

Small Business Concessions

You may be approaching a time of important decision-making concerning your life and business. You may wish to retire or hand the assets to the kids, or sell the business or a business asset. Perhaps you would simply like to take advantage of high property and business prices.

All of these decisions are important and require careful planning especially when there is a tax component to consider.

The choices you make can be the difference between you paying no tax, or a hefty tax bill. There are very generous tax concessions in place for those in business. These concessions are known as the Capital Gains Tax (CGT) small business concessions. These concessions ensure that if you satisfy certain tests you can pay nil or greatly reduced tax. The sooner you involve your tax adviser the greater likelihood you will only pay the tax you need to.

A simple example:

John and Sally manufacture water tanks. They started the business 10 years ago by buying a warehouse for \$100,000, which they used as the place to manufacture and sell water tanks. They have watched the business boom in the last five years and feel this is a good time to sell the business to get the best price. They have been offered \$2.1 million for the business.

In the absence of the CGT small business concessions they could be taxed on:

Selling price:	\$2,100,000
Cost price:	\$100,000
Capital Gain	\$2,000,000
Less 50% discount	\$1,000,000

Taxable capital gain \$1,000,000

(John and Sally would include \$500,000 each in their tax return)

However, if John & Sally are eligible for the concessions a vastly different situation would apply:

Selling price:	\$2,100,000
Cost price:	\$100,000
Capital Gain	\$2,000,000
Less 50% discount	\$1,000,000
Less 50% active asset	\$ 500,000

Your choice of:

- Rollover* you have two years to purchase another business asset.
- Retirement exemption# \$500,000 each (life time limit)

Taxable capital gain \$ nil.

As you can see the benefits are great.

* The rollover choice is where you are saying that you intend to purchase another business asset within two years. If you don't then in that later year you include the amount you rolled over or you can claim the retirement exemption and pay the amount into your superfund if you are still under 55.

The retirement exemption can be claimed even if you are under 55, in which case you must pay that amount into an eligible superfund. If you are over 55 then you can keep it tax free.

If John and Sally had started the business over 15 years ago, and they are over 55, they get the whole amount tax free without having to apply any of the other choices provided they plan to retire.

Source: Angelo Coco. Succession Planner & Family Business Expert

Are you eligible for the concessions?

The turnover or net asset test

You must have a turnover of less than \$2 million or your net (business) assets must be less than \$6 million.

This means for example that if your turnover was \$1.5 million and your assets \$20 million you can still access the concessions. Alternatively, if your turnover was \$4 million but your net assets were less than \$6 million you would still be eligible.

The active asset test

The asset you are selling must be one actively used in the business. An example would be your business, the business premises, the farm, motel or shop. Excluded would be passive assets such as a rental property (commercial and residential), a vacant block of land or your holiday home.

It is important that you speak to us before you sell your business.

If you are not looking at selling the business, but want to take advantage of these concessions when you do sell, talk to us now!

Decisions made or not made now can affect your eligibility to these concessions.

If you're over 55 and still in the workforce, the Transition to Retirement provision (TTR) in the Tax Act could be just the tonic you need. By salary sacrificing all or part of your salary into super, you can save considerable tax, and then top up your reduced salary from your super savings, and in the process save more tax.

The options are numerous and the good thing is you can significantly boost your retirement funds along the way. Talk to us at WHK. We can walk you through the options and recommend the best strategy for you.

Congratulations

Recently many of our clients have been involved in their local business awards. We would like to congratulate the following winners:

Air T & G Helicopters won the "Tourism award" at the Ballina Business Awards

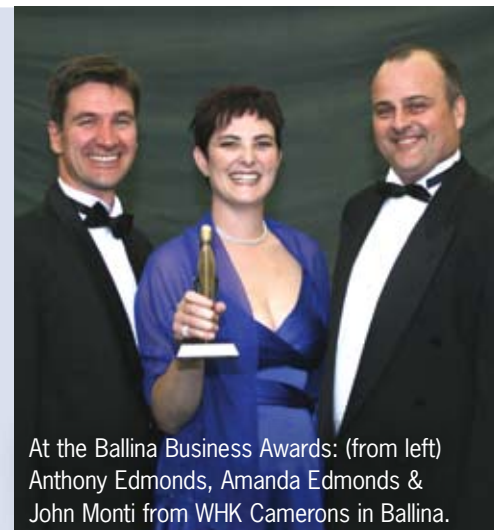
Edmonds Conveyancing won the "Professional Services Award – Five Workers or Less" at the Ballina Business Awards

Car Sound FX won "Retail Under 5 Employees" at the Casino Business Awards

Ballina Bowling and Recreation Club won the "Service Club award" at the Ballina Business Awards.

