

2015 Summer Newsletter



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Once again another year has flown by, and we find ourselves half way through the tax year.

On the sporting front this year, Prince of Penzance beat the odds and saw Michelle Payne emerge as the first ever female Melbourne Cup winning jockey. The AFL Grand Final saw the Hawks once again victorious, this time taking out the hat trick with a win against the fancied West Coast Eagles. Whilst the ARL Grand Final saw an epic all Queensland showdown with the Cowboys clinching their inaugural nail-biting win against the Broncos.

On the financial front, interest rates have remained at record low levels, but the year has seen change, with Turnbull replacing Abbott in the top job in Canberra.

This issue takes a seasonal look at the benefits of giving and keeping the taxman happy at Christmas, together with ATOs eBay data matching program, personal and business partner insurance, what happens if there is no will, customer service and scrapping the SMSF anti-detriment concession.

We hope you find the newsletter of value and more importantly we would like to wish you and your family a very Merry Xmas and hope the New Year brings you much happiness and success.

If there is any area within this newsletter that you would like to discuss, please call us. We are here to help.

General Advice Warning Information provided in this newsletter is general in nature only and does not constitute personal advice. The information has been prepared without taking into account your personal objectives or needs. Before acting on any information in this newsletter, you should consider the appropriateness of the information having regard to your objectives and needs.

ATO and eBay Data Matching Program

The Commissioner of Taxation announced that the Australian Taxation Office (ATO) would acquire online selling data relating to eBay registrants who sold goods and services to a value of \$10,000 or more during the period 1 July 2014 to 30 June 2015.

The data requested will include information that enables the ATO match online selling accounts to a taxpayer, including name, address and contact information as well as information on the number and value of transactions processed for each online selling account. This acquired data will be electronically matched with certain sections of ATO data holdings to identify possible non-compliance with taxation law.

These records will be electronically matched with certain sections of ATO data holdings to identify non-compliance with registration, lodgement, reporting and payment obligations under taxation laws.

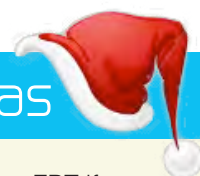
The purpose of this data matching program is to ensure that taxpayers are correctly meeting their

taxation obligations in relation to business sales through online selling sites. These obligations include registration, lodgement, reporting and payment responsibilities. Its objectives are to.

- Promote voluntary compliance and increase community confidence in the integrity of the tax system.
- Identify those apparently operating a business but failing to meet their registration and/or lodgement obligations.
- Gain insights from the data that may help to develop and implement treatment strategies to improve voluntary compliance; which may include educational or compliance activities as appropriate.
- Obtain intelligence to increase the ATO's understanding of the behaviours and compliance profiles of individuals and businesses that sell goods or services via online selling sites.
- Ensure compliance with registration, lodgement, correct reporting and payment of taxation obligations.



Eat, Drink and Keep the Taxman Happy this Christmas



The Christmas celebration season will see many Australian businesses paying for their staff to celebrate at the annual end of year shin dig. The season will most likely see its fair share of hangovers and possibly an embarrassing moment or two.

Our role is to highlight what you should be aware of, in order to avoid your festive fling becoming a tax hangover, come June 30 next year.

Here are a few tips for keeping the taxman happy this festive season:

- If you throw a Christmas function for your staff off-site, the cost of providing the party would normally be treated as a fringe benefit, with fringe benefits tax (FBT) payable by the employer. The key here is the cost per employee. If the cost is less than \$300 per employee, no FBT will be due, because of the so-called minor benefits exemption. This exemption also applies if spouses or partners come along to the party. The minor benefits exemption applies to each benefit provided, so for example if you spend \$280 per head on the party and then give a gift to each employee valued at \$290, both expenses will be free of FBT.

- The costs of a Christmas party are exempt from FBT if provided on a working day on your business premises. This excludes non-employee guests and there could be an FBT liability unless the cost is covered by the minor benefits exemption (see above).
- If your business also covers the cost of taxi fares to and from the festivities, these costs will count as part of the \$300 per head limit if the function is off-site, but will be exempt from FBT if the party is at your premises.
- However, if the cost of your Christmas party is exempt from FBT, it is also not tax deductible for income tax purposes, nor can the business claim GST credits for the costs incurred.
- None of this generally impacts on the employee's tax position. They can eat, drink and be merry knowing that the tax consequences usually fall only on the employer!

