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2015/16 Federal Budget Overview

The Treasurer Joe Hockey handed down the federal budget on the 12th May and stated, "Our future growth will come from growing small business into big business." Small business was front and centre in this budget and according to the Treasurer the budget "empowers small business to invest, grow and create jobs."

Hockey stated, "Small businesses are the engine room of our economy. In 2013/14 there were over 280,000 new small businesses started in Australia. 96% of all Australia's businesses are small business, employing over 4.5 million people and producing over \$330 billion of nation's total economic output."



The 2015/16 budget has placed responsibility for the growth of the economy firmly on the shoulders of small business. The government claims this is "the biggest small business initiative in our nation's history" and they propose a range of small business concessions but virtually all of the stimulus and incentives are for 'small businesses' with an aggregated turnover of less than \$2 million per annum. The 72,000 businesses in Australia with a turnover of between \$2 million and \$5 million who are significant employers and major taxpayers were excluded from these concessions.

This newsletter contains our budget analysis and feel free to contact us to discuss the concessions and how your business can capitalise on the opportunities.

The key budget measures that will impact small business are:

- Cut the company tax rate from 30% to 28.5% for incorporated businesses with a turnover of under \$2m
- A tax 'discount' of 5% for unincorporated businesses, capped at \$1000
- Provide an immediate tax deduction for individual assets costing less than \$20,000
- Expanded Fringe Benefits Tax exemption for work-related portable electronic devices
- Expanded Capital Gains Tax rollover relief when businesses change legal structures
- Expanded tax concessions for employee share schemes
- A Streamlined business registration process
- Removing obstacles to crowdsourced equity funding
- Provide \$330 million for training programs to support young people to becoming job-ready
- \$1.2 billion in subsidies for employers that hire specific groups of job seekers including workers aged 50+
- An extra \$265.5 million for the Australian Tax Office to crack down on GST fraud

The budget also announced:

- Changes to aged pension eligibility tests
- Allocation of \$3.5 billion to childcare
- Cuts to paid parental leave for those parents who also receive parental leave from their employer
- A Youth Transition to Work program for community workers
- Foreign businesses supplying digital products and services subject to GST

The greatest compliment we receive from our clients is the referral of their friends, family and business colleagues. Thank you for your support and trust.

2015/2016 Federal Budget Overview (Continued)

ECONOMIC OUTLOOK

The 2015/16 Federal Budget delivered by the Treasurer forecasts a deficit of \$35.1B, an improvement of \$6B from this year's estimated position. This represents 2.1 percent of GDP and there is no expectation of significantly improved financial performance in the next year. The government forecasts unemployment to rise to 6.5 percent from the April 2015 rate of 6.1 percent. CPI is projected to be 2.5 percent with similar wage growth expectations. Beyond the immediate 12 month period the government is looking to reduce the budget deficit to \$6.9b by 2018/19.



Small Business Measures

ASSET WRITE OFF AND ACCELERATED DEPRECIATION



From 7.30pm AEST on 12 May 2015 up to 30 June 2017, all small businesses (with an annual turnover less than \$2M) will be permitted to claim an immediate tax deduction on any individual assets they start to use or install ready for use, that cost less than \$20,000.

This deduction applies on an individual asset basis and there is no limit as to the number of individual assets that the small business can apply to this concession. Qualifying assets used for running your business might include cars, utes, vans, motorbikes, trailers, lawnmowers, coffee machines, ovens, fridges, office equipment, photocopiers, carpets, tables and chairs, printers, tools, air-conditioning units, welding equipment, chainsaws, generators, pumps, solar panels, televisions, sound and security systems, computers, tablets and smartphones. The concession does not apply to stock you buy for your business.

Assets costing over \$20,000 can be 'pooled' and depreciated at the same rate, 15% in the first income year and 30% in each subsequent income year. If the value of the asset 'pool' is less than \$20,000, it can be immediately deducted until the end of June 2017. Most small capital purchases will be eligible for the new threshold, with the exception of assets that have specific depreciation rules, including in-house software and horticultural plants.

For this same two year period up to 30 June 2017, the Government has suspended the current 'lock out' laws for the simplified depreciation rules (which had prevented small businesses from re-entering the simplified depreciation regime for 5 years if they opt-out).

In addition, from 1 July 2016, all primary producers will be entitled to an immediate deduction for capital expenditure on fencing and water facilities, such as dams, tanks, pumps and water towers. Further, fodder storage assets will be depreciated over three years. This will be a permanent change and represents a substantial acceleration of the current write off rules.

