



MERRY CHRISTMAS AND A HAPPY NEW YEAR!

It is almost that time of the year already!

The partners and staff at Collins & Co would like to wish you and your family a peaceful and safe Merry Christmas and New Year.

We look forward to exploring the 2019 year with you and making the most of the opportunities it offers.

Our office will be closed from Friday, 21 December 2018 and will reopen on Monday, 07 January 2019.



Collins & Co

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COMPANY DIRECTORS WILL SOON NEED IDENTIFICATION NUMBERS

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To help protect businesses from phoenix activity and its annual cost to the Australian economy of up to \$3.2bn, the Federal Government will introduce legislation requiring company directors to have identification numbers.

To deter phoenixing, where a director transfers assets of a financially stricken company to a new company that continues operating the business, unique director identification numbers (DINs) will be lodged in a central register. This will enable a range of government agencies to track the business activity of every company director in Australia.

Draft DIN legislation, which the Opposition is expected to support, has been released by Treasury – a new initiative we believe will go a long way towards decreasing fears expressed in last month's newsletter about the effectiveness of the government's anti-phoenix reforms.

Yet there are concerns about reforms

Macks Advisory is aware of concerns expressed about the proposed reforms being "an impost on business and difficult for directors' to comply with"; also about the cost of DIN registration, likely to be up to \$40.

University of Melbourne Law School Professor Helen Anderson says rather than seeing the proposed scheme as "red tape", business operators should instead view the one-off payment for a DIN as an investment in protection. She says DINs required to be shown on a document will guard the integrity of legitimate business owners and stop them "having to compete with fraudsters and other crooks".

General manager of technical policy at the Institute of Public Accountants, Tony Greco declares there has been wide criticism of lax rules for directors' functions. He claims additional rigour is clearly necessary, and says that people who complain about "red tape" should weigh their concerns against the benefits of reform for not only to themselves but the business community as a whole.

The comparable CPA office holder Paul Drum's view is that although the proposed legislation seems "appropriate" his organisation nonetheless will look at its detail in a review of the Bill before its introduction into the Federal Parliament.



New regime for registers

A Treasury statement says a major aim of the reform is "modernisation" of federal business registers to create a regime that will merge two existing databases used to compile ASIC's 34 registers of companies, and the Australia Business Register (ABR), now overseen by the Commissioner of Taxation.

Treasury says it is proposed the new database for a single central register will be "flexible, technology neutral, and governance neutral", and will be overseen by an existing regulator yet to be determined.

Macks Advisory's understanding is that this simplification of the register regime would in fact do away with much existing red tape, to speed and make easier detection and pursuit of wrong doers. Although existing registers are linked, they can't effectively "talk" to each other because their updating isn't synchronised. For example, at any one time, information on an ASIC register may not correspond with information about the same person or company held by the ABR.

The urgent need for government agencies to be able to keep track of someone's life as a director and thus curb phoenix activity that is crippling innocent businesses and the economy generally, was encapsulated in what the Commissioner of Taxation Chris Jordan told a Senate committee member earlier this year.

Mr Jordan said: "I could now appoint you as a company director without you even knowing, and me then controlling the company."

For further articles on phoenixing go to <http://macksadvisory.com.au/> and type "phoenix companies" in the search field.

PLANNING FOR THE HOLIDAY RUSH

The holiday rush can be your most profitable time of the year so long as your small business is set up for success in the Christmas period.

For many businesses, Christmas time is their most stressful season because they do not adequately prepare for the increased customer demand that occurs at the end of each year. Being understaffed or running out of inventory during the holiday period can jeopardise a business' brand and customer service reputation in the long run.



Ensure you are ready for the increased customer demand by considering the following checklist:

Have sufficient staff

You will need to schedule more staff than usual to deal with the customer influx over the holiday period. Make sure your staff are aware of the expectations for increased availability in advance. You might need to consider hiring temporary staff. When recruiting, look for candidates who are quick- learners, can cope under pressure and have flexible availability.

Get on top of leave

Nothing lowers morale more than forbidding leave at Christmas. Find a happy medium by giving leave on a 'first come, first serve' basis. Consider giving staff an option of working Christmas Eve or New Year's Eve to keep it fair and keep track of which staff members went on leave last year.

Adjust your opening time

Consider opening earlier and closing later to maximise your profits. If Christmas is your busy period, this is your chance to boost your profit margins for the year. It is also an opportunity to give some of your employees half days and boost their work-life balance.

Stock your inventory

When you have supplies or merchandise like branded shopping bags or business cards, place an order that is big enough to sustain you for the entire holiday season. If you run out of these supplies and there is a delay in production you could find yourself in a tight spot.



CLEARING OUT YOUR DOCUMENTS

FOR THE NEW YEAR



The holiday period is the perfect time to declutter your documents but avoid throwing out those essentials you need to keep.