David's Health & Lifestyle Studios won "Best in Health" at the Lismore Business Awards. David has also recently won the "Best Personal training business in NSW" which is awarded by Fitness Australia.

Ballina Campervan & Leisure Centre won the "Retail Award – Over Five Workers" at the Ballina Business Awards.



At the Ballina Business Awards: (from left) Anthony Edmonds, Amanda Edmonds & John Monti from WHK Camerons in Ballina.

Succession Planning

Clare & O'Brien Pty Ltd has new owners. Peter O'Brien has sold the long established Coffs Harbour business to Grant Buck, Mark Vinton & Darren McAnally.

With the assistance of Peter Nevell, Principal at WHK Camerons in Coffs Harbour, Peter O'Brien has been able to implement a succession plan over many years. This plan has seen long term employees who started with the business as school leavers in junior positions, move on to become managers and now owners of this highly successful business.

One of the new owners Grant Buck has been with the business for over 16 years.

Starting with the company as a Pirtek technician, then moving into the service manager's role he now co-owns the company with Mark Vinton and Darren McAnally.

Mark has over 20 years experience. He learnt his trade as a diesel mechanic at Clare & O'Brien Pty Ltd servicing Bobcat Skidsteer loaders, Bobcat excavators as well as various other brands of compact earthmoving equipment.

To ensure the successful running of the Pirtek Coffs Harbour franchise and to assist in the administration of Clare & O'Brien Pty Ltd the plan included bringing in Darren McAnally.

Since the new management came into place there have been no other staff changes which is credited to the planned

approach to the change over.

The company owns and runs several successful dealerships and one franchise. Careful planning was needed to co-ordinate the transfer of all these separate parts of the business. Approval had to be gained from each Franchisor or Importer for the new owners to maintain these dealerships. The existence of a succession plan and continuing succession plans were a requirement for these approvals.

Clare & O'Brien Pty Ltd trades as All Diesel Equipment Sales and Service and has the following dealerships.

- All Diesel Equipment Sales and Service have been the Northern NSW (Taree to Byron to Tamworth) distributors for Bobcat Skidsteer loaders and mini excavators for over 20 years.
- All Diesel Equipment Sales and Service is also the Kubota Agriculture and Lawn care distributor for the Mid North Coast (Kempsey to Grafton to Dorrigo). They have been selling Tractors and professional lawn care equipment in the area for over 10 years.
- They are a Kubota power centre, selling Kubota generators and Kubota Engines for all sorts of applications.

- They are also a Volvo Penta centre, selling and servicing Volvo Penta marine engines for the local marine market.
- One of the more recognised brands is the Pirtek Coffs Harbour franchise. Pirtek supplies fluid transfer solutions to all sorts of businesses and industries. This could involve repairing a hydraulic hose on a piece of earth moving equipment to supplying garden hose to a Golf Course.

Grant said 'as new owners we are looking to expand and grow our business further. We know from experience that this can be achieved easier with clear career paths for our staff and strategic succession planning'.

If you're in the market for a Bobcat, Skidsteer, Mini Excavator or Kubota Tractor contact Darren on 02 6652 5121 or dmcannally@alldiesel.com.au.



Grant Buck, Mark Vinton and Darren McAnally from Clare & O'Brien Pty Ltd

WHK Camerons supporting the Pink Ribbon Appeal

The principals and staff at WHK Camerons are always raising funds for various organisations and charities. In October they all banded together to purchase pink shirts in support of Pink Ribbon Day.

Staff from across the 13 offices all agreed to purchase specially designed shirts and donate \$10 each from the costs. The firm

then matched that amount and a grand total of \$2360 was raised for Breast Cancer research, support and education.

At the time of going to print many staff were also working towards contributing to Movember. This is a moustache growing challenge where funds are raised towards Men's depression and prostate cancer.

From all of the staff at WHK Camerons we would like to wish everyone a very Merry Christmas and the best wishes for a prosperous New Year.



Armidale: 90 Rusden Street Ph: 02 6776 5100
Ballina: 51 Tamar Street Ph: 02 6686 6200
Byron Bay: 17 Lawson Street Ph: 02 6685 7532
Casino: 157 Barker Street Ph: 02 6662 7555
Coffs Harbour: 107 West High St Ph: 02 6652 3211

Glen Innes: 2/122 Bourke Street Ph: 02 6730 2999
Grafton: 82 Victoria Street Ph: 02 6642 7555
Inverell: 3 Glen Innes Road Ph: 02 6728 8800
Kyogle: 180 Summerland Way Ph: 02 6632 1322

Lismore: 53 Carrington Street Ph: 02 6621 9222
Walcha: Fitzroy Street Ph: 02 6774 2700
Warialda: 39 Hope Street Ph: 02 6729 1591
Yamba: 5/30 Coldstream Street Ph: 02 6646 8011

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