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# Globe Accounting Pty Ltd

## Christmas Newsletter 2013

Welcome to our final Newsletter for 2013, I know we always say it, but where has 2013 disappeared to?

To all our new clients...WELCOME . We are very pleased to have you with us and we look forward to working with you in the New Year and for many years to come. As always our biggest and most heartfelt thanks go to our very loyal and wonderful continuing clients. You make our business what it is and we would not be here without you.

We have been dragged kicking and screaming into the world of social media and are now on facebook. We encourage you to find & like us on facebook. Pauline has a thought for the week on there and we generally put thoughts on current issues on these as well. Take a look!

Since our last Newsletter, Laura has commenced full time employment with Globe as an Accountant. Many of you would have met Laura when you came in for your end of year tax. Kelly is also at Globe every day, hard to believe her youngest gorgeous girl is now 18 months old.

A save the date for 2014. Globe will be celebrating 10 years in business in early April. At this early stage we are thinking we will have an open day on Friday 4<sup>th</sup> April 2014. You will be welcome to drop in for a cuppa and a chat. We will keep you updated on facebook as the celebrations draw near!

We will be closing our office from 3pm Friday 20<sup>th</sup> December 2013 and re-opening Monday 6<sup>th</sup> January 2014

For our clients that haven't completed their 2013 Tax returns- a gentle reminder to get the required info into to us, to avoid any late lodgement penalties. A less than gentle reminder to any clients with outstanding or late BAS returns- A lack of planning on your part does not constitute an emergency on ours!

From all of us at Globe we wish you all the best for a very safe and happy Christmas, and may 2014 be a year filled with good health and much happiness.

From Pauline, Peter and the Team





### **Never ending story – more tax change from 1 January**

Normally we wouldn't advise you of potential tax changes until we were absolutely certain that they were going to happen. But this potential tax change is a bit different because if the change goes ahead, your decisions pre and post 1 January could mean several thousand dollars.

Late last month the Government released draft legislation repealing the Minerals Resource Rent Tax - or mining tax as most of us know it. While the repeal of the mining tax is not likely to have a direct application to many small business and individual taxpayers, the Government also plans to abolish a number of other tax measures that will have a broader impact.

The changes are not certain until they are passed by Parliament but there appears to be limited opposition to the repeal of the mining tax and the other associated tax measures. Here's what will change if and when the measures are repealed:

### **Immediate deductions reduced for small business entities (SBEs)**

Currently, small business entities (generally entities with a turnover of less than \$2m) can claim an immediate deduction for depreciating assets costing less than \$6,500. For example, if a SBE buys a \$4,000 computer, the business can claim an immediate deduction in the same financial year for the full \$4,000. From 1 January 2014 however, this threshold will drop to \$1,000. So, if there are assets you need for your business and cash flow allows, you have until 31 December 2013 to buy the assets you need and use them or install them ready for use.

### **\$5,000 deduction for motor vehicles scrapped**

Thinking of buying a motor vehicle for your small business? From 1 January 2014, the \$5,000 immediate deduction for motor vehicles purchased by small business entities will be removed. Once again, if you are thinking of buying a motor vehicle for your business, you have until 31 December 2013 if you want to claim the \$5,000 immediate deduction.

### **Loss carry-back measures**

The loss carry-back measures were only recently introduced and enable companies to offset tax they have paid in previous years against current year losses. The repeal of this measure however means that companies will only be able to use the loss carry-back measures for the 2013 income year. The rules will be repealed from the start of the 2014 income year. Companies that are late lodging their 2013 tax returns will still be able to utilise the loss carry-back rules for the 2013 income year.

### **Superannuation guarantee increase slowed**

As you know, the superannuation guarantee (SG) percentage was due to increase gradually from 1 July 2013 until July 2019 when the rate reaches 12%. The new measures slow the increase. The SG percentage will be kept at 9.25% for the 2014, 2015 and 2016 financial years. From 1 July 2016, the SG percentage will then rise to 9.5% and then increase by half a percentage point each year until it reaches 12% for years starting on or after 1 July 2021.

### **Low income super contribution**

The Government plans to remove the rules that currently allow the contributions tax paid on concessional contributions for individuals earning up to \$37,000 to be returned. The changes will apply to concessional contributions for financial years starting on or after 1 July 2013.

### **Income support bonus (ISB)**

The Government will remove the ISB which is currently paid twice a year to certain social security recipients. The next instalment of the payment is due to be paid to recipients in March 2014 unless the rules are repealed by then.

### **Schoolkids bonus (SKB)**

This tax-free bonus payment will also be removed. The next instalment of the SKB would be in respect of the "test day" occurring on 1 January 2014 unless the rules are repealed by then.

## *No Surprises this Christmas*

Boom time or down time, every business needs to manage the Christmas period. Managing the holiday season well can make a big difference to how your business is positioned in the New Year. Here are our top tips:

### **🕒 The scrooge approach to outstanding debtors**

Put extra effort into following up debtors. The closer we get to Christmas the more difficult it will be to collect the debt. If you leave these debtors until January, it will be almost impossible to collect the cash. Traditionally, February is one of the worst cash flow months for business. If you are not successful now, it might be some time before you actually get paid.

### *Quote of The Month*

*"If you can't explain it simply, you don't understand it well enough." Albert Einstein*

### 📌 Staff management

Staffing is a major cost for many businesses and can run as high as 70% of expenditure. It's essential that you review your staff rosters and only have the staff available who are absolutely necessary to manage anticipated trading levels. Encourage staff to take their holidays over this period so that they are available during peak trading periods. You can't assume that it will be obvious to everyone who works in the business that a slow trading period equals less staff required. Many team members will have an expectation of continuity if you have not said anything.