Since different rules apply to different documents, the length of time a business needs to retain them depends on what the documents are. Holding on to your documents for seven years is a good starting point for most businesses.

The essential rules are as follows:

- Financial records must be kept for seven years after the transactions have been completed.
- Tax records must be kept for a minimum of five years.
- Employment records must be kept for seven years after termination.
- Documentation of assets must be kept for five years after they are sold.

There are circumstances where you must keep your documents for more than seven years or even indefinitely. Documents relating to intellectual property rights like trademarks and copyright must be retained for as long as the rights to the intellectual property exist. Trust deeds must be kept indefinitely. Documents relating to legal action must be held for the period of litigation or permanently.

When re-organising your documents also consider that:

- Essential documents must be kept in a safe and secure location to avoid any risk of losing them to fire or theft.
- Confidentiality and privacy obligations may exist. Consider your storage location, potential access to the documents and the agreement with any third party storage provider.

SYSTEM OVERHAULS FOR SECURE DATA

The effectiveness of backups rely on frequency and the type of technology used. For long-term solutions avoid using USB and external hard drives as they need to be regularly updated for new files, and can easily be lost or misused. Instead, consider switching to cloud storage. Cloud servers allow instant backups and sharing on multiple devices, and you only pay for what you use.

When you update your backups, also take stringent security measures to protect yourself against online threats. Viruses, worms and hackers are threats to your data. Conduct a security audit with an IT professional to understand the vulnerable parts of your IT infrastructure. You should encrypt sensitive data, limit employee access to certain files and download anti-virus systems to prevent a security breach.

A breach in your security systems or failure backup could jeopardise your business' productivity and profitability.

Every year you should take time to secure your data to prevent panic should your computer systems fail.





STAFF SAFETY

AT CHRISTMAS PARTIES

The Christmas party is a joyous event, but it is also a work sponsored function, and you have a duty of care to provide to your staff on the night.

When it comes to planning your Christmas work party, it is important to take the necessary actions to prevent any situation where inappropriate conduct can occur. Being a work-related function, you are responsible for the safety and wellbeing of the guests in attendance. You can be held liable if a workplace claim arises from any inappropriate conduct occurring such as sexual harassment, drug use or derogatory comments.

Before the big night consider the following:

Email your staff

Communicate to your staff via an internal email that this is a professional work-related event. Remind your staff of their obligation to uphold your business' code of conduct and that normal disciplinary procedures will apply to those individuals who breach the code. Give them clear examples of acceptable and unacceptable behaviour during the celebrations.

Ensure the venue safety

When choosing where you will host your Christmas party, you must make sure the venue has adequate OH&S policies and evacuation plans in place. For instance, the venue must ensure safe service of alcohol and a clear exit signage in case of an emergency. Discuss with the venue provider about their relevant policies before purchasing the venue.

Nominate a supervisor

Whether it is you or a senior staff member, there should be a supervisor monitoring your employees during the party. In this way, the individual can identify and resolve any risks before they have the chance to escalate, such as restricting alcohol to an overly intoxicated employee and sending them home for the night.

Consider after-party risks

If you are supplying alcohol during the event, your employees may be intoxicated at the end of the night, so it is wise to pre-arrange travel arrangements from the Christmas party to ensure they travel home safely, such as a minibus or taxi. Make the start and end time of the Christmas party clear to all attendees and clarify that any 'after-party' events are not employer-endorsed.

EXTRA CONDITIONS

FOR CGT CONCESSIONS

Businesses are eligible for the small business capital gains tax (CGT) concessions, provided they satisfy several conditions that are common to all concessions.

However, the ATO has recently introduced additional conditions you must meet to be eligible when an asset is a share in a company or an interest in a trust.

Additional conditions are as follows:

- Immediately before the CGT event, CGT concession stakeholders in the company or trust must have a total small business participation percentage in the entity claiming the concession of at least 90 per cent. Otherwise, you must have been a CGT concession stakeholder in a company or trust.
- You must satisfy the maximum net asset value test or have carried on a business just before the CGT event.
- The company or trust must satisfy the maximum net asset value test or be a CGT small business entity for the income year.
- Your shares or interest must satisfy a modified active asset test.

RENEWING YOUR LEASE



Avoid leaving your business' future in the dark by understanding your rights when your lease is up for renewal.

A retail or commercial lease is a legally binding contract between a landlord and a tenant that allows the tenant to use the landlord's property in return for rental payments. The process of renewing or terminating your lease depends on your agreement with your landlord.

Renewing with an option—When you have an option, you can renew the lease on the same terms as the original. Note the deadline date for exercising your option to avoid losing it. If your contract says the rent shall be adjusted according to market rent you have the opportunity to share the cost with your landlord if you appoint an independent valuer to determine this price. You must be aware that a market rent valuation overrides the timeframe for exercising your options, which is why you must reply within 21 days of the market determination.