So, there you have it. Who would have thought humble Christmas celebrations could cause such a tax headache? If nothing else, before you sip your first celebratory champagne, it may pay to have a chat with us to ensure you know exactly where you stand tax-wise.

Merry Christmas!

ARE YOU COVERED?

Most Australians have a general understanding of life insurance. You may be aware of the benefit that life insurance can provide generally in the event of premature death or becoming totally and permanently disabled (TPD). You may also know that income protection is an income stream can be provided in the event of being unable to work due to illness or accident.

However, most Australians are unaware of the features and benefits associated with some life insurance contracts. Some of these benefits and options you may wish to ask about and consider include:

Lump sum products – Term, TPD, and Trauma Insurance

- Funeral benefit.
- Guaranteed future insurability.
- Interim cover.

- Double TPD.
- Trauma reinstatement.

Income Protection

- Accident option.
- Nursing care benefit.
- Specified injuries.
- Superannuation contributions.
- Trauma option.
- Elective surgery.
- Waiver of premium.



These are a few of the benefits and options available with retail insurance offerings, and ones you may wish to consider when discussing your options with your insurance professional.

David Spiteri is the National Risk Manager, AAP

TOP FIVE CONCERNS FOR BUSINESS PARTNERS' INSURANCE

Talking about business partners' insurance, these have been identified as top concerns:

1. Resignation from the business

There are many circumstances in which one or more partners wish to resign from a business. It may be a career change, disagreement between business partners, or personal circumstances that determine a partner wishes to take no further part in the business.

Whilst there is no magic wand to stop this from happening, a properly executed shareholder agreement will provide for which formalities are to take place if this occurs. As an example, the agreement may state that in the event of a resignation, payment for the share of the business is spread in instalments over a number of years, to will allow for the remaining business partner/s to manage cash flow.

2. Retirement

Not much really needs to be said about this; however, good succession planning is a must. Also, the shareholders' agreement needs to stipulate what is to occur in this event. Once again, it may be a payment plan to the retiree or the transition to a successor.

3. Sick leave entitlements

Generally, this is an area that is not really spoken about or considered. Most business partners feel that they have an entitlement to unlimited sick leave. The best way to overcome this is to have the business partners agree to a term when sick leave entitlements will end. You could include an income protection contract to cater for sick leave entitlements thereafter. Providing set ground rules will eliminate any false entitlements.

4. Fraudulent activities

This is something that never really crosses the minds of business partners until it happens, but really needs to be considered from when they are getting into business together. Most shareholder agreements will stipulate that a significantly smaller share will be payable to the fraudulent business partner.

5. Premature death or becoming totally and permanently disabled

Consideration needs to be given to this possibility and the most economical way to address any financial impacts is to protect the lives with a life insurance contract, and to put in place a buy/sell agreement and shareholders' agreements addressing these possible outcomes.

David Spiteri is the National Risk Manager, AAP

How Giving Back Can Help Your Small Business

By Alyssa Gregory - Small Business Information Expert

Giving back by donating your time and expertise to your community and to your industry can be beneficial for many reasons. Not only can volunteering as a small business owner help your community and create a shared sense of achievement, but giving back can also help your business grow.



especially one that involves collaboration and teamwork. While you wouldn't be using a volunteer situation to solicit new customers, it is natural for discussion about what you do in business to come up during a volunteer opportunity.

The people you're working side-by-side with may not

While I wouldn't recommend volunteering solely for the business benefits, there are a few benefits that are indisputable.

You can develop new relationships and strengthen existing ones.

Getting out there and volunteering in your community puts you in a great position to meet people you may not otherwise meet. These relationships are not only good for networking, but they also help you to create a group of people to consult with outside of your immediate business network.

Being active in your community as a volunteer also gives you a chance to continue to collaborate with colleagues you've worked with before. Teaming up for a greater good is a powerful way to strengthen bonds and solidify relationships.

Giving back can broaden your experience.

