

Latest Tax News - June 2012

Carbon Price Fines

Written by Melanie Toye, 8 June 2012.

Be careful the reason for your price increase

With the carbon tax only weeks away to being introduced, the Australian Government has made businesses and its employees illegal to shift blame for price increases that are related to the carbon price tax.

From 1 July 2012, Australia's biggest polluters will be required to pay for their pollution under the carbon pricing mechanism. They account for around 60 per cent of our nation's carbon pollution.

The Australian Competition and Consumer Commission (ACCC) have been directed by the Australian Government to undertake a compliance and enforcement role in relation to claims made about the impact of the carbon price.

At this stage, The ACCC claim they do not have a role in formally monitoring, setting or restricting price increases linked to the carbon price and cannot prevent a business from putting up its prices as a result of the carbon price. However if the ACCC believe a business is misleading customers, they can take the businesses to court. If you or a staff member advise a consumer that a price increase was caused by the carbon price tax, your business could face fines up to \$1.1 million.

When the GST was introduced, the ACCC obtained more than \$21 million in refunds for consumers that were involved in over 7000 complaints.

Inflation and expenses do rise, so it is understandable if a price rise occurs, however directing the blame onto the carbon tax will not be accepted. "If a business claims that a price is linked to the carbon price, that claim must be truthful and have a reasonable basis," ACCC deputy chair Dr Michael Schaper stated.

Minerals Resource Rent Tax

Written by Melanie Toye, 14 June 2012.

Is the MRRT going to slow down the growth of our Mining Industry?

Although the Minerals Resource Rent Tax (MRRT) won't take effect until 1 July 2012. The Federal Government have already dispersed lump sum payments through the Clean Energy Advance. If the MRRT costs received are lower than anticipated, where will that leave the Government's budget? MRRT applies to certain profits from iron ore and coal extracted in Australia. Mining is Australia's main industries that keep Australia's economy afloat. Numerous economists have debated if extracting money from a profitable industry is the best avenue to go down.

Julia Gillard's aim of the MRRT is to take the wealth from the winning sector and divide it up among the other "poorer" sectors. Although short term this may appear to be a 'win win' option to ensure success for the country. Greed can outplay governments as they see a potential cash cow opportunity. First the MRRT begins and then once they see money pouring in, (or so they hope), what is to stop them from finding further ways to tax the profits from our Nation's main continued source of gains?

Mr Abbott and frontbencher Christopher Pyne agree this could be a possibility. With an interview held yesterday, Abbot said "I don't think anyone in the mining industry believes that they aren't going to get further clobbered after an election should this government win. This government, of course, will clobber other parts of the mining industry. It will increase the rate of the mining tax if it gets re-elected because they need the money. The mining tax as it stands is unlikely to raise the revenue that they have put into the budget forward estimates, so, of course they are going to expand the mining tax to increase the revenue..."

Only time will tell if the MRRT will be enough to assist the Government in boosting the country's poor economy from the large debt they accumulated.

Bob Johnson, Founder of Maptek stated "So, when things like the mining tax come along, there are massive negatives for the mining industry – they just slow everything down, create uncertainty and drive investment to other countries."

Latest Tax News – June 2012 - Continued

Ponzi Schemers Plead Guilty

Written by Melanie Toye, 21 June 2012.

With the massive scandal to hit world-wide news in 2009 of the biggest Ponzi scam in history. Bernie Madoff pleaded guilty to 11 federal offences and admitted to turning his wealth management business into a massive Ponzi scheme that defrauded thousands of investors of billions of dollars. Madoff was sentenced to 150 years in prison, the maximum allowed. It seems, now in Australia investors are feeling the brunt of a recent Ponzi scheme.

A Ponzi scheme works by using new investor's money to make interest payments to previous investors. The scheme normally offers a guaranteed interest rate for your investment. In time, when less people invest and if other people withdraw their investment, the scheme falls apart.

Two men, Mr Brian Wood and Mr Jimmy Truong faced court on 5 June 2012. The men pleaded guilty to ten charges in relation to operating a Ponzi scheme, called the Integrity Plus Fund. From the ten charges, six counts for false statements to investors and four counts of fraudulently misappropriating investor's funds.

More than \$30 million was raised from 270 investors in the Integrity Plus scheme between 2004 and 2007. 4% per monthly returns were guaranteed to investors on their investments.

In December 2007, the Australian Securities and Investments Commission obtained injunctions from the Supreme Court of NSW against the operation of Integrity Plus and securing funds for investors.

A third man accused of three charges of making false statements to investors appear in court on 3 July 2012.

The two men face possible sentence of 10 to 17 years in jail and a possible \$500,000 fine.