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CLIENT NEWSLETTER

21 May 2009

To: clients with Corporate Beneficiaries

This measure announced in the budget and copied in below, would appear to mean that it will no longer be worthwhile purchasing private use assets in corporate beneficiaries.

At present we do not have access to any supporting detail for us to be able to analyse to give you specific advice on your circumstances, however when it is available we will contact you again.

If you wish to discuss this in the meantime please do not hesitate to contact us.

Deemed dividends

From 1 July 2009, the non-commercial loan rules will be extended to payments by way of a licence or right to use real property and chattels. This will reduce the scope for private companies to allow their shareholders or associates to use company assets such as real estate, cars and boats for free or at less than arm's length value. Other technical amendments will be made to Div 7A of ITAA 1936, including to ensure that corporate limited partnerships cannot be used to avoid its operation.

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What is "OBM"? Open Book Management

Why implement OBM?

In today's business environment, creating a business of business people is the ticket to survival, prosperity and on-going success.

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.