CUT IN CORPORATE TAX RATE & TAX DISCOUNT FOR UNINCORPORATED ENTITIES

From 1 July 2015, the company tax rate for small incorporated businesses (with annual turnover less than \$2M) has been cut by 1.5% percentage points, from 30% to 28.5%. However, the franking credit rate remains unchanged at 30% which will provide certainty for investors.

Tip: From a tax planning perspective it might be advantageous for some businesses to defer sales invoicing until after June 30, 2015 to take advantage of this company tax rate reduction. You would obviously need to consider your cash flow requirements before deferring any income.

Of course, only about one third of Australian small businesses are structured as companies so if you operate as a sole trader, partnership or trust and turn over less than \$2m you are eligible for a 5% discount on your tax from 1 July 2015. This discount is viewed to be in line with the 1.5% reduction in the corporate tax rate. The 5% discount will be capped at \$1,000 per individual in an income year and will be provided in the form of a 'tax credit' in your income tax return. Individual taxpayers will still calculate their business and personal income the same way but they will get a 5% discount on the tax payable on their business income.

Small Business Measures (Continued)

The government says a small business owner who trades as a company with an annual turnover of \$1.3 million and taxable income of \$200,000 currently pays \$60,000 a year in income tax. With the company tax rate cut to 28.5% the business will now pay \$57,000 in tax and save \$3,000.

A sole trader with an annual turnover of \$300,000 and a taxable income of \$75,000 would pay tax of around \$16,000 under the current system. With the 5% tax discount the sole trader will pay \$15,200 in tax, a saving of \$800.

EMPLOYER SUBSIDIES HIRING WORKERS UNDER 30 AND OVER 50

SMEs that hire job seekers under the age of 30 or workers aged 50 plus will share in a redesigned national wage subsidy pool, worth approximately \$1.2 billion over four years. The subsidy consolidates four existing programs, the Long Term Unemployed Wage Subsidy, the Youth Subsidy, the Restart Subsidy and the Tasmanian Jobs Program.

From November 1, eligible employers will receive a subsidy of up to \$6500 if they hire a job seeker under the age of 30, an Indigenous job seeker, a parent returning to the workforce or a long-term unemployed job seeker. Eligible employers that hire workers aged 50 or older will also receive up to \$10,000 under the Restart arm of the program and the cash will be available progressively over 12 months instead of the current 24 months.



The government will also commit \$331 million over four years for a new 'Youth Employment Strategy'. This includes \$212 million over the four years to provide an intensive 'Transition to Work' program to support people aged between 15 and 21 years who are at high risk of long-term unemployment and welfare dependency. The start date is scheduled for January 1, 2016 and the program will involve community-based organisations helping young people develop work-related skills while also encouraging them to take up apprenticeships or traineeships. An additional \$106 million will also be provided for support programs for vulnerable young people at most risk of long-term unemployment, including migrants, parents and those experiencing mental illness.

The budget also included \$18.3 million over five years for a national work experience program, which will allow job seekers to complete up to 25 hours of unpaid work experience a week for up to four weeks while still receiving income payments.

NEW CAPITAL GAINS TAX RELIEF

From the 2016/17 income year, new Capital Gains Tax roll-over relief will be available for small businesses (with an annual turnover less than \$2M) that change their legal structure that do not necessarily involve incorporated entities. This is to assist businesses who might find their initial business structure is unsuitable when their business becomes more established.

Presently, CGT roll-over relief is available to sole traders and trusts that move to a company structure. There is very little detail on the proposed measure at this stage, however, we are hopeful that the measure will extend relief to situations where a sole trader wishes to move to a trust or partnership structure, or where a company structure wishes to adopt a trust structure for its business.

FARMING & PRIMARY PRODUCTION

The budget includes a package of measures designed to help agricultural businesses, particularly those affected by the drought. The government will provide \$250 million to continue the Drought Concessional Loan Scheme and the Drought Recovery Concessional Loan Scheme for one additional year, as well as \$25 million from 2015/16 to help farmers guard against pest animals in drought-affected areas.

The budget also provides for \$35 million for a civil and civic infrastructure grants program in drought affected areas and \$20 million to extend existing support services for farmers in 70 drought affected areas. In addition, from 1 July 2016, all primary producers will be entitled to an



Small Business Measures (Continued)

immediate deduction for capital expenditure on fencing and water facilities, such as dams, tanks, bores, irrigation channels, pumps, windmills and water towers. Further, fodder storage assets will be depreciated over three years. This will be a permanent change and represents a substantial acceleration from the current system where the effective life for fences is up to 30 years, water facilities is three years and fodder storage assets is up to 50 years.

