



O'CONNELLS OBM PTY LTD
ACCOUNTING • BUSINESS ADVISING • CONSULTING

● O'CONNELLS OBM HOUSE, LEVEL 6/26 WHARF ST

● GPO Box 5242 BRISBANE Q 4001

● E TEAM@OCONNELLSOBM.COM.AU

● WWW.OCONNELLSOBM.COM.AU

● T 07 3233 6400

● ACN 102 818 342

CLIENT NEWSLETTER

16 December 2008

PAYG cut to aid small business – December 2008 Quarter.

The Rudd Government has announced in a Media Statement on the 14th of December an aid to help Australian small businesses to weather the global financial crisis by cutting the quarterly pay-as-you-go (PAYG) instalment payable for the December 2008 quarter.

Who will receive the reduction?

The 20 per cent PAYG instalment reduction applies to 'small business entities' as defined in the tax law. In general a 'small business entity':

- carries on a business; **and**
- satisfies the \$2 million aggregated turnover test.

How will it apply?

The 20 per cent reduction applies to the instalment amount shown on the Business Activity Statement (BAS) dispatched by the Australian Taxation Office in December 2008 for the quarter ending on 31 December 2008.

Caution to note.

- This reduction ***does not apply to taxpayers*** who calculate their instalments ***based on the instalment rate*** notified by the Taxation Office.
- PAYG instalments are an estimate in advance of how much tax businesses expect to pay. If profits are bigger than expected, the difference in tax is paid at the end of the financial year.
- If profits are smaller than estimated, businesses receive a refund on the tax they've paid.

Please contact us on 3233 6400 if you would like discuss your situation to confirm if you are eligible and wish to apply the 20% reduction.

Alternatively, if your trading has been affected significantly, you might like to consider varying your **PAYG instalment rate** down.

* * * * *

Our team would also like to take this opportunity to congratulate our team members -

- ***Susan Boyce on her recent admission as a Chartered Accountant.***
- ***Angela Chen on her recent completion of the Chartered Accountants Program.***

Liability limited by a scheme approved under Professional Standards Legislation.

This Newsletter, of necessity, has dealt with matters of a technical nature in general terms only. Clients should contact us for detailed information on any of the items in the Newsletter. No responsibility for loss occasioned to any person acting or refraining from acting in reliance upon any material in this Newsletter can be accepted by any member of the firm.