And yes, a business can enforce a temporary close down. You can require staff to take leave during a down time but you cannot force them to take unpaid leave. So, take a look now to see if any staff will not have enough leave to cover a forced close down. If they don't, you need to ensure your leave policy allows for team members to go into negative leave.

### 📌 Stock management

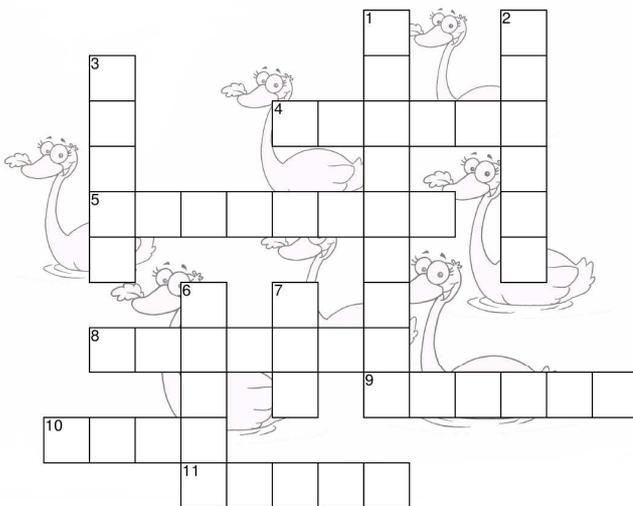
Even very large businesses often have too much cash tied up in inventory. Keep your cash as liquid as possible and don't tie it up unnecessarily in stock. Drive down stock in the lead up to Christmas and only order the bare minimum to meet your requirements over the holiday season. But don't forget to plan for your New Year requirements to ensure that your suppliers have the stock you need available when you need it in the New Year. The number one reason why most Australian's buy online is because they could not find what they needed when they visited a retailer or supplier.

### 📌 Discount only if you have to

A business with a 30% gross profit margin that offers a 25% discount requires a 500% increase in sales volume just to maintain the same position. In almost all cases that's just not going to happen. The result generally is the business will be trading below its break-even point and generating losses. Most SMEs simply can't survive for any period of time trading at a loss. You have to compete but think very carefully about what it is you are offering the market.



The Twelve Days of Christmas  
www.KidsCanHaveFun.com



#### Across

4. Two \_\_\_\_\_ doves.
5. Ten \_\_\_\_\_ drumming.
8. Ten Lords A-\_\_\_\_\_.
9. \_\_\_\_\_ Pipers Piping.
10. Five \_\_\_\_\_ rings.
11. Seven \_\_\_\_\_ A-swimming.

#### Down

1. A \_\_\_\_\_ in a pear tree.
2. Three \_\_\_\_\_ Hens.
3. Four Calling \_\_\_\_\_.
6. Twelve \_\_\_\_\_ A-milking.
7. \_\_\_\_\_ Geese A-laying

### *Quarterly Super - Important*

Don't forget, before you complete your quarterly reporting and payments for your team's superannuation guarantee (SG) contributions, make sure you have included the increase in SG to 9.25% from 1 July 2013. Plus, if you have any team members aged 70 and over, eligible employees should now receive SG as well.

### *SMSFs top half a million mark*

The ATO regularly releases a statistical report on Self Managed Superannuation Funds (SMSFs). The latest report shows that the growth in SMSFs dropped by around 10% over the last 12 months but establishments remain high. There are now over half a million SMSFs in Australia with almost a million SMSF members.

Australian SMSFs hold assets worth approximately \$495bn at June 2013. A majority of SMSFs have a total asset value of between \$500k and \$1m with the median asset value per member at over \$292k.

## *Gone phishing – the top scams*

Every year, thousands of people are caught by scams. A recent Australian Competition & Consumer Commission report stated that in 2012, Australians reported losing over \$93m – that's just the people who reported the scam.

### **From the ATO**

The ATO has issued a warning about a new phishing email scam.

Pretending to be from the ATO, the email claims that the recipient is entitled to a tax refund and states they should click the embedded link and complete the online form. The link however takes users to a fake webpage that attempts to obtain your tax file number.

The ATO will never email you asking for personal or credit card details.

This latest scam is just one of many. In another scam, an email purporting to be from the ATO asks the recipient to complete a form attached to the email to receive a tax refund. If opened, the attached zip file releases a virus.

## *Losing it! How to make the most of your losses*

*No one in business likes a loss at the end of the financial year. Most of us have grown up on the mantra 'brackets are bad.' Recent changes however might soften the blow by giving you access to a cash refund from the Australian Tax Office (ATO).*

This year has seen a record number of business bankruptcies and a higher than usual level of debtors reaching a business related debt agreement.

For others, the brackets around the bottom line number are a result of high growth.

Whatever the reason for the loss, new rules offer a way for many businesses to offset tax they have paid in previous years against current year losses. In effect, you can carry-back your losses.

### **How do the loss carry-back rules work?**

Prior to the introduction of the loss carry-back rules, companies could only carry forward their tax losses to deduct against taxable profits made in future income years, subject to meeting a few tests. The new rules give companies the ability to choose to carry-back up to \$1m of certain tax losses rather than carrying them forward (limited to the company's franking account balance for that year).

In most cases, the rules apply when a company carries-back a tax loss that is made in the current income year.

So, if your company is likely to be in a loss position for the 2013 income year and paid tax in the 2012 income year, we encourage you to send in your tax return information as soon as possible as the company may be entitled to a cash refund from the ATO. These rules are expected to be abolished in conjunction with the abolition of the mineral resources rent tax. So get your tax return information into us as soon as possible if you think this applies.