STREAMLINE BUSINESS REGISTRATIONS & CUT RED TAPE

The Federal Government's \$5.5 billion 'Growing Jobs and Small Business' package includes a number of measures designed to make it easier and cheaper to establish a new business or change the structure of an existing one.

The Government will fund a single online portal to help streamline the business and company registration process. The same website will give small businesses access to register for goods and services tax, pay-as-you-go withholding, fringe benefits tax and business names. It will be a joint project by the ATO, ASIC and the Department of Industry and Science.

Early-stage businesses will be able to write-off professional costs immediately (including accounting and legal fees) when starting the business rather than claiming them over a five-year period.

CRACK DOWN ON GST FRAUD

The federal government will give the Australian Tax Office an additional \$265 million over three years to continue its work to stamp out fraud related to the goods and services tax. In the budget papers, the government said the money will be spent to help the ATO identify fraudulent GST refunds, under reporting of GST liabilities, failure to lodge GST returns and outstanding GST debts.



Personal Income Tax

The Government has not made any announcement in this Budget to change the current personal income tax rates, nor to extend the two percent Budget Deficit Levy beyond 30 June 2017. Methods of claiming work related car expenses are proposed to change from 1 July 2015.

INCOME TAX RATES

With no proposed changes, tax rates (excluding Medicare Levy) for the years ending 30 June 2015, 2016 and 2017 will be as follows:

2014/15		2015/16 and 2016/17	
Taxable Income	Tax Payable	Taxable Income	Tax Payable
0 - \$18,200	Nil	0 - \$19,400	Nil
\$18,201 - \$37,000	19% of excess over \$18,200	\$19,401 - \$37,000	19% of excess over \$19,400
\$37,001 - \$80,000	\$3,572 + 32.5% of excess over \$37,000	\$37,001 - \$80,000	\$3,344 + 33% of excess over \$37,000
\$80,001 - \$180,000	\$17,547 + 37% of excess over \$80,000	\$80,001 - \$180,000	\$17,534 + 37% of excess over \$80,000
\$180,001+	\$54,547 + 47% of excess over \$180,000	\$180,001+	\$54,534 + 47% of excess over \$180,000

Notwithstanding the above, clients should be aware that the Labor 2013/14 Budget Savings (Measures No 1) Bill 2014 is currently before the House of Representatives which proposes to repeal the personal tax rate cuts that have already been legislated to commence from 1 July 2015. If the Bill is passed, the tax free threshold for the years ending 30 June 2016 and 2017 will remain at \$18,200 and the second marginal tax rate will remain at 32.5 percent.

MEDICARE LEVY LOW INCOME THRESHOLDS FOR 2014/15

For 2014/15, the Medicare Levy low income thresholds will be as follows:

- Individuals \$20,896 (previously \$20,542)
- Families \$35,261 (previously \$34,367)

Personal Income Tax (Continued)

The income threshold for families (i.e., \$35,261) will be increased by \$3,238 (previously \$3,156) for each dependent child or student. For single seniors and pensioners, the threshold will be increased to \$33,044 (previously \$32,279).



WORK RELATED CAR EXPENSES

Currently, an individual (or a partnership which includes at least one individual partner) can claim car expense deductions in respect of a car owned or leased (e.g., by the individual) using one of the four methods:

1. the cents per kilometre method
2. the 12% of original value method
3. the one-third of actual expenses method or
4. the log book method

From the 2015/16 income year, the government will modernise the methods of calculating work-related car expense deductions and the '12 per cent of original value method' and the 'one-third of actual expenses method' (which are used by less than 2% of those who claim work-related car expenses) will be removed. The 'cents per kilometre method' will also be modernised by replacing the three current (cents per kilometre) rates based on engine size, with one rate set at 66 cents per kilometre in respect of all cars. The Tax Commissioner will be responsible for updating the rate in subsequent years.

CHANGES TO RESIDENCY RULES FOR TEMPORARY WORKING HOLIDAY MAKERS

Currently, a working holiday maker in Australia can be treated as a resident for tax purposes if they satisfy the tax residency rules, typically that they are in Australia for more than six months (unless it can be established that the person's usual place of abode is outside Australia and that there is no intention to take up residence in Australia). This means they are able to access the tax-free threshold, the low income tax offset and the lower tax rate of 19% for income above the tax-free threshold up to \$37,000.



The government will change the tax residency rules from 1 July 2016 to treat most people who are temporarily in Australia for a working holiday as non-residents for tax purposes, regardless of how long they are here. This means they will be taxed at 32.5% from their first dollar of income (up to \$80,000).