No option alternatives—Your landlord is not obliged to renew the lease if you do not have an option. Your landlord should write to you six months prior to tell you their intentions. At the expiry of the lease, you may stay in your property on a month-to-month basis if the landlord agrees. In this holding over period, the same legal obligations of the lease apply, and the landlord may terminate the lease with a written notice of 30 days.

Make good requirements—When your lease is terminated, and your business must vacate the premises, the make good provisions in the lease will require you to leave the property in the same condition. Clarify with your landlord on the standards of the make good provision to avoid a bond dispute.

THE GOVERNMENT ISSUES BAN ON ESST

From 4 October 2018, the Government has banned taxpayers from using electronic sales suppression tool (ESST) in all activities that relate to their Australian tax obligations.

The Government has banned businesses and individuals from producing, supplying, possessing, using an ESST, or knowingly assisting others to do so. An ESST can be used to misrepresent or under-report income through:

- Falsifying point of sale (POS) records.
- Altering transactions to lower the amount of a sale.
- Misrepresenting a sales record.
- Removing transactions from electronic record-keeping systems.

To determine if a tool can be considered an ESST, the ATO has outlined that a reasonable individual must consider that one of the principal functions of an ESST is to misrepresent transactions recorded on a POS system.

Examples of ESSTs include:

- A feature or modification, i.e., code or script that forms part of a POS system or software.
- Extra software installed into the otherwise-compliant software.
- An external device connected to a POS system.



RISKS OF WORK FROM HOME ARRANGEMENTS

Letting your employees work from home can boost productivity levels and job satisfaction, but it also opens your business up to new risks that must be covered by your insurance policy.

Many small businesses offer the option to work from home permanently or even a few days a week to attract quality employees to their team. However, in doing so, most employers fail to see their employees' homes are now an extension of their workplace and must comply with the same OH&S standards for insurance purposes.



Ensure your business is adequately covered by considering the following:

Your OH&S obligations—You have a duty of care to ensure your employees' homes comply with the same health and safety requirements set out in your workplace. For instance, their home must be equipped with a first aid kit, a working smoke alarm and proper ventilation. It is important to also check your employee has an ergonomic chair and a reasonable sized work surface.

Worker's compensation policy—Your liability for worker's compensation and future damages also extends to your employees who sustain a personal injury or psychological injury while working from home. The employees' entitlements will depend upon the state or territory in which they live.

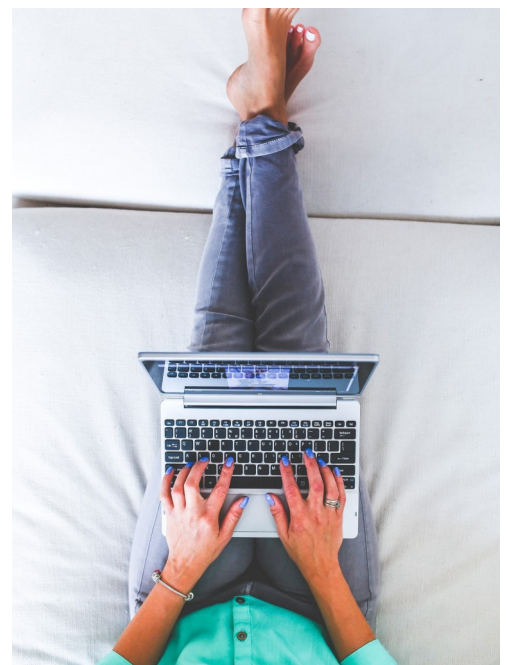
Strategies for your business—Once you are aware of your obligations for those who work from home, it is vital you put strategies in place to protect your business and ensure the safety of your employees.

Insurance—Purchasing insurance is one way you can protect your business should an employee or customer injure themselves during business activities while working from home.

Consider the following types of insurance:

- Public liability insurance for physical and psychological injuries of your employee or third party customers.
- General property insurance will cover the business' property up to a certain value.
- Cyber insurance policies will protect loss or damage of data.

Work from home policy—Include a workplace health and safety checklist your employees should comply with when working from home. A code of conduct must also detail leave and absence reporting requirements, communication provisions for staff cooperation, contact availability, distinct working hours and a method for assessment of performance.



REWARDING YOUR EMPLOYEES AT CHRISTMAS

The holiday season is an opportunity to reward your employees for their hard work throughout the year; however, it is important to be aware of the tax implications involved.

Whether you are considering throwing a work Christmas party, giving gifts or holiday bonuses, knowing the tax implications for each will guide you towards an option that can best benefit you and your staff.



