



Suite 4, 431 Burke Road
Glen Iris, Victoria 3146
PO Box 2117
Camberwell West
Victoria 3124 Australia
Phone: 03 9824 4600
Fax: 03 9824 4700
www.mgaca.com.au
ABN 52 007 200 866

PRIVATE AND CONFIDENTIAL

December 2010/January 2011

We are pleased to supply you with the December 2010/January 2011 edition of **MGA's Client Alert**, which contains information on a number of important developments in taxation up to and including 17 November 2010:

- **Trust Entitlements and Loans: Tax Office Issues Guidance**

The Tax Office has released its keenly awaited guidance on the tax treatment of trust entitlements and loans.

- **Tax Office Highlights Common PAYG Instalment Errors**

The Tax Office has noted common errors that preparers make when completing PAYG instalment details on business activity statements.

- **SMSFs and Private Companies Investing in Trusts: Tax Office Warning**

The Tax Office has warned self-managed super funds (SMSFs) and private companies not to invest in trusts with the intention of making funds available for lending to members or shareholders.

- **Self-Education Expenses for Youth Allowance Recipient Deductible**

The High Court has unanimously held that a taxpayer was entitled to a deduction for expenses incurred in deriving income from receiving Youth Allowance.

- **Declaration of Trust over Land Sold, so No Personal Tax Liability**

A taxpayer has been successful in obtaining a declaration from the Supreme Court of Western Australia that a valid trust had been created over a property he had bought under his name.

- **Subsidy Paid for Loss-making Contracts Assessable as Income**

The Administrative Appeals Tribunal has made a decision regarding a subsidy payment received by a taxpayer.

- **Employing your Spouse? Ensure There's an "Employment Relationship"**

Two recent cases before the Administrative Appeals Tribunal dealt with the scenario of a husband employing his wife to assist with looking after rental properties.

- **Increasing Adjustments in BASs as Debts Remain Unpaid**

The Administrative Appeals Tribunal has held that three taxpayers were required to reverse earlier claims for input tax credits in their later Business Activity Statements.

Please contact us if you wish to discuss how the points raised in **MGA's Client Alert** specifically affect you.

Yours sincerely

MARTIN GOODRICH & ASSOCIATES PTY LTD

MARTIN GOODRICH
Director

TONY NEWMAN
Director

ROSEMARY EVERETT
Director