Employees in Australia on a company-sponsored temporary work visa such as a Temporary Work (Skilled) visa (subclass 457) will not be impacted by these measures.

Other Measures

AGED PENSION ASSET TEST THRESHOLDS

The government will increase the asset test thresholds at which pensions are reduced once the threshold is exceeded, as follows:

Single Person – a full pension may be received if the relevant value of included assets (i.e., assets other than excluded assets) is less than \$250,000 for a homeowner (currently \$202,000).

Pensioner Couple – a full pension may be received if the relevant combined value of included assets is less than \$375,000 for a homeowner (currently \$286,500).

Non-home owner pensioners will also benefit by an increase in their threshold to \$200,000 more than home owner pensioners. However, the current 'taper rate' at which the age pension begins to phase out will be increased from \$1.50 to \$3 for every \$1,000 of assets over the relevant assets test threshold. Pensioners who lose pension entitlements on 1 January 2017 as a result of these changes will automatically be issued with a Commonwealth Seniors Health Card or a Health Care Card for those under Age Pension age.

The government will reduce the maximum value of assets outside the family home a couple can hold while still qualifying for a part pension, from \$1.15 million to \$823,000. The threshold for single retirees will drop from \$775,000 to \$547,000.



Other Measures (Continued)

LARGE FAMILY SUPPLEMENT OF FAMILY TAX BENEFIT (FTB) PART A

The government will cease payment of the additional FTB (Part A) Large Family Supplement from 1 July 2016. Families will continue to receive a per child rate of FTB (Part A) for each eligible child in their family.

The government will also reduce the amount of time FTB (Part A) will be paid to recipients who are outside Australia. Currently, FTB Part A recipients who are overseas are able to receive their usual rate of payment for six weeks and then the base rate for a further 50 weeks. From 1 July 2016, families will only be able to receive FTB Part A for six weeks in a 12 month period while they are overseas.



CHILD CARE SUBSIDY

A new single Child Care Subsidy ('CCS') will be introduced on 1 July 2017. Families meeting the activity test* with annual incomes up to approximately \$65,000 (2013/14 dollars) will be eligible for a subsidy of 85% of the actual fee paid per child, up to an hourly fee cap. The subsidy will taper to 50% for eligible families with annual incomes of approximately \$170,000 or more.

The CCS will have no annual cap for families with annual incomes below \$185,000 (currently the maximum Child Care Rebate is capped at \$7,500). For families with annual incomes of \$185,000 and above, the CCS will be capped at \$10,000 per child per year. Eligibility will be linked to a new activity test (outlined below) and meeting immunisation requirements.

The CCS will replace the current child care fee assistance provided by the Child Care Benefit, Child Care Rebate and the Jobs, Education and Training Child Care Fee Assistance payments which will cease on 30 June 2017. Additional support will be provided to eligible disadvantaged or vulnerable families through the introduction of a 'Child Care Safety Net'. In addition, the budget announced the introduction of a new Interim Home Based Carer Subsidy Programme, which is a limited pilot programme to subsidise care provided by a nanny in a child's home from 1 January 2016.

* *The activity test consists of:-*

- *Parents working between 8 and 16 hours per fortnight will be eligible for up to 36 hours of childcare.*
- *Parents working between 17 and 48 hours per fortnight will be eligible for up to 72 hours of childcare.*
- *Parents working over 49 hours per fortnight will be eligible for up to 100 hours of childcare.*
- *Families with incomes less than \$65,000 per annum will be provided with up to 24 hours subsidy per fortnight even if the activity test is not met.*

PAID PARENTAL LEAVE

The government will also attempt to crack down on parents who 'double dip' on paid leave from both their employers and the government. The government is predicting savings of \$967 million over four years by cutting access to some or all of the federal government's existing paid parental leave scheme from July 2016 for 80,000 new parents.



The scheme currently provides \$11,500 to new parents, made up of 18 weeks of leave at the minimum wage for primary care givers earning \$150,000 or less a year. However, some parents are also able to access paid parental leave from their employer, if the organisation they work for has a scheme in place. The government wants to make sure workers cannot 'double dip' by accessing both schemes.

RESEARCH AND DEVELOPMENT CHANGES

Changes limiting research and development (R&D) expenditure eligible for concessional tax offset rates to a cap of \$100m were introduced as legislation in March 2015. The Budget papers confirmed commitment to the \$100m expenditure cap. However, the announcement contains some uncertainty as to the R&D rate.