Christmas parties

Employers plan a Christmas work party to boost morale and show appreciation for their staff's work. Avoid a fringe benefits tax (FBT) by ensuring the cost of the party is less than \$300 per employee. If employees plan on bringing a spouse, the amount will be split between the employee and their associate. To minimise your tax bill, consider holding the party at staff headquarters during a working day. It is important to note the costs that are not FBT exempt, can be claimed as an income tax deduction and GST credit can be claimed on that portion.



Gift Giving

Non-entertainment gifts can qualify for FBT exemptions, tax deductions and GST credits, provided they meet the ATO's criteria. Non-entertainment gifts like beauty or skincare products, flowers, wine, gift vouchers or hampers under \$300 are usually FBT exempt. When giving non-entertainment gifts exceeding the value of \$2000 within an FBT year, employers should also know that some fringe benefits need to be included on payment summaries.



Holiday Bonuses

Holiday bonuses are given to recognise an employee's performance. However, the tax implications involved may reduce the effectiveness of your reward. A holiday bonus is a one-off annual payment made in addition to an employee's salary. Holiday bonuses are taxed as a supplemented income. This means you are required to withhold a portion of the bonus as you would in pay events with commission. If you are looking for a tax-free or tax-deductible alternative, you might consider giving your employees gifts that cost under \$300 instead.

If a holiday bonus remains the most appropriate option to reward your employees, there are several considerations you must make to remain compliant with the ATO. Elect the period that the bonus relates to. A bonus based one week during the December holiday rush will relate to one pay event. In this case, merge the bonus with the weekly income and withhold income according to the PAYG tables. A bonus pertaining to an employee's annual performance will relate to the year's pay events. You must split the bonus across the year's pay events and calculate the tax following the ATO guidelines.

SEASONAL PRICING STRATEGY

A seasonal pricing strategy will help you minimise loss of cash flow in low periods and maximise profitability in peak seasons.

Changing your pricing will help you capitalise on your target market's spending habits. Keep in mind that creating a supporting marketing campaign to bring awareness to your price change or seasonal deals will be critical in meeting your business objectives. Consider the following steps to get the most out of your seasonal pricing strategy.



Know your customers

Previous buying patterns should influence campaigns so you can tailor your pricing to the needs of your target market. Segment your market and develop a range of pricing strategies to maximise customer engagement.

Pricing for low and peak periods

Your pricing strategy should accommodate fluctuations in customer demand. Break your year into low, mid and peak seasons. Offering an off-peak discount may boost your profits by incentivising your customers. Increasing your premiums in peak season will help you capitalise on high customer demand. Experiment with pricing so that your discount does not encourage customers to wait until your peak period is over and so your premiums do not drive away customers looking for better value. Look to the market to help you strike the right balance to maximise the benefits of seasonal pricing.

Holiday based strategies

The customer influx in Christmas and the New Year is an opportunity for you to tap into the spending season with your pricing strategies. Advertising seasonal deals well in advance are essential to reaping the benefits from your price change and gaining an edge on your competitors. Offer incentives like a gift wrapping service, loyalty credits or special deals on your most popular products. In the post-Christmas sales look to your competitors to see how far you should discount your prices to capture the largest target market while keeping your profit margins high.

Reuse and recycle

Seasonal pricing strategies and their accompanying marketing campaigns can be costly. Reuse past marketing campaigns that were successful. Recycle them only if they are still relevant or need a few minor amendments. Assessment of pricing strategies should be ongoing to ensure your business is up to date with your customers' spending habits.



NEW UNPAID ENTITLEMENT

From 1 August 2018, The Fair Work Commission introduced a new unpaid family and domestic leave entitlement for employees in all industry and occupation awards.

Under the new clause, employees will be entitled to five days of unpaid family and domestic violence leave annually. The entitlement applies to all employees covered by an industry or occupation award and businesses are required to apply the new clause to each worker's first full pay period on or after 1 August 2018.

Employees are eligible to take the leave to deal with the impact of family and domestic violence, providing it is impractical to do so outside their ordinary hours of work. The leave is in place for situations where an employee's family member uses violent, threatening or another abusive behaviour to seek to coerce or control the employee or causes the employee fear or harm.

This entitlement does not apply to employees covered by enterprise awards, state reference public sector awards, enterprise and other registered agreements, or those employees who are award and agreement free.

PREPARING YOUR BAS

Business registered for GST must lodge business activity statements (BAS) every year with the ATO. To assist you, here is a record-keeping and submission checklist you can follow to help you prepare and lodge your BAS accurately and on time.

You must lodge and pay your BAS on time to avoid incurring any charges or penalties. Most businesses lodge their BAS by the quarterly due date. Although how often you lodge will depend upon your situation, for instance, a business may make a prepayment for an expected bill or lodge and pay monthly when it helps them manage their tax more efficiently.



