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**ShipShape Accounts**

# BUSINESS BULLETIN

**SPRING 2017**

## FINANCES – Shares as an Income Stream

In August, the Reserve Bank of Australia met and decided to keep the official cash rate unchanged at just 1.5%. While ongoing record low interest rates is great news for borrowers, they bring little joy to those who rely on cash investments. Indeed the average four-year term deposit currently sits at just 2.8%...and in order to obtain this your capital is locked away – unable to be accessed – for this entire four-year period!

With interest rates so low, a considerable number of people are turning to shares as an alternative form of investment. High-yielding shares (shares in companies that pay healthy dividends) can give you the dual benefit of a regular income stream...and hopefully capital growth where the share price increases. To this end, the Australian share market recorded a healthy capital gain of 7% in 2016. Of course, the risk in owning shares is that the share price may drop and therefore your capital shrinks. This is a risk you that are not exposed to when investing in cash. If you do decide to invest in shares consider:

- Seeking advice from a financial planner or broker about which shares to buy.
- Ownership issues. If shares are purchased by a low tax rate individual (e.g. non-working spouse) or low tax rate entity (e.g. superannuation fund) there will generally be less tax payable on the dividends and any capital gain when the shares are eventually sold. Note however that if the shares are owned by your superannuation fund, any proceeds by way of dividends or capital gains are trapped inside the fund until you meet a condition of release (e.g. you reach preservation age (currently 56) and retire).
- If significant capital growth is anticipated (you intend to hold the shares long-term in the hope that the share price increases) having the shares owned by your company is not recommended as companies do not have access to the 50% capital gains tax discount.

## KEY DATES

### 21 SEPTEMBER

Lodge August monthly BAS

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### 21 OCTOBER

Lodge September monthly BAS

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### 28 OCTOBER

Pay Superannuation Guarantee contributions for July- September

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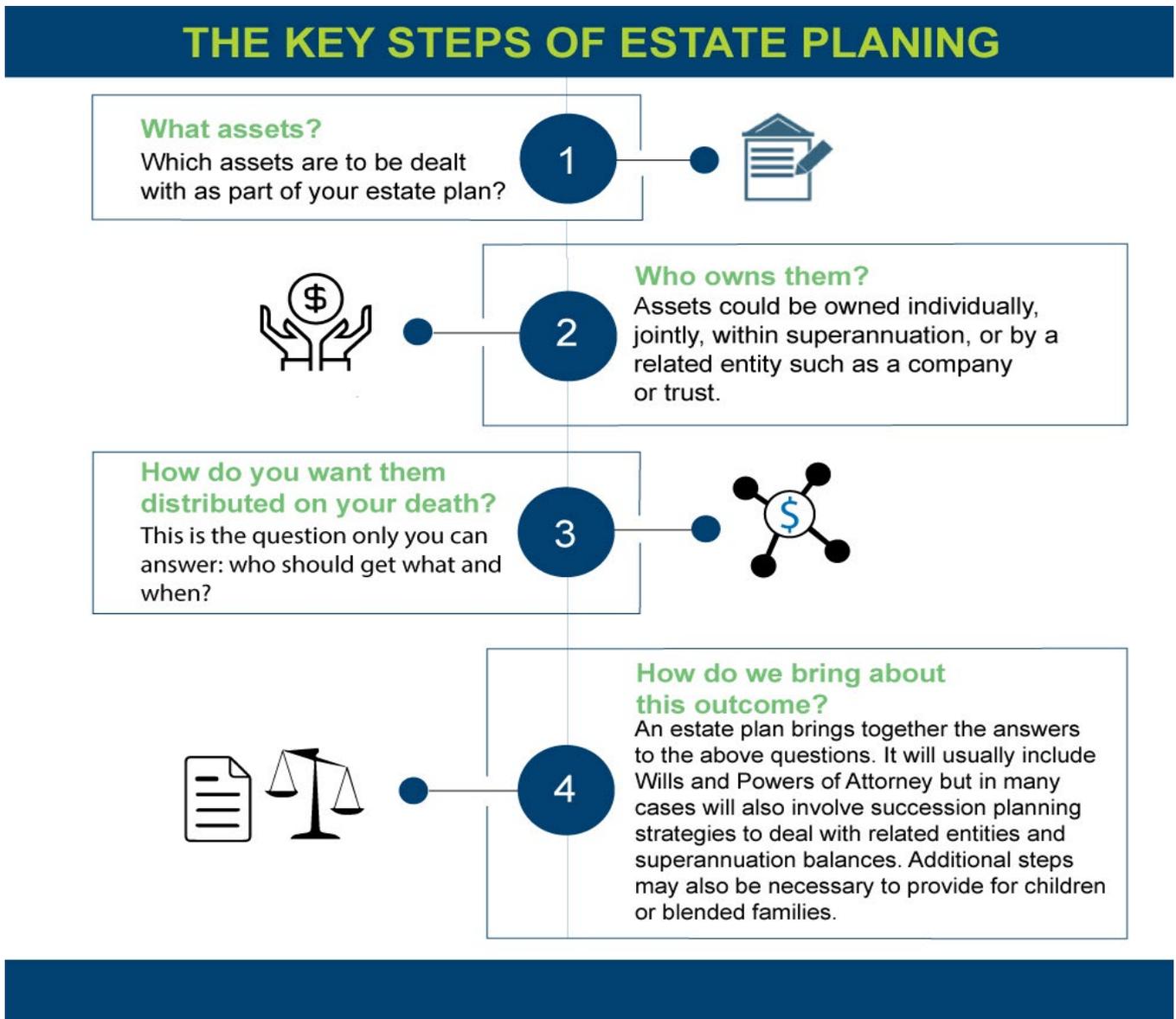
### 31 OCTOBER

