, talk to us and we'll help you determine the best strategy for your needs.

EVENT TIME

Direct Share Investments: What's the best way?

GTC has partnered with Dalton Nicol Reid (DNR) to provide clients with a first-class direct share investment solution.

Tom Glynn from DNR will be talking to you about Direct Shares and Individually Managed Funds at a seminar hosted by GTC Financial on 12 March, at 6pm.

Tom Glynn, responsible for national marketing at Dalton Nicol Reid will delve deep into the world of Individually Managed Accounts (IMAs) and explain why more investors are choosing a direct investment solution to manage their investments and how this could be of benefit to GTC clients.

Topics to be covered include:

- What is an Individually Managed Account (IMA)?
- What are the benefits of an IMA compared to alternative investment services (e.g. managed funds, LICs, stockbrokers).
- Who are IMA's suitable for?
- Who is Dalton Nicol Reid?
- How does Dalton Nicol Reid manage money for GTC clients?

Stay tuned or call 0749725177 for more information about the event.

KEY DATES FOR JAN-MAR 2013

21 FEB	Activity statements: Final date to lodge and pay January 2013 monthly activity statements
28 FEB	Superannuation: Superannuation guarantee charge statement - quarterly if required contributions were not made by the due date for quarter 2, 2012-2013. (1 October - 31 December).
28 FEB	Activity statements: Final date to lodge and pay Quarter 2 (October - December 2012) activity statements, including electronic lodgements
28 FEB	Income tax: Income tax return lodgement and payment due date for large or medium entities and self-managed superannuation funds (taxable and non-taxable) that are new registrations
28 FEB	Income tax: Income tax return lodgement due date for large or medium business trust clients that were not taxable in the previous year (includes new registrants).
21 MAR	Activity statements: Final date to lodge and pay February 2013 monthly activity statements

The above dates are a summary only, for the full list of deadlines and other important dates please refer to our website under Resources Tab or use the following link - www.gtcfinancial.com.au/resources/key_dates

About GTC Financial

GTC Financial is a Gladstone based firm of Certified Practising Accountants and Certified Financial Planners that provide a comprehensive range of accounting, taxation, business advisory services and financial planning services to private businesses and their owners having clientele base in Central Queensland. We also provide a wide range of financial advice to individuals and families.

Whatever level of service you require, GTC Financial is well equipped to offer a solution from start up phase, planning for growth through to exiting the business and planning for retirement. We can tailor our services to suit your needs and are proactive as well as being easy to deal with. Our clients tell us that they appreciate how accessible we are and the level of face to face contact they enjoy with us.

We have also developed close associations with a range of specialist advisors who can give timely advice to achieve the best possible outcomes for clients when dealing with large or complex transactions.

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