

Feature of prom scenery essay

[Finance](#), [Investment](#)



AI – TAX -ACTUAL Assignment – Summer 2014 QUESTION 1: ML Ltd is a public gold mining company that is exploring for gold in the Ballard and the Bending region.

Geoff is the managing director and he seeks your advice as to the deductibility of the following expenses which were incurred prior to 30 June 2013: 1. The purchase of gold tenements for \$259, 035 which gives the company the right to prospect for gold in that area for three years. 2. The payment of legal fees to settle a dispute with an ex-employee who stole confidential information from the company. This cost the company \$8, 569 3.

The company was fined by \$25, 000 by the Environmental Protection Authority for polluting the rivers in Bending and for not rehabilitating the land after exploration. In addition to this, the company paid \$12, 000 in legal fees in defending the action in court. 4. As a result of this, the company sponsored the local football club with \$5, 000 to try and restore its good name in Bending 5. The company also paid a lump sum of \$55, 000 to a contract drilling company.

This payment was for the next 11 months of services and was paid on 12 May 2013. The above fugues are all exclusive of SST. REQUIRED: Please prepare a statement for each loss/outgoing to Geoff advising him whether the above expenses are deductible or not for the year ended 30 June 2013. In each statement, you need to identify the issue, then refer to relevant legislation and/or case law, and apply them in the given factual context.

You also need to make a logical conclusion for each expense. QUESTION 2:

Wesley is a self-employed web site designer. He designs websites and manuals.

He is not registered for SST. He is also employed part-time as a book keeper for a manufacturing company. His receipts and payments for the year ended 30 June 2013 are as follows: Receipts \$252, 000 30, 000 Net Salary (after employer had withheld tax installments of \$15, 000). 18, 230 Rental income from investment property. Lapse 6, 000 Dividend franked to 60% received from an Australian resident public company. 1 , oho Medical Expense refunds from Medicare.

Payments \$3, 000 Rates and Insurance on income producing property. 16, 000 Interest on money borrowed to purchase the income producing property. 4, 569 Cost of hospital, dental expenses for Wesley and his wife May Ling.