Within the same announcement, the Budget papers note a reduction in the R&D tax offset rates by 1.5 percent for both the refundable and non-refundable R&D tax offsets to 43.5 percent and 38.5 percent respectively. These R&D tax offset reductions were previously announced in the last Federal Budget, but legislation to introduce the changes was blocked by the Senate. It is therefore unclear whether the Budget papers contain an error in respect of the reduction in the R&D tax offset rate. We expect the rate and its application to small and large businesses to be clarified in the short term.

Other Measures (Continued)

NETFLIX TAX TO COMMENCE FROM 1 JULY 2017

The so-called 'Netflix Tax' has been formally announced in the Budget but will not commence until 1 July 2017. The focus has been on imported digital products such as movies, music and e-books but it will also apply to services that are provided from offshore to Australian resident customers. The draft legislation released by the Government is limited to business-to-consumer transactions. Business-to-business transactions where the recipient is GST registered will be excluded on the basis that a GST credit would otherwise be available and therefore no additional net GST revenue would be raised by the government.



EMPLOYEE SHARE SCHEME LEGISLATION

Under employee share scheme legislation scheduled to come into effect on July 1 employees who are issued shares or options will "generally not be liable" to pay up-front tax on those shares or options.

The budget papers include a few minor technical changes to the proposed legislation including:

- Excluding eligible venture capital investments from the aggregated turnover test and grouping rules (for the start-up concession).
- Providing the capital gains tax discount to employee share scheme interests that are subject to the start-up concession, where options are converted into shares and the resulting shares are sold within 12 months of exercise; and
- Allowing the Commissioner of Taxation to exercise discretion in relation to the minimum three-year holding period where there are circumstances outside the employee's control that make it impossible for them to make this criterion.

CROWDSOURCED EQUITY FUNDING SCHEME (CSEF) COMING SOON

The Government has announced a commitment of \$7.8m over four years from 2015/16 to enable the Australian Securities and Investments Commission to implement and monitor a regulatory framework to facilitate the use of crowdsourced equity funding, including simplified reporting and disclosure requirements.



CSEF is an emerging form of funding that has the potential to provide finance for innovative business ideas that may struggle to attract funding under more traditional models. It would allow start-ups and small businesses to raise capital by offering equity to a large number of small-scale retail investors through platforms like VentureCrowd and Equitise.

The measures form part of a suite of announcements designed to encourage start-ups and entrepreneurship by making it easier for small businesses to access the capital they need to grow, whilst at the same time cutting red-tape through simplified reporting and disclosure requirements.

FBT Changes

FRINGE BENEFITS TAX ON ALL PORTABLE WORK DEVICES ABOLISHED

Small businesses that supply their employees with portable devices including laptop computers and tablets will no longer need to pay Fringe Benefits Tax (FBT) on either device. Previously, businesses may not have been able to obtain an FBT exemption on such devices because a laptop and a tablet could be considered to have 'substantially identical functions'.

The exemption will apply from April 1, 2016 to small businesses and start-ups with an aggregated annual turnover of less than \$2 million that provide employees with more than one qualifying work-related portable electronic device, where the devices have similar functions.



FBT Changes (Continued)

CAPPING THRESHOLD FOR SALARY SACRIFICED MEAL ENTERTAINMENT AND ENTERTAINMENT FACILITY LEASING EXPENSES ('EFLES')

Currently, certain employers are capped on the amount of concessional taxed fringe benefits they can provide to their employees, as follows:



- (a) FBT-Rebatable Employers (e.g. certain associations, clubs or societies) are subject to a \$30,000 cap (increased to \$31,177 for the 2016 and 2017 FBT years due to the Temporary Budget Repair Levy) on the amount of fringe benefits (which are eligible for an FBT rebate) they can provide to each of their employees.
- (b) Public Benevolent Institutions and Health Promotion Charities are subject to a \$30,000 cap (increased to \$31,177 for the 2016 and 2017 FBT years) on the amount of FBT-exempt benefits they can provide to each of their employees.
- (c) Public and Non-Profit Hospitals and Ambulance Services are subject to a \$17,000 cap (increased to \$17,667 for the 2016 and 2017 FBT years) on the amount of FBT-exempt benefits they can provide to each of their employees.

Certain benefits are currently excluded from these caps, such as the following:

- Meal entertainment-related benefits (e.g. restaurant meals) and
- EFLEs (e.g. holiday accommodation and venue hire for a special event, such as a wedding).

Additionally, meal entertainment-related benefits and EFLEs are also currently excluded from the FBT payment summary reporting rules.