Lodge personal income tax returns if you are not using a tax agent

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# BUSINESS ADVICE – Estate Planning

Estate Planning means different things to different people. Ultimately, it is about ensuring that you have the right mechanisms in place to ensure that in the event of your death, your business and personal assets pass in the manner you intend them. To help you better conceptualise the Estate Planning process, following is an Infographic to outline the key steps.



Have you taken these steps? If not, your Accountant will generally be the first port of call if your Estate Plan is not in order, as they typically have an intimate knowledge of your financial affairs including business structures. They can usually help facilitate the process in consultation with your Solicitor, and provide an outcome which is tax-effective and tailored to your needs.



# TAX TALK – Small Business Tax

## Concessions

Legislation recently passed through Parliament to expand the definition of “Small Business Entity” (SBE) for tax purposes. Businesses now qualify as an SBE if their annual turnover is less than \$10 million (up from \$2 million) including the turnover of connected and affiliated entities. Even where you already qualify (i.e. your business turnover is less than \$2 million) the following is a handy refresher on the income tax-related concessions available. What do these concessions entail, and are you utilising them in full?

- **Accelerated Depreciation** – \$20 000 instant asset write-off threshold. Write-off depreciating assets costing less than this amount in the year they are purchased and installed ready for use in your business.
- **Business Start-Up Expenses** – An immediate deduction in the year of expenditure for certain start-up expenses (rather than deductions being drawn out over five years).
- **Simplified Trading Stock Rules** – The ability to bypass the annual year-end stock-take (which many businesses find time-consuming) in

certain circumstances.

- **Immediate Deductions for Prepaid Expenses**  
– Claim the full amount of certain prepaid business expenditure in the current income year rather than over two income years. This assists cash-flow.
- **Accelerated Depreciation for Primary Producers** – Deductions for fencing, water facilities, and fodder storage can be significantly fast-tracked.
- **Change Your Business Structure Tax-Free**  
– This measure allows SBEs to change their operating structure (e.g. from a sole trader to a trust) without incurring capital gains tax or other income tax liabilities.

## HR – National Employment Standards

In Australia, employment practices are generally governed by the Fair Work Act 2009 and the National Employment Standards (NES). The NES apply irrespective of the Award, registered agreement or employment contract that applies. These two instruments impose minimum standards upon employers with respect to the following:

- [Maximum weekly hours](#)
- [Requests for flexible working arrangements](#)
- [Parental leave and related entitlements](#)
- [Annual leave](#)
- [Personal carers leave](#) and [compassionate leave](#)
- [Community service leave](#)
- [Long service leave](#)
- [Public holidays](#)

- [Notice of termination and redundancy pay](#)
- [Fair Work Information Statement.](#)

Whilst employers cannot have workplace policies that provide for less than the NES, employers if they choose can provide conditions which are more generous than the standards. This not only allows for employers to generate goodwill by going further than the minimum standards, it also allows for flexibility. For example, if an employee wished to have an extra week of annual leave in return for a reduction in salary, this could be accommodated.

You can access the NES on the links provided above.