Even if you donate time doing the same type of work you do every day, volunteering provides an opportunity to work on something new with new people in a new place. You get to see more and experience more, and you never know where you might learn a new skill, discover a new way to do something, or expand your knowledge in some other valuable way.

Volunteering provides indirect marketing exposure.

Sometimes the best marketing is marketing that happens naturally.

This can happen when you are focused on a task,

be your ideal customers, but they may remember you and your business the next time they interact with someone who may need exactly what you offer.

Doing good is good for your reputation.

If you work for yourself, everything you do on and off the job impacts your business reputation. Giving back is one way to position yourself in a good light. When you spend time and effort for the benefit of others, you are telling clients, potential clients and colleagues that you are empathetic to those around you. That kind of positive action tends to stick with people and it can strengthen your reputation over the long term.

Giving to others makes you more well-rounded.

When you volunteer for the right reasons (and realise all of the benefits listed here are really just peripheral to the main purpose of giving back), you have an opportunity to improve many different areas of your life.

Personal growth can not only make you a better, more fulfilled person, but it can help you identify more productive goals in your business and ultimately become more successful.

It doesn't have to take a tremendous amount of time or energy, yet giving back can be one of the best things you can do to strengthen the foundation of your small business.

As well as helping others, volunteering is something you can enjoy and get a great deal of personal satisfaction from doing.



A Will is a legal document that sets out who you want to receive your assets (estate) when you die. Making a Will is

the only way you can ensure your assets will be distributed according to your wishes.

Studies show that at least 45% of Australians do not have a valid Will.

The rules applying to wills and estate administration differ from state to state.

ACT - Public Trustee for the ACT

NSW - NSW Trustee and Guardian

Northern Territory - Office of the Public Trustee

Queensland - The Public Trustee of Queensland

South Australia - Public Trustee South Australia

Tasmania - Public Trustee Tasmania

Victoria - State Trustees Victoria

Western Australia - Public Trustee Western Australia

Who can apply for permission to deal with the deceased's estate if there is no will?

Generally, anyone over the age of 18 who is entitled to a share of the estate can apply to the Probate Office of the Supreme Court to administer and distribute the estate.

What happens to my assets?

If you die without making a valid will, you leave what is known as an "intestacy". This means you have not validly disposed of some or all of your assets.

Many people believe the Government automatically takes their assets if they die without a will. This could only happen if you have no living next of kin.

If you die without a Will in New South Wales for example, your estate will be distributed according to a pre-determined formula, meaning that your assets may not end up with the person you would have chosen, and if your only

living relatives are more distant than cousins, your estate will pass to the government.

Distributing assets

The rules for distributing assets where there is no will are found in the Wills, Probate and Administration Act.

Particular problems can arise where both a spouse and a de facto survive the deceased.

Dying without a will also raises particular problems if a husband and wife die together. For example, they are killed in a car accident and have no children. If the wife dies instantly and the husband dies later in hospital, then in NSW for example, all of the wife's assets pass to the husband. But this husband is dead too, so his assets, which now include her assets as well, pass to his next of kin. The net result is that the wife's family miss out completely, because she died first and her assets immediately passed to her husband.

Legal advice

It is always best to get legal advice if you are the dependent or family of a person who dies without leaving a will. The rules of inheritance are sometimes complex, and differ across Australia according to state and territory laws.

What about lost wills?

This is more common than you may think. Of course you should look very hard for a lost will, including asking the bank and the deceased's solicitor and accountant (and perhaps a trusted friend). It is important to search for a will. Useful places to check are:

- among the deceased's papers and documents
- the deceased's bank
- the deceased's insurance company
- the deceased's lawyer
- the deceased's accountant
- the Public Trustee
- trust corporations.

It's also worth checking trustee companies placing an advertisement in newspapers and the relevant state Law Society Journal - this would alert a solicitor who may have made the will. If everything fails and no will is found, the estate will be treated as an intestacy.

SMSFs 'anti-detriment' concession to go

As reported recently in the Financial Review

A 30-year-old superannuation tax refund that boosts the retirement nest eggs of the deceased will be dumped as part of the federal government's tax reform package.

The concession, called an anti-detriment payment, costs the federal budget about \$100 million a year but is forecast to grow in line with the popularity of self-managed super funds.