From 1 April 2016, the government will introduce a separate single grossed-up cap of \$5,000 for salary sacrificed meal entertainment and EFLEs (meal entertainment benefits). Where these benefits exceed the separate grossed-up cap of \$5,000 they can also be counted in calculating whether an employee exceeds their existing (relevant) cap. In addition, all meal entertainment benefits will become reportable.

Keeping Track of Your Business Growth

In the digital age if your business isn't going forward, it's actually going backwards. Put another way, serial entrepreneur Creel Price says, "In business you are either green and growing or you're ripe and rotting". So how do you measure your business progress?

Firstly you need to measure and monitor your financial and marketing key performance indicators. Typically you can start by comparing some key numbers in your business and here are several methodologies to consider.



This Month Vs. Last Month

This is a very simple starting point and the objective is to maintain constant improvement in your website traffic, online leads and sales conversions. In fact, this objective of continuous improvement in your key performance indicators will have a compounding effect.

Most importantly, the upward trend in online traffic and leads is a sign of a healthy business and if your marketing is working it should flow through to your top line revenue. Comparing your month to month statistics on website traffic is very easy thanks to the dashboard provided by Google Analytics and you can then measure online leads while your sales data is readily available through your accounting software.

You might also schedule a mid-month review of the indicators and make changes if you aren't on budget to beat last month's figures.

This Month Vs. Rolling Three Months

One of the challenges when comparing month to month figures is you might have a 'blow out' month which might be difficult to top next month. Your activity might peak in a particular month leading up to Christmas, Easter or EOFY. To get a better picture of your performance you might look at the figures over a rolling three month period to balance out the abnormal month. Using a rolling average you smooth out the irregularities and the main thing to look for is the positive trend line.

Keeping Track of Your Business Growth (Continued)

This Month Vs. The Same Month Last Year

Almost every business has seasonal trends. For example, retail sales crank up around Christmas then fall away in January. Some cater for summer activities (surf and golf shops) while others peak in winter (ski shops and AFL Stores). For these seasonal businesses comparing this month's data to last month's data or even a three month rolling average can be misleading. Instead, compare this month to the same month last year.



13-Month Rolling

Trend data is very important with marketing and sales. Ideally you want to see positive trends over a longer period of time. Sometimes, month-on-month data or even three months of data isn't a big enough statistical sample. Analysing longer periods may give you a 'bigger picture' and how far you've come. Reviewing 13 months of rolling data lets you compare figures for the same month last year, last month and the trend for the previous 12 months.

Set Your Budget

Of course all these comparisons are useful and might highlight the fact that you are green and growing but could you be growing faster? Think about setting growth goals with your website traffic, online leads and sales conversions. Your budget will certainly be tied to historical performance and they need to be realistic. If you have set aggressive sales goals then you need to review your website to make sure you have a plan to drive more traffic. Don't forget to track the conversion metrics as well because you don't have to increase visitors dramatically if you're increasing the sales conversion rate.

Don't budget on increasing your website traffic by 50% this month compared to last month if you've averaged 10% growth historically. You might need an aggressive blogging schedule, daily off-site SEO tactics, solid social media plans, email campaigns, a highly responsive website and a very active content publication plan. These need to be in place for at least three or four months prior to the month you're looking for the 50% increase in visitors.

You can see that this level of results takes solid planning and a well-thought-out, tightly integrated inbound marketing strategy. These types of results don't fall into your lap. Make sure that your expectations are realistic and that they're backed up with the necessary plans.

Tech Corner ... Video Chat Tools



Room by Spreecast is a simple way to have free, instant video, audio and text chat calls with up to 3 other people at the same time. With Room, anyone you invite can join the video call without signing up. You can share your screen in two clicks allowing you to present your charts, website, designs or documents. Use text chat to share links or copy and paste text and you can save your favourite rooms for quick access later. Room for web requires no download and no sign up and supports screen sharing and more. Room can be accessed from your iPhone, iPad, Mac or PC computer (using latest Google Chrome or Mozilla Firefox web browsers). Room is available at the iTunes store or by visiting <https://room.co/#/>

Spreecast (the maker of Room above) also provide a creative web streaming platform that has some advantages over other services including Skype, Google Hangout or GoToMeeting.



Spreecast provides:

- Easy access (directly from web browser using an email to sign-up rather than downloading an application)
- Unlimited audience (i.e. anyone can tune into the video and take part in the conversation via the message board, although 4 people is the maximum number of contributing members on a video conference).
- Audience interaction (Spreecast offers unique opportunity for video streamers to interact with their audience on a live message board but the producer can also bring an audience member on camera at any time)
- Meeting hosting (by creating private video sessions, entrepreneurs can take advantage of Spreecast by using it for business meetings. Limited to four people on screen at once, others can contribute to the conversation and join the video if the producer brings them on screen. For small businesses with employees working remotely, this can be a useful tool for meeting face to face.

