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venue

Queensland's boost for boutique bars

The State Government has recently made changes to the Liquor Act to reduce the number of licensed premises allowed to provide alcohol and poker machines in the early morning hours.

Premier Anna Bligh announced in December that there would be significant decreases in early morning trading permits and it would soon be a rare exception to see such premises across Queensland.

Originally the early morning laws were introduced to cater for shiftworkers, but in the Government's view there was an unacceptable level of more than 1,000 Queensland pubs licensed to open before 10am.

However, these changes have opened up opportunities for smaller, neighbourhood bars to open, designed to seat less than 60 people. New styles of 'boutique' bars are being encouraged to flourish across Queensland. Such bars would be designed to encourage an eclectic mix of entertainment and operators, particularly in tourist areas.

Changes to the Liquor Act will remove the requirement for small establishments to serve food, allowing these neighbourhood bars to develop such as in Melbourne, London and New York.

This section of the market is set for rapid expansion across Brisbane, the Gold and Sunshine Coasts. And it should become increasingly popular for tourism centres such as Cairns. The Government hopes these new bars will allow for the growth of live music and cultural venues across Queensland.

AUTUMN 2008

team news

This November saw our Hospitality, Leisure and Tourism division enjoying a great night out at the Annual Queensland Hospitality Association Awards for Excellence.

It was a fantastic night out and the team was thrilled to be there in an official capacity. One of our Partners, Peter Maletz, was pleased to present the award for "Best Redeveloped Accommodation Hotel / Resort" to the Sofitel Gold Coast.

Our congratulations go to the Story Bridge Hotel - Kangaroo Point for winning "Best Overall Hotel" and to Bob and Julie Porter for "Hoteliers of the Year".

As diamond sponsors of the QHA, Hanrick Curran looks forward to our continuing involvement in the hospitality industry. We wish all members a happy and prosperous new year for 2008.

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tax snapshot: sanity prevails - a win for the taxpayer

The Federal Court handed down its decision recently on appeal in the case of Slade Bloodstock Pty Ltd v FC of T. The directors / shareholders of a trustee company of a unit trust had previously lent the unit trust some money (under written agreement) to fund start up capital in the trust's horse breeding business. The directors did not draw a wage from the trust.

After a few years, the business generated sufficient cash flow to allow the directors to drawback some of the loan funds contributed. However, rather than paying back the loan directly, the trust simply paid some private expenses of the directors and debited the expense against their loan account.

The Commissioner of Taxation argued that the directors were employees (albeit unpaid) and the payments by the trust were made in respect of employment and therefore were expense payment benefits subject to Fringe Benefits Tax.

On appeal however, the Commissioner conceded that the repayment of a loan by an employer to an employee is not a benefit provided in respect of employment, if, under a loan agreement, there is a binding obligation to repay that is imposed without reference to the employment of the lender. The Federal Court agreed and found that no fringe benefit existed.

The case highlights that the ATO do look carefully at transactions involving related parties and therefore caution should be exercised with all related entity transactions.

going once, going twice, sold!

The last round of gaming machine authorities came to a close in November 2007. The tender offered 104 authorities at an average of \$169,221 in the south east region, 101 at an average of \$92,971 in the coastal region and 4 in the western region at an average of \$65,499 (see below for full details). In South East and Coastal regions, these prices have been the lowest for 2 years.

The Queensland Office of Gaming Revenue explains that each sale involves tenders being submitted from eligible licensed hotels that have been granted approval to purchase gaming machines. Licencees are still required to first receive approval from the Queensland Gaming Commission to increase their number of gaming machines or open new gaming rooms before they are deemed eligible to submit a tender bid.

Region	South East	Coastal	Western
Nov 07			
No. sold	104	101	4
Avg. price	\$169,221	\$92,971	\$65,499
May 07			
No. sold	156	50	22
Avg. price	\$216,948	\$113,122	\$72,909
Nov 06			
No. sold	120	53	13
Avg. price	\$283,293	\$164,929	\$74,966

superannuation and new borrowing rules

As expected, there has been a huge amount of interest in the recent changes to the Law which allow Self Managed Superannuation Funds to borrow, particularly for investment in real estate.

The recent changes to Section 67 of the SIS Act enable a superannuation fund to:

- Borrow from a bank or other lender
- Purchase an investment provided it is held on trust for the fund
- Allow the investment being purchased to be offered as security e.g. a mortgage
- Make loan repayments as instalments like an 'instalment warrant'

Borrowing must be on a 'limited recourse' basis. This means that the lender can only have recourse to that particular investment, and no other assets of the superannuation fund.

A 'Warrant Trust' stands between the super fund and the lender to ensure the fund fulfils its obligations. On repayment of the outstanding loan, the investment becomes the property of the super fund. The super fund receives all the income from the asset and uses this to pay interest to the bank as well as principal repayments (instalments). Your contributions to superannuation each year can help pay off the debt faster.

The new rules allow a superannuation fund to borrow using a warrant trust to invest in commercial or residential real estate, listed shares, managed funds or, indeed, anything that the super fund is permitted to invest in under the current rules.

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