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■ ■ Welcome to the February 2011 edition of ConTax

On behalf of the Taxation Institute, we would like to welcome our new Student Members to the Taxation Institute. In 2011 we endeavour to continue providing Student Members with the following valuable membership benefits:

- ConTax, our quarterly student e-newsletter
- Knowledge that is directly related to your study and applicable in the workplace from day one - the best tax knowledge available from the tax profession
- Comprehensive yet clear explanations of the impact of tax law
- Access to the most current developments within the tax profession
- Support to help you achieve your best marks
- Discounted Member rates to attend Taxation Institute seminars and events and purchase Taxation Institute publications
- Networking opportunities
- Discounts on selected third party products, including 20% discount on Thomson's Australian Tax Handbook

New Year - New Career with Tax Careers

Plus a chance to win an iPad when you register as a job seeker at www.taxinstitute.com.au/careers.

What's your New Year's resolution? We know that each new year symbolises a fresh start. Whether you're just starting your job search or have been actively seeking new employment, Tax Careers is available to you for specialist tax jobs.

Job seeker benefits:

- Receive regular job alerts
- New tax jobs are always being posted
- Search for job roles in tax from a range of sectors, job categories and in any location across Australia
- The service is open to experienced professionals, graduates and students
- Job seekers will be eligible for exclusive CPD offers throughout the year.
- Enter our Job Seeker competition today for your chance to WIN an iPad.

Go to www.taxinstitute.com.au/careers and create a job seeker account before April 30, 2011. This will automatically place you in our competition draw to win!

If you are unsure of your login details, please contact our Membership Division by email to studentmembership@taxinstitute.com.au.

Yours sincerely,

Noel Rowland
CEO

Jenny Hua
Member Services Manager

■ ■ In this Issue :

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■ ■ Feature Article - GST and Property - What are Residential Premises? No Simple Answer by Sylvia Villios FTIA

The sale of used residential premises is treated as an input taxed supply in Australia, under the *New Tax System (Goods and Services) Act 1999 (Cth) (GST Act)*. This means that no goods and services tax (GST) is charged on the sale of used residential premises, and the purchaser is not entitled to an input tax credit. On a first reading, this section appears to be straightforward, but closer examination reveals significant difficulties. One difficulty is what is meant by the term "residential premises" and the expression residential premises : "to be used predominantly for residential accommodation".

The Commissioner's view on this issue is to look at the potential use of a property based on its physical characteristics but this view was not accepted by the NSW Supreme Court by White J in *Toyama Pty Ltd v Landmark Building Developments Pty Ltd (Toyama case)* who took the view that it is the planned use as indicated by the purchaser which is determinative.

[To read this article in full, please click here.](#)

Contributed by:



Sylvia Villios FTIA • Lecturer in Law, University of Adelaide

Sylvia is a taxation and commercial law lecturer at Adelaide University. Her background in taxation and commercial law extends beyond academia and includes experience in legal practice. Prior to her appointment as a lecturer, Sylvia was engaged in legal practice for six years at two of Adelaide's leading law firms, specialising in advising clients on taxation, trust law, superannuation and general corporate and commercial matters. Sylvia is currently completing a Master of Taxation at the University of New South Wales.

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■ ■ Sample Exam Questions

From the following, you are required to calculate Sarah's taxable income for the income year ended 30 June 2010, giving brief reasons to support your calculation.

Sarah is an Australian resident and a hair dresser employed by Adelaide hair salon Hair Cuts.

During the income year ended 30 June 2010, Sarah received and derived the following:

1. Wages totalling \$60,000 from Hair Cuts.
2. A gift of \$20,000 received under a will of a deceased estate.
3. Rent totalling \$13,000 from a town house owned by Sarah in Sydney, New South Wales.
4. A gift of \$200 received from a close friend who is also a former employer.
5. Proceeds of \$2,000 from the sale of old furniture and other second-hand items at a garage-sale.
6. Dividends of \$1,800 paid to Sarah in respect of shares she owned in Qantas Ltd, an Australian resident company. A Dividend Statement received by her shows a franking credit of \$800 on the dividends.
7. Net sale proceeds of \$500,000 from the sale of her Adelaide home in November 2009. She bought the home in January 2006 at a total cost of \$450,000 and it was used solely as a residence for her family during the period of her ownership.

During the 2010 income year, Sarah paid and incurred the following outgoings and has kept receipts for each of them:

1. Car expenses incurred by Sarah included \$3,000 for fuel, \$1,000 for registration and insurance and \$8,000 for leasing payments, all of which were of a non-capital nature. All these car operating expenses were incurred from 1 July 2009 until the end of the income year, and were for a new car that was leased by Sarah on that date. The car had a value of \$20,000 and an engine capacity of 3,000 cc. Sarah did not keep a logbook. However, she estimates from her previous travel patterns that she has travelled 8,000 kilometres for work purposes.
2. Parking fines totalling \$500 that were incurred by Sarah for exceeding the parking time limit in a nearby street to the Hair Cuts salon while she was at work.
3. The amount of \$500 paid up front for a two year subscription to the weekly specialist hair dressing magazine "Hair World". She subscribes to this magazine so that she can keep up to date with the latest colours and cuts that are directly relevant to, and used by Sarah in, her work.