ATO Issues Scam Warning

The ATO has issued several warnings recently regarding a number of scams targeting taxpayers.

Firstly, they have warned the public of a phone scam in which “fraudsters are intimidating people into paying a fake tax debt over the phone”. This scam involves the callers threatening people with arrest if they do not comply and make the 'payment'. The Assistant Commissioner of Taxation, Thomas Ryan, has urged people to be vigilant, saying the ATO would never contact taxpayers about a debt in such a threatening manner.

Ryan advised “We take your privacy seriously. We urge you to be alert to these types of scams and never send money or give your financial details to someone you don't know and trust,” said Mr Ryan.



Anyone who receives a phone call from the Tax Office, but is concerned about providing their personal information over the phone, should ask for the caller's name and then phone them back through the ATO switchboard on 13 11 42.

In another statement, the ATO warns of “Scam emails, SMS or phone calls where criminals try to steal money or information from unsuspecting individuals and tax professionals. These scams can be very convincing.” They suggest some of the common characteristics of a scam include:

- they are unsolicited and do not address the recipient by name
- they ask for personal or financial information
- they are poorly worded, contain spelling and grammatical mistakes
- they promise the recipient money
- often contain an attachment or fake links requesting the recipient to lodge a form. Opening these attachments or links can lead to spyware or a virus being downloaded.

ATO Data Matching Targets

Excessive work-related expense claims or incorrect rental property deductions will be the focus of the Australian Taxation Office's data matching systems come tax time. The ATO has warned that taxpayers falsely claiming deductions they are not entitled to should expect to be caught out and incur penalties.

Around 12 million tax returns will be under scrutiny via the ATO's sophisticated data matching systems which have been in operation since the 2008-09 financial year. Through cross-checking of employer, bank and government transactions the ATO will be examining excessive deductions claimed for holiday homes, splitting of rental income between husband and wives and unsupported deductions for jointly owned properties. Repairs and maintenance claims on newly purchased properties and interest deductions for private proportions of loans will also be scrutinised.

Work expenses which may already have been reimbursed by employers will be a focus of data-matching, as well as private expenses such as travel from home to work.

Independent contractors suspected of avoiding their tax obligations can also expect to be the target of the ATO's data-matching program. The ATO hopes to identify contractors that may not be meeting their taxation obligations by not registering or recording payments correctly. The target years include the 2013/14, 2014/15 and 2015/16 financial years. The ATO will electronically match ABNs for payer businesses against ABNs of payee businesses (the contractors), cross-checking names and contact details of the contractor and the amounts paid including GST components. The data will be extracted from invoices for the payer business and electronically matched with certain sections of ATO data holdings to identify non-compliance with registration, lodgement, reporting and payment obligations under taxation laws. Data may also be collected from other businesses associated with the contractor (payee) or payer businesses.

IMPORTANT DISCLAIMER: This newsletter does not constitute advice. Clients should not act solely on the basis of the material contained in this newsletter. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly and we therefore recommend that our formal advice be sought before acting in any of these areas. This newsletter is issued as a helpful guide to clients and for their private information. It should be regarded as confidential and not be made available to any person without our prior approval.



2015 Tax Return Client Checklist

June 2015

2015 - Individual Tax Returns

Income

- Gross salary, wages, allowances, benefits, earnings, tips, Directors Fees and Insurance for lost wages.
- Income from business activities.
- PAYG Payment Summaries.
- Details of any non-cash benefits received including discount(s) on employee shares or rights.
- Lump sum and termination payments. All documentation should be provided including an ETP Payment Summary from the employer or fund.
- Government Social Security payments, including pensions, unemployment and sickness benefits.
- Details of any CGT asset sales (e.g. shares, business and real estate). Please include dates of, and costs associated with, acquisition and disposal (You can save tax if you qualify for the variety of CGT concessions).
- Annuities, including allocated pensions or superannuation income streams.
- Income from trusts and partnerships. Statements of distribution should be provided where appropriate.
- Rental income.
- Interest and dividends received from any source including life insurance or friendly society bonuses and any tax deducted. Include details of franked dividends (i.e. imputation credits).
- Foreign source (employment and pension) income and details of any foreign tax credits.

New Clients

- Last Year's Notice of Assessment and Tax Return (if available).