The due date for your monthly BAS is usually on the 21st of every month and your BAS quarterly due dates are:

- Q1 (July, August and September) is due 28 October.
- Q2 (October, November and December) is due 28 February.
- Q3 (January, February and March) is due 28 April.
- Q4 (April, May and June) is due 28 July.

You must always maintain accurate and detailed record-keeping by:

- Keeping all sales, fees, expenses, wages and other business costs records.
- Avoiding claiming credits for purchases that did not include GST, such as water bills.
- Holding onto tax invoices and other GST records for five years.
- Putting your GST in a separate bank account.
- Only claiming GST credits from GST-registered suppliers.

Before submitting your BAS, always check:

- You have entered each invoice only.
- You have entered whole dollar amounts.
- Your expenses and sales are from the same period you are lodging for.
- You have completed the fields that apply to you.

Remember, should you have nothing to report, the ATO still requires you to lodge a nil statement.

MANAGING

POOR PERFORMANCE

Knowing what to do when your top employee's performance falters is a challenge many small businesses can encounter.

It is often difficult to know what to do when one of your best employees becomes distracted in their role. Could it be a personal issue they are dealing with or a problem at work? Luckily, there are strategies you can adopt to address the root of the cause and develop a plan to assist your employee in getting back on track.



Do not delay—You cannot form a solution until you know the fundamental cause, which is why putting off a talk with your employee is never the answer. Act promptly to save productivity levels dropping in your business.

Speak in private—Avoid discussing in front of the rest of your staff as this will only humiliate your employee and likely make them uncomfortable to open up to you.

Create open discussion—During your talk be careful to avoid speaking with a confrontational tone, your aim is to identify the issue and find a positive resolution. Give them the chance to talk as there may be a reasonable explanation, such as dealing with a family matter at home.



When it is a personal problem—When a good employee is underperforming, it can often be due to a personal issue. They may be dealing with a mental health problem or having family issues at home that are affecting their ability to perform their role effectively.

Form a plan—You have found the root of the cause, and now you need to form a plan that sets out your expectations for your employee moving forward. This will be a plan of action and will differ depending on the actual issue. For instance, your plan for assisting an employee who has a mental illness will differ greatly from a staff member who has a problem with management protocols.



COULD YOUR BUSINESS SURVIVE WITHOUT YOU

Your business must be independent of any one individual if you want your business to thrive in the marketplace on a long-term basis.

The most effective way you can grow your business is by removing yourself from the daily operations and focusing your time on developing strategies to elevate and move your brand forward. However, you cannot step away from running your business until you have strong systems in place, a dependable and knowledgeable team, and a stable customer base.



To help you develop a business that can run on its own, consider the following:

Test your business

The best way to test how well your business will perform without you is to go on a holiday. Ensure you are unreachable during the entire period. In this way, you can come back and assess what went wrong or where your issues lie, for instance, you may find your staff are not comfortable calling the shots if they are used to being micromanaged.

Build strong systems

Putting strong systems in place is the only way you can remove yourself from the daily operations involved in running your business. You must establish clear requirements for all business activities, including how to manage your social media and content calendar through to the processes used for handling customer complaints. By having clear guidelines in place for every aspect of your business, you will no longer need to be there to save the day.

Become replaceable

When you reduce your responsibilities, you must have a reliable and qualified team who can run your business efficiently in your stead. There must be team members employed who are capable of speaking to clients or suppliers and have the relevant industry knowledge to make important decisions on behalf of your business. You need to ensure there are also effective training protocols set up so that every employee understands the business policies and procedures, and what is required in their individual roles.

Perks of a stable customer base

Having a steady customer base provides a reliable and regular source of financial security to take time out to strategise your business' future or tweak any issues in your branding image. For instance, you may want to put your time and effort into perfecting or redeveloping your service or product to attract a broader target market. Stepping away also allows you the freedom to take time away from your business altogether.

ATO EXPANDS

TPAR CRITERIA

The ATO continues to expanded the list of businesses who must report payments they make to contractors for services via the taxable payments annual report (TPAR).

Alongside businesses in the building and construction industry, any business that supplies cleaning or courier services are now also included in the taxable payment reporting system. You must report payments made to contractors each year providing your business has an Australian business number (ABN). The TPAR is due every year by 28 August.

You must report when:

- You are running a business primarily in the building and construction industry.
- You are running a business providing cleaning or courier services (even if it is only part of the services you provide). You may need to lodge a TPAR if the payments you receive for courier or cleaning services account for at least 10 per cent of your total GST turnover.

The ATO defines each services as follows:

- Building and construction services cover a broad category, including architectural work, certification, engineering, and project management and surveying.
- Cleaning services include cleaning in interior and exterior spaces, carpet cleaning, swimming pool cleaning and gutter cleaning.
- Courier services include commercial activities where goods are collected or delivered on foot or via vehicles or drone. It will not be considered a courier service if delivery is the only option your customers have to receive their goods, you used a passenger transport service or a freight transport.



