

## Making the most of salary sacrifice arrangements

# FBT: Exempt accessories for laptops and notebooks

By Michael Waycott and Caroline Poon,

Chartered Accountant, of Medical and Dental Accounting



Michael Waycott



Caroline Poon

These articles have been prepared by Michael Waycott and Caroline Poon, Chartered Accountant, of Medical and Dental Accounting. Whilst every care has been taken in preparing this advice, readers should obtain specific advice regarding their own situation before proceeding with any suggestions or recommendations made in these articles.

There is a limit of one lap-top/notebook computer per employee per year and it must only be used for business purposes if depreciation is to be claimed.

These rules also apply to the following:

- ❖ Personal digital assistants and portable printers designed for use with a laptop or notebook.
- ❖ Built-in internals such as modem and fax cards.
- ❖ Pre-loaded software forming part of the portable computer package.
- ❖ Separate or subsequent software purchased and used in the employee's employment.
- ❖ Items that are 'bundled' by the retailer as part of a special offer (reflected in a single invoice) such as upgraded memory, an extended warranty or a protective carry bag.
- ❖ Palm Pilots and Personal Organisers
- ❖ Brief cases

They do not apply to peripherals such as standard printers, docking stations, enlarged screens and so on.

In effect you end up getting a tax deduction of 97% on this transaction (assuming the top marginal rate plus Medicare levy 48.5%).

It should be noted that this technique only applies to employees (not associates of employees).

### Payroll Tax: Grouping Provisions

A major problem our firm has encountered in recent times is the failure of many accountants to take into consideration the grouping provisions for payroll tax purposes and the Revenue Ruling in relation to man-

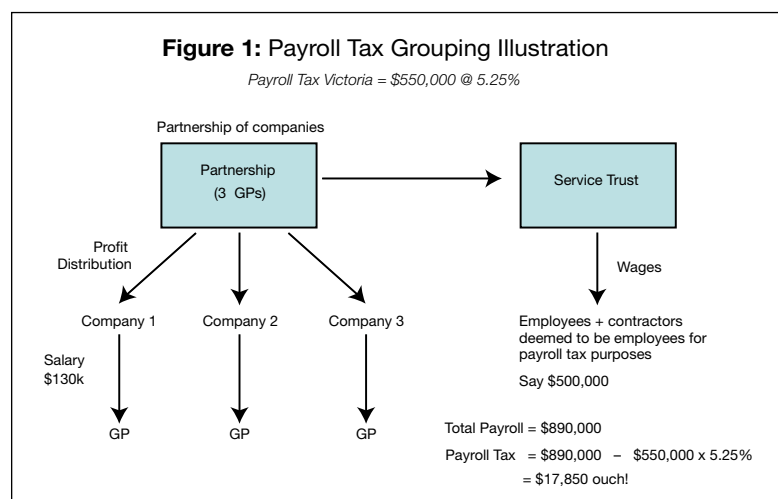
agement fees paid between entities. It should be noted that entities are grouped for payroll tax purposes when a management fee is paid between two entities, such as a practice company and service entity or a practice partnership and service entity.

On a number of occasions, the accountant has neglected to take into consideration the grouping provisions that relate to payroll tax. In all situations the practice structure consisted of a dental partnership made up of companies (acting as partners for the principal dentists) and the practice service entity. In all instances there was a service trust relationship with a service agreement in place between the practice partnership and the service entity, so both entities were grouped for payroll tax purposes. Accordingly the salaries and superannuation paid to the partners from their incorporated dental practices (acting as partners in the partnership) were grouped with the total salaries and super paid from the practice service entity. This is better explained by way of Figure 1.

Figure 1 is an example using the Victoria's Payroll Tax threshold of \$550,000. As you can see from the illustration the practice has a payroll tax liability of \$17,850.

Thresholds for Payroll Tax vary State by State and the Payroll Tax thresholds are shown below:

<b>Victoria</b>		<b>South Australia</b>	
Threshold	\$550,000	Threshold	\$504,000
Excess over	5.25%	Excess over	5.5%
<b>Tasmania</b>		<b>Northern Territory</b>	
Threshold	\$1,010,000	Threshold	\$1,000,000
Excess over	6.1%	Excess over	6.2%
<b>New South Wales</b>		<b>Western Australia</b>	
Threshold	\$600,000	Threshold	\$750,000
Excess over	6.0%	Excess over	6.0%
<b>Queensland</b>			
Threshold	\$850,000 to \$3,400,000		
Excess over	5.25%		
Threshold	\$3,400,000		
Excess over	4.75%		



This is a cost that can be legitimately minimised if correct procedures and properly worded associate agreements are put in place and correct structures and correct flow of funds implemented.

If you would like more information on the above topic please contact our office to discuss on the numbers provided. ♦



MEDICAL AND DENTAL  
ACCOUNTING

# MEDICAL & DENTAL ACCOUNTING

# "MADA"

**You're a Dentist, so naturally you want to deal with an accounting firm that provides specialist services to dentists, doctors and other allied health professionals in taxation, superannuation and retirement planning.**

## **Does your current structure need a health check?**

- Do you have the time and interest required to look after your own financial affairs?
- Has your current accountant offered any meaningful tax or superannuation advice over the past year (rather than simply number crunching)?
- Do you sit down at least once on an annual basis with your accountant to discuss where you are heading and how your circumstances have changed?
- Do you have easy access to the partners of your current accounting firm?
- Does your current firm specialize in dentists?

If you did not answer yes to all 5 questions, we believe we can add some value.

**If a financial issue arises in your life,  
is your accountant the first person you  
discuss it with? If not then you should!**



Caroline Poon  
Chartered Accountant  
caroline@madabayside.com.au  
Ph 03 9531 6666  
Fax 03 9531 6550  
45-47 Addison Street, Elwood  
Victoria 3184



Michael Waycott  
michael@mada.com.au  
Ph 03 9819 7308  
Fax 03 9819 7527  
Suite 13, 828 High Street, Kew  
Victoria 3101