Deductions

- Investment and property expenses (carefully detail interest and repair claims).
- Subscriptions (not including sporting or social clubs).
- Employment related expenditure such as work-related motor vehicle, self-education, protective clothing, tools, uniform and laundry expenses.
- Donations of \$2 and over.
- Income Protection Insurance Premiums.
- For Self-Employed persons, details of any Superannuation Contributions made.
- Home office expenses where employment requires use of your computer, phone or other device.
- Tax Agent Fees and other accounting/tax audit fees.
- Special deductions (Australian films, investment shelters and agribusiness-type schemes).
- Bank fees (where the credit or deposit represents assessable income).
- Unrecouped prior year losses.



Rebates

- Private health insurance annual statement.
- Details of superannuation contributions where no tax deduction can be claimed.
- Any changes in dependants, children's details, DOB and any Centrelink benefits applicable (income of spouse should also be provided).
- Details of any income received in a lump sum which was accrued in earlier income years (e.g. assessable pensions).
- Details of any remote work performed for 183 days or more.
- Net family medical expenses if they exceed \$2162 in total (i.e. medical expenses paid net of reimbursements from Medicare and/or health fund). This can only be claimed by taxpayers who claimed this offset in 2013/2014.
- HECS Debt details.

8 Most Common Errors in Income Tax Returns

1. Omitting Interest Income
2. Incorrect or Omitted Dividend Imputation Credits
3. Capital Gains/Losses are Incorrect or Omitted
4. Understating Income
5. Home Office Expenses
6. Depreciation on Rental Property Fixtures and Fittings
7. Depreciation on Income Producing Buildings
8. Borrowing Costs associated with

2015 - Companies, Partnerships, Trusts and Other Business

Income

- Trading Income.
- Other Income (e.g. Rent, Interest, Royalties).
- Stock on Hand at June 30, 2015 (and basis of valuation) – note any obsolete stock.
- Work-in-Progress at June 30, 2015
- Primary Producer subsidies (if assessable).
- Details of CGT assets (e.g. shares and real estate) sold, including dates of, and costs associated with acquisition and disposal.
- Dividends, including details of franking credits.
- Income from foreign sources including details of any foreign taxes paid.

Deductions

- Repairs and maintenance.
- Salaries, including fringe benefits.
- Fringe benefits tax paid.
- Rates, land taxes and insurance premiums.
- Advertising expenses.
- Interest on borrowed monies.
- Deductions relating to foreign-source income.
- Prepaid expenses (subject to transitional rules).
- Retirement payments and golden handshakes.
- Bad debts actually written off during the year.
- Donations of \$2 and over depending on the recipient.
- Commissions.
- Legal expenses.
- Lease or Chattel Mortgage payments on motor vehicles and equipment.

- Losses of previous years (or intra-group transfers).
- Superannuation contributions.
- Subscriptions.
- Car expenses (remember to include petrol, repairs and parking and maintain a log book where necessary).
- Tax agent's fees and other accounting and tax audit fees.
- Royalties paid.
- Details of the destination and purpose of any interstate or overseas trip. Expenses must be fully documented where travel involves at least one night away from home. Travel diaries should be included where travel exceeds five nights.
- Research and development expenditure.
- Bank fees (where the credit or deposit represents assessable income).

Liabilities

- New loans taken out during the year and their purpose, including any new lease or chattel mortgage agreements.
- Statements from the lending authority detailing the opening and closing balances of existing loans during the financial year.
- Provisions for long service and annual leave.
- Creditors at June 30, 2015.
- Details of loan accounts to directors, shareholders, beneficiaries and partners.
- Accrued expenses (e.g. audit fees, interest payments).
- Commercial debts forgiven.

Assets

- Details of depreciable assets acquired and/or disposed of during this income year, including:
 - type of asset;
 - date of acquisition;
 - consideration received/paid.
- Lease commitments.
- Debtors at June 30, 2015.
- Commercial debts forgiven.

Additional Information Required

- Franking account details/movements.
- Overseas transactions, exchange gains/losses.
- Private companies – remuneration or loans to directors, shareholders and their relatives.
- Changes to the capital of the company.
- Whether family trust elections have been made in relation to trusts.

Note: To ensure that you obtain the maximum deductions to which you are entitled and in consideration of the penalty provisions, FULL DETAILS of any claim should be provided and supporting documentation made available. For employee taxpayers and for travel and motor vehicle claims by self-employed taxpayers, documentation must be a receipt, tax invoice or similar document which contains certain details. For other taxpayers, documentation may comprise receipts, docket, diary notations or reasonable and supporting estimates.

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