[To see the remainder of this question and tips on preparing a solution, please click here.](#)

Contributed by: Sylvia Villios FTIA • Lecturer in Law, University of Adelaide

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■ ■ Young Practitioner Profile



Name - Amy Jones
Employer - McMahon Services
Position - Finance Manager
Member Since - 2008

Short Bio:

I undertook a Bachelor of Commerce and a Bachelor of Business (Commercial Law) at Uni SA before accepting a graduation position in the tax division of Ernst & Young in Adelaide. I worked in the Private Clients area with Ernst & Young providing accounting and tax services and advice to a range of clients including high net wealth individuals, superannuation funds, small to medium businesses and family groups. After nearly 6 years and progressing to the role of Manager with Ernst & Young I decided it was time for a change and in 2010 I accepted the role of Finance Manager with McMahon Services.

Describe your current role

I'm currently working as the Finance Manager for McMahon Services, which is a large privately owned company in the construction industry, with operations throughout Australia. My responsibilities include managing the cash flow of the operations, insurance and banking needs of the company, meeting financial reporting obligations, overseeing the accounts payable and receivable functions, and ensuring compliance with tax obligations (including income tax, Fringe benefits, GST and other employment taxes).

Describe your Taxation Institute committee or contributing involvement (if applicable)

I currently serve on the Membership Services Sub-Committee in South Australia and have been a regular presenter at Tax Institute seminars including regular tax updates and regional seminars throughout SA & NT.

What are your career highlights?

Working for a large firm you are given exposure to such a range of clients and technical issues that there are numerous highlights to choose from. Probably the three key highlights in my career to date are (in no particular order):

- Being promoted to Manager at Ernst & Young
- Being able to provide on-going and practical tax solutions to one of South Australia's largest retail superannuation funds.
- Accepting my current role and being able to see firsthand the difference my tax experience and knowledge can make to the organisation.

Why did you join the Taxation Institute?

Tax is a constantly changing environment and working in the field requires you to stay up to date with all of the latest developments. The Taxation Institute is Australia's leading professional association in tax and provides unparalleled resources, education and networks in the industry. The resources available through my membership with the Taxation Institute allow me to stay up to date and are invaluable when I'm researching a particular issue.

What advice can you give to graduates?

Make the most of the networking opportunities that are offered to you, not only do these provide you with a chance to meet and impress prospective employers, but the contacts you make now can be valuable throughout your career.

What do you do to unwind?

Spending time with my partner, family and friends is always a good way to unwind. I also enjoy going to the soccer, watching live music, reading a good book, or watching a good movie.

Favourite holiday destination

Anywhere I can relax and spend time with my partner is a good holiday destination, but one place I can't wait to visit again is London.

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Veronica Yow
Business Services Consultant
Warnocks Chartered Accountants (VIC)
Foundation Tax Graduate

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Reading List

Some Recent Cases of Interest

- [FC of T v H \[2010\] FCAFC 128](#)
- [British American Tobacco Services Ltd v FCT \[2010\] FCAFC 130](#)
- [The Taxpayer & FC of T \[2010\] AATA 819](#)
- [France & FC Of T \[2010\] AATA 858](#)
- [FC of T v Anstis \[2010\] HCA 40](#)
- [Leighton v FC of T \[2010\] FCA 1086](#)
- [MacMahon & FC of T \[2010\] AATA 724](#)
- [Noza Holdings Pty Ltd v FC of T \[2010\] FCA 990](#)

Legislation

Places to locate legislation include the following sites:

- [Austlii](#) - Federal and State legislation
- [ComLaw](#) - Official Australian Government site
- [ATO](#) - Exhaustive site for tax and superannuation and related legislation; Includes EM's and Second Reading speeches

- [Federal Parliament](#) - Bills, EM's and Second Reading speeches; No Acts (go to ComLaw for these)

ATO

www.ato.gov.au

This website is extremely useful for students and practitioners and will reward your efforts to become familiar with the contents and how they are arranged.

- Public Rulings, Determinations etc.
- ATO Interpretive Decisions
- NTLG Minutes
- Tax, superannuation and related legislation. Also includes EM's and Second Reading speeches

Journals

- [Taxation in Australia](#)
- [The Tax Specialist](#)
- [Australian Tax Forum](#)

The Treasury and Ministry Websites

- [Treasury](#)
- [The Hon. Wayne Swan](#) - Treasurer
- [The Hon. Chris Bowen](#) - Assistant Treasurer & Minister for Competition Policy & Consumer Affairs
- [The Hon. Nick Sherry](#) - Minister for Superannuation & Corporate Law

Related websites

- [Taxation Institute of Australia](#)
- [ATO](#)
- [Board of Taxation](#)
- [Austlii](#)
- [ComLaw](#)
- [Treasury: Ralph Review](#)
- [Treasury: Review of Income Self Assessment](#)
- [Inspector-General of Taxation](#)
- [Federal Parliament - Canberra](#)

Education Websites

You may have access to one or more of these sites via your educational institution - it's a good idea to check this out.

- [Thomson](#) - Subscription needed for access
- [CCH](#) - Subscription needed for access
- [LexisNexis](#) - Subscription needed for access

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Special Offers

The Taxation Institute of Australia has several special offers that are available to Student Members. These offers can benefit both your professional or personal life and add significant value to your membership with the Institute. Participating organisations include Premium Wines Direct, Brewer Morris, Accountancy Insurance, CCH Australia, HSBC, Reckon, Thrifty and Thomson Reuters. To access these special deals, please [click here](#) and have your member log in details handy.

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Feedback

We welcome your feedback about ConTax and the receipt of proposed content contributions (i.e articles) for future editions. Click here to contact [ConTax](#).

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