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## ShipShape Accounts

The financial news your business needs.

Autumn 2017

# BUSINESS Bulletin

## Tax - What's Hot?

There are a number of topical tax issues that may warrant your attention:

### FBT Year-End - Record Keeping

31 March signals the end of the Fringe Benefits Tax (FBT) year. While it will generally fall to your Accountant to:

- Determine whether a fringe benefit has been provided by you to an employee or their associate (e.g. spouse)
- Determine whether an FBT exemption applies
- Determine the taxable value of your fringe benefits
- Ascertain your FBT liability
- Complete and lodge your FBT return...

...there are some things you can do to assist with this process. You may wish to collate/detail all the instances where a private expense of an employee has been paid for by the business. Additionally, if you, your bookkeeper, or one of your employees is responsible for maintaining the accounting software file (entering in and coding each transaction undertaken by your business) ensure that the file is in good order. From an FBT perspective this involves coding personal expenses paid by the employer to a general ledger account such as "employee benefits (FBT)". This will alert your Accountant to the existence of a potential fringe benefit.

In respect of motor vehicle benefits, you should also take odometer readings at 31 March, and maintain a valid log book recording your usage of the vehicle over a 12-week sample period if using the Operating Cost Method. Provided there has been no substantial change in the usage of your vehicle (in terms of the mix between work and personal use) a new log book must be prepared if one was not prepared for any of the previous four years. Therefore, if you first kept a log book for the 2011/2012 FBT year, you are required to have kept a new log book for the current 2016/2017 FBT year.

### Instant Asset Write-Off—Get in before 30 June

In this low interest rate environment, there has rarely been a more favourable time to invest in your business by purchasing machinery/plant/equipment. If you are a small business (aggregated turnover of less than \$2 million)

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### Reminder Dates

**March 21**  
Due date for February monthly Activity Statements

**April 21**  
Due date for March monthly Activity Statements

**April 28**  
Due date for Superannuation Guarantee contributions

**April 28**  
Due date for 3rd Quarter Activity Statements (if lodging by paper)

**May 21**  
Due date for April monthly Activity Statements

**May 26**  
Due date for 3rd Quarter Activity Statements (if using a BAS Agent or Tax Agent)

**May 28**  
FBT annual return - due for payment

**May 28**  
Due date for Superannuation Guarantee Charge Statement if you failed to meet your 28 April contribution obligations on time

contemplating buying machinery/plant/equipment, be aware that these are final months of the \$20 000 instant asset write-off. With a sunset date of 30 June 2017, small businesses may wish to start considering bringing forward any planned asset investments to the next few months – particularly in this current low interest-rate environment.

By way of background, the instant asset write-off allows small businesses to totally write-off (claim a deduction in full) in the year of purchase and installation of almost all depreciable plant and equipment that they use in their business. By bringing forward the deduction to the year of purchase and installation rather than depreciating the asset over several years, your business will receive some quick tax relief.

### Superannuation Changes – Now Law

The Government's long-awaited superannuation changes have now passed into law including:

- Reductions to contribution caps

- Enhanced ability to claim deductions for after-tax contributions
- Enhanced eligibility for the Government co-contribution
- Extra tax on concessional contributions for high-income earners
- Catch-up concessional contribution capacity to assist those with breaks in employment (such as parents returning to the workforce)
- Spouse contribution tax offset extended
- \$1.6 million cap on the amount of superannuation you can have in the tax-free retirement phase to support an income stream (e.g. superannuation pension)
- A new tax on earnings in respect of transition to retirement income streams.



Detailed information on the changes is available on the [Treasury website](#). With most of these changes to take effect on 1 July 2017, you may wish to discuss with your advisor over the coming months any action that you should take ahead of this start date.

## Business - Motor Vehicles

### Buying a New Car

In the current low interest rate environment, rarely has there been a better time to invest in your business by acquiring plant and equipment including motor vehicles. Whether you're buying a vehicle for business or private purposes, we asked experienced finance broker [Russell Maxwell](#) for his top few tips when making a purchase.

1. *Educate Yourself*
2. *Decide Which Car You Really Want*
3. *Get a Pre-Approved Loan*
4. *Negotiate the Whole Package Together*
5. *Leverage Supply and Demand*
6. *Make Dealers Compete for Your Business*

If you are looking to source and secure business or personal finance, no matter where you are in Australia you can [contact Russell at Maxwell Financial](#) for assistance at [Russell@maxfin.com.au](mailto:Russell@maxfin.com.au)

Maxwell Financial has recently formed a strategic alliance with a national car buying service to assist clients seeking to purchase a new car. Benefits of the service include:

- Save you time searching for the vehicle you want

- Save you money by tendering the vehicle with a range of manufacturers, wholesalers and dealers
- Receive the benefit of volume discounts
- Faster delivery for in demand vehicles
- Advice on vehicle specifications and alternatives from a vehicle specialist
- Assistance with disposal of existing vehicle
- No out of pocket expense to you.

### Recent Uber Court Case

For the many individuals who use Uber for both business and private travel, the Federal Court on 17 February 2017 dismissed Uber's appeal of the ATO's inclusion of ride-sharing as a 'taxi service' for the purposes of GST.

The effect of this inclusion is quite profound in that those drivers providing ride-sharing services must (like those providing taxi services) register for GST as soon as they start driving (rather than needing to have a turnover of \$75 000). Having registered they:

- Must charge GST on the full fare
- Must provide a tax invoice to a passenger where they request it and the value of the fare is over \$82.50 (including GST)
- Are entitled to claim GST on business purchases associated with the travel (such as the car itself, fuel, servicing etc.). However, these claims must be apportioned to take account of any private usage of the vehicle.

For your part as the passenger, you are entitled to claim the GST on work-related fares. Where the fare is below \$82.50 (most cases) you will not need a tax invoice to claim GST. Where it exceeds this amount, you should request a tax invoice



## HR - Manuals

Every firm is different, and the rules surrounding human resources management (HRM) can be complex. However, staff deserve to have a clear understanding of their rights as employees, and of our expectations as employers. It is with this in mind that employers should consider drafting HRM manuals. HRM manuals offer a number of benefits:

- They provide staff with a clear understanding of the HR framework within which they operate
- They provide staff with a ready reference for establishing how various procedural matters are dealt with, and who they should see with any problems
- They set out the many legal requirements which are imposed upon us as employers. These include, among other things, staff entitlements which are mandated by the *Fair Work Act 2009*, the National Employment Standards (NES) and staff rights which are prescribed by Anti-Discrimination laws
- They provide Directors and senior staff charged with administering HR procedures with a framework for making decisions and a means of ensuring all staff are treated fairly and consistently
- They help orientate new staff members to the firm and how it operates.

Areas typically covered include issues around leave, dress standards, expected start and finishing times, performance and salary reviews, any salary sacrifice policy, work-from-home conditions, termination, social media policies, internet usage at work, lunch breaks, private clients, staff training, study leave etc.