When it comes time to report make sure you include the following payee details:

- The ABN (where known).
- Business or individual's name.
- Address.
- For the financial year, the total Gross amount paid (including GST plus any tax withheld), total GST paid to the contractor and total tax withheld where ABN was not given.

There are some payments you will not be required to disclose, including:

- The Payments for incidental labour.
- PAYG withholding payments.
- Payments within consolidated groups.
- Payments for private and domestic services.
- Payments for materials only.
- Unpaid invoices as at 30 June each year.

IMPORTANT

TAX DATES



November monthly activity statements final date for lodgment and payment.



Lodge and pay quarter 2, 2018—19 PAYG instalment activity statement for head companies of consolidated groups.

Lodge and pay December 2018 monthly business activity statement except for business clients with up to \$10 million turnover who report GST monthly and lodge electronically.



Make super guarantee contributions for Quarter 2, 2018-19 to funds by this date.

SMALL BUSINESS

DELIVERY TIPS

Businesses that fail to meet their customers' expectations for affordability and efficiency of delivery cannot remain competitive.

If customers see that a competitor in your market can offer the same product with a more convenient delivery, your paying customer numbers will dwindle. You can adopt delivery strategies to make your supply chain a strong point and boost your customer satisfaction.



Offer options

Delivery information must be clearly set out. You might charge for express delivery and assess how they would like to pick up their package. Disclose any risk the customer incurs, for example, if they want the package left at their front door, to cover your liability.

State your return policy

A vague return policy can deter the customer from giving you their business. State your policy clearly and be upfront with any return charges that will be suffered. Consider whether a more lenient returns policy will be worth the costs of processing returns if it will secure you more customers.



Deciding on a courier

Quit waiting in line at the post office to send your parcels and take advantage of technology. MyPost Business will allow you to print postage labels and arrange for next day pickup for a small additional charge. Independent couriers may also be an option but make sure you research their reputation and average wait time before partnering with them.

Meet your delivery date

Issue a clear delivery deadline and make sure you meet it for every order. Give your customer access to track the order for their piece of mind. You should also have a tracking system so you can recover the package or damages should it go missing in the delivery process.

If your package is not delivered on time, respond quickly, provide an apology or an explanation and consider offering a credit or discount to minimise damage to your reputation.

Setting free delivery

Increasingly e-commerce retailers are offering free delivery. Consider the following strategies to meet market expectations without your profit margins suffering significant losses:

- Charge for shipping in the price of the good or service.
- Set a minimum spend to get free delivery.
- Limit the locations for free delivery.
- Give free shipping for membership sign ups.

DEVELOPING YOUR INTELLECTUAL PROPERTY STRATEGY

Developing your intellectual property (IP) strategy is vital in protecting the value and future of your business.

IP is any original idea or work that has been created by your business. These valuable intangible assets assist your business in remaining competitive, boosting your profits and value of your business as an investment and providing potential for future growth. Consider the following tips so your business can reap the market benefits of your creative work.



Perform an intellectual property audit

Whether your business is just starting or has undergone a change in ownership, an intellectual property audit will help you determine what steps you need to take to protect your ideas and remain compliant. This process referred to as “due diligence” may include checking public registers for patents, trademarks, designs and any infringement notices. When you identify your IP assets think about the key products and services in your business, what legal rights you possess concerning those products or services and what market advantages are gained from those rights.

Register your IP

Once you have identified your intellectual property assets, formally register them with IP Australia. Although this process incurs costs and takes time, it provides the most significant legal protection. If you do not register your assets, you will have to rely on case law and undergo court processes to prove ownership rather than producing your registered trademark or patent.

Get staff to sign a confidentially agreement

Your staff, associates or contractors can pose a risk to revealing your intellectual property to others. Consider drafting a confidentiality agreement to protect you if you need to prove a breach in IP. Ensure your contract is concluded before work starts, defines which ideas fall under the business' ownership and outlines damages in the event of a breach.

Valuing your IP

Building your IP portfolio can be vital in boosting your business value and convincing investors to finance your enterprise for growth. You can value your IP on a cost basis or fair value basis and might consider values from royalties, profits differential, brand strength or incremental cash flows. In the valuing process keep in mind the following assets:

- Patents, trademarks and brand names.
- Industrial designs.
- Franchises and licenses.
- Distribution agreements.
- Secret processes and formulae.
- Information databases, computer systems and software.

Take action for infringements

If there is a breach of your intellectual property, your business should take it upon itself to enforce legal rights. Violations will be determined on the relevant legislation although you may make a complaint about an infringement that is not defined in law. You may only be partially protected depending on what part of your work has been registered. When developing your infringement strategy consider:

- Patents, trademarks and brand names.
- Detection methods like data seeing can quickly identify misuse of your IP.
- Plan at what court or tribunal you will turn to consider your legal budget for enforcing your right.
- Set clear goals for the outcome of your legal process.

