

# Small Business Victoria Update

## Business Tips: Beware dodgy tax schemes

In these tough times, good tax and business planning can help see a business through. But not all tax planning is good - and sometimes, it's not even legal. So, what are dodgy tax schemes and what do they look like? Simple enough questions, but a legitimate scheme is often difficult to tell from a dodgy one. Things to be wary of include:

- claims there are no risks or that returns are guaranteed. All gain, no pain - sounds like the perfect investment, but is it?
- claims an investment project has a favourable ruling from the tax office should not be accepted at face value. The ruling should be sighted and your accountant or adviser should check it for you
- be wary of being asked to sign secrecy agreements
- offers to lend money for an investment without credit or asset checks should be very carefully examined. They often sound too good to be true for a reason
- be wary of claims that even if the investment does not go ahead, you will still make a profit from your tax refund, or you can get up to 100% tax deductions supported by tax office rulings. Such claims simply beg to be queried and verified
- claims your money will be placed in a tax-free overseas account should ring some alarm bells. Cross-border and international tax avoidance is a major tax office focus these days
- similarly, claims you can run your business through your own offshore company should be treated with care

Any SME considering investing in a scheme should remember that, in general, people who offer financial products and advice must work for a business that holds an Australian Financial Service Licence issued by the Australian Securities and Investments Commission (ASIC). Licence details can be checked on ASIC's FIDO website.

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