SINGLE TOUCH PAYROLL

AUTHORISATIONS

The ATO has allowed clients to authorise their registered agent to act on their behalf for Single Touch Payroll (STP).

On 1 July 2018, the Australian Government introduced STP for employers with 20 or more employees. The new scheme requires employers to report payment activities each time employees are paid. The STP engagement authority allows employers to provide the Commissioner of Taxation with the relevant form once a year instead of at every pay event by using a registered agent.



STP engagement authority

A registered agent that reports through STP for an employer can get written authorisation to make this declaration through an annual agreement. This authorisation allows the registered agent to make the relevant declaration to the Commissioner when they lodge an STP at each pay event. Both parties should have a copy for their records although there is no need to provide a copy to the ATO.

The agreement should include the following terms:

- An outline of the responsibilities of both parties.
- Agreed terms of the employer's collation of payroll.
- Their process for calculating and paying their employees.
- Taxation and superannuation obligations.

Employer's eligibility

To be eligible for the STP engagement authority the employer must not:

- Have any overdue activity statement lodgements.
- Have any outstanding debts, unless they are covered by a payment arrangement or subject to review.
- Currently be or have been the subject of the ATO compliance activity for PAYG withholding in the last two years

Exclusions

The STP engagement authority does not apply to other approved forms or the finalisation declaration. A registered agent must still get a signed declaration in writing from an employer before making the finalisation declaration on behalf of the employer at the end of the financial year.

GOVERNMENT FAST-TRACK'S TAX

CUTS FOR SMALL AND MEDIUM BUSINESSES

The Australian Government is fast-tracking tax-cuts five years earlier than planned for small and medium businesses.

Businesses with an aggregated turnover below \$50 million will be taxed 25 per cent in 2021-22, instead of the current 27.5 per cent. Previous legislation stated the tax cuts would be implemented by 2026-2027. The tax cuts will be gradual with a decrease to 26 per cent for the 2020-21 financial year.

The \$29.8 billion tax cut will benefit three million businesses that employ nearly seven million Australians. For example, small businesses like an independent pub or cafe making \$500,000 profit, will have an additional \$7,500 in 2020-21 and \$12,500 in 2021-22 to grow their business, increase staff or manage cash flow.

The Government has also announced a 16 per cent increase for their tax discount for unincorporated entities, which will apply from the 2022 income year, rather than the 2027 income year.

ATO's NEW GUIDELINES FOR FBT EXEMPTION

ON VEHICLES



Private and non-private use

The ATO has determined that the vehicle cannot deviate more than two kilometres from its usual route to and from work if it is to be classified as professional travel. The reason being that any deviations larger than two kilometres mean the primary purpose of the trip is no longer work-related. Dropping the kids off to school before work, adding 500 metres to the route, is professional travel. Attending sports training after work, deviating five kilometres, is private use.

Non-work related travel of 1000km is permitted provided that there is no single trip exceeding 200km. A single trip to visit the relatives or grocery run will not leave employers non-compliant so long as their employees record that the trip was non-professional travel.

ATO PHONE SCAM ALERT

Public alerts have been issued regarding phone scammers who impersonate ATO officials to defraud their victims of thousands of dollars.

An increasing number of reports have been submitted regarding scammers who claim their target has an outstanding tax debt and threaten arrest if the debt is not paid immediately.

Scam tactics

Scammers are using technology to make their requests seem more legitimate. Some tactics include:

- Calls appearing to originate from a legitimate ATO number.
- Using the number 6216 1111 and other official looking numbers.
- Using a three-way conversation between the scammer posing as an ATO official, the victim and another scammer impersonating the victim's tax agent.

The ATO has released draft guidelines to eliminate confusion and more closely define FBT exempt benefits for work vehicles and their private use.

Guidelines will be enforceable by the end of the 2019 FBT year. Employers could be forced to pay a 20 per cent FBT compulsory tax payment on the cost of the vehicle if they fail to comply.

Employers who make a vehicle they hold available to their employees for work related or private use fall within the scope of the ATO's new fringe benefit guidelines. This fringe benefit may only remain an exempt benefit if other private use of the vehicle is minor, infrequent and irregular.

Eligible Vehicles

Check the ATO to see if your vehicles are eligible. Keep in mind that these guidelines have recently changed to include single and dual cab utes.

Spotting a scam

Keep in mind that although calls may look legitimate, the ATO will never:

- Threaten you with arrest.
- Demand immediate payment, particularly through unusual means such as bitcoin, prepaid credit cards or gift cards.
- Refuse to allow you to speak with a trusted advisor or your regular tax agent.
- Present a phone number on caller ID.
- Use aggression and intimidation tactics.

How to take action

The ATO encourages individuals who have suspected they have been called by a scammer to take the following action:

- Phone the ATO to check if the call was legitimate.
- Know the status of your tax affairs.
- Check myGov or contact your registered tax agent.
- Never call a scammer back but independently locate a contact number for the organisation referenced in the call.

CLIENT PROFILE

AUSSIE BOAT SALES



Aussie Boat Sales are located on Nelson Place in Williamstown and offer a wide range of new boats and marine product options with world leading brands such as Chaparral sports boats, Robalo fishing boats, Cruisers sports yachts, Polycraft family boats and tenders, Honda outboards, Garmin Electronics, Easytow trailers and more. ABS offer full mechanical service facilities and spares for Honda, Mercruiser, Volvo and Rotax, and have in-house shipwright service for fibreglass repairs and detailing and offer boat storage services both in water and on trailer. Along with used and brokerage inventory, ABS hold dozens of boats in stock and offer professional, friendly advice on all things marine.

Website: <http://www.aussieboatsales.com.au/>

Ph: 03 9397 6977

Address: 226 Nelson Place, WILLIAMSTOWN VIC 3016



2019 NOT-FOR-PROFIT CONFERENCE

Our fifth annual NFP conference is to be held on
Thursday March 14, 2019 at the Palladium at Crown.

Collins & Co invites the Board Members and all levels of Management and staff on NFP's to come on a journey with our speakers and learn from their practical approach to their specialist topics.

Can you afford to miss such a rare opportunity to learn from the experts their field?



The Not-For-Profit Conference is a fantastic opportunity to network with peers and other professionals in the Not-For-Profit Industry.

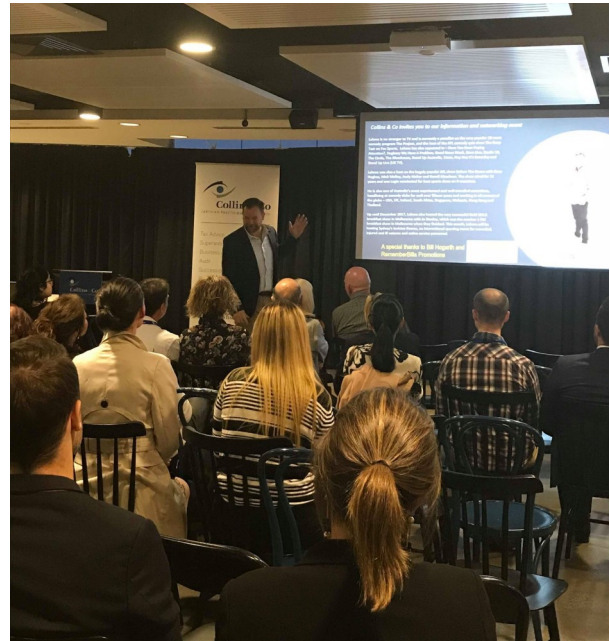
The Conference will also give attendees a chance to win a variety of door prizes!

We have locked in the following speakers for next years' conference.

- **Walter Mikac**—Alannah & Madelaine Foundation
- **The Hon Dr Gary Johns**—Commissioner of the Australian Charities and Not-for-profits Commission (ACNC)
- **Derek Mortimer**—DF Mortimer & Associates
- **Pamela Sutton-Legaud**—ASKRight
- **Steve Hubbard**—Do it for you Social
- **Raphael Goldsworthy**—Our Cat Herder
- **Bianca Crocker**—Fish Community Solutions
- **Randall Killip**—Profile for Media
- **Simon Oats**—Simon Oats Storyteller
- **Jenny Holiday**—NFP Training
- **Ryk Eksteen**—Collins & Co
- **Charlotte Francis**—Strategic Grants
- **Michael McGann**—Skysdesign Social Enterprise
- **Gordon Jenkins**—The Visible Guy
- **Kim Boswell**
- **Janie Alcock**



WESTERN REGION BUSINESS CLUB NETWORKING EVENT



On Wednesday the 31st of October Collins & Co hosted their last Western Region Business Club for the year with guest speaker Anthony (Lehmo) Lehmann.

It was a great night as our attendees had the opportunity to expand their network as well as listen to Lehmo's hilarious stories!

If you are interested in receiving an invite to attend Western Region Business Club in 2019, please register your interest at <https://www.collinsco.com.au/western-region-business-club>



FINANCIAL REVIEW
TOP 100
ACCOUNTING FIRMS 2018

AFR Top 100 again!

We have again been ranked in the Top 100 Australian Accounting firms by the Australian Financial Review for 2018, which reflects success in business and performance in comparison with competitors.

Thank you to all our clients, the hard working team at Collins & Co, our networking groups and our various suppliers.

If you would like to receive the Collins Xpress newsletter via email instead of hard copy please email partner@collinsco.com.au

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