The government views it as a loophole and is set to abolish it as it strives for savings.

The anti-detriment payment was introduced by the Keating government in 1988. It is essentially a refund of the 15 per cent contributions tax paid by the deceased during the accumulation phase and is added to the super nest egg returned as a death benefit to the deceased's beneficiaries.

To be eligible, the beneficiary must be a spouse, former spouse or child. If the beneficiary is a dependant then the inherited super nest egg, both the taxable and non-taxable components, and the anti-detriment payment are tax free.

The payments were introduced to refund the contributions tax paid by deceased super fund members during their working lives so the contributions tax wasn't regarded as a "death duty" on dependants.

'Loophole must be closed'

Federal Liberal MP Michael Sukkar, who was a tax specialist before entering politics, is working with the government's tax reform team and believes the tax "loophole" must be closed.

"Imagine a system whereby, after paying taxes throughout our lifetime, our dependant spouse, former spouse or children, could get a refund of those taxes when we die?" he said.



"A little known quirk in our superannuation system enables just that."

"It is akin to paying tax on our salary and wages throughout our lifetime and then having it refunded when we die."

Mr Sukkar said dependant beneficiaries were "effectively getting a large bonus on any residual super left to them, equal to 15 per cent of the total contributions".

Not all super funds make the payments but they are heavily spruiked by estate planners within the self-managed super fund industry.

'Fit for Purpose'

He said the payments did not meet the parameters laid down by Treasurer Scott Morrison that super tax concessions should be adjusted to ensure super was "fit-for-purpose" – that it enabled somebody to fund their retirement adequately and reduce reliance on a pension.

"When Australians, particularly younger generations, see super being used to game the system in such a way – albeit legally – that confidence is significantly undermined," he said.

"Nobody should be under any illusion that removing this relic of the past can somehow be considered a death tax. This is the removal of a death bonus."

Mr Morrison used a speech to the Economic and Social Outlook conference in Melbourne on Thursday to reiterate that superannuation taxes were "under the microscope".

Previously, Tony Abbott and Joe Hockey had ruled super tax concessions entirely off limits. Shadow treasurer Chris Bowen, who has already proposed curbs on concessions at the very high end of super, said the government "had been dragged kicking and screaming" to put super concessions on the table.

BRINGING CUSTOMERS BACK

By Susan Ward - Small Business Expert



Good customer service is all about bringing customers back, by sending them away happy. Happy enough to pass positive feedback about your business along to others, who may then try the product or service you offer for themselves and in their turn become repeat customers.

If you're a good salesperson, you can sell anything to anyone once. But it will be your approach to customer service that determines whether or not you'll ever be able to sell that person anything else. The essence of good customer service is forming a relationship with customers – a relationship that that individual customer feels that he would like to pursue.

*How do you go about forming such a relationship?
"You will be judged by what you do, not what you say."*

Delivering good customer service IS a simple thing. If you truly want to have good customer service, all you have to do is ensure that your business consistently follows these eight rules.

1	ANSWER YOUR PHONE	Get call forwarding. Or an answering service. Hire staff if you need to. But make sure that someone is picking up the phone when someone calls your business. People who call want to talk to a live person, not a fake "recorded robot".
2	DON'T MAKE PROMISES UNLESS YOU WILL KEEP THEM	Not plan to keep them. Will keep them. Reliability is one of the keys to any good relationship, and good customer service is no exception. If you say, "Your new bedroom furniture will be delivered on Tuesday", make sure it is delivered on Tuesday. Otherwise, don't say it. The same rule applies to client appointments, deadlines, etc. Think before you give any promise - because nothing annoys customers more than a broken one.

Continued on following page.

Bringing Customers Back (cont.)

3	LISTEN TO YOUR CUSTOMERS	Is there anything more exasperating than telling someone what you want or what your problem is and then discovering that that person hasn't been paying attention and needs to have it explained again? Can the sales pitches and the product babble. Let your customer talk and show them that you are listening by making the appropriate responses, such as suggesting how to solve the problem.
4	DEAL WITH COMPLAINTS	No one likes hearing complaints, and many of us have developed a reflex shrug, saying, "You can't please all the people all the time". Maybe not, but if you give the complaint your attention, you may be able to please this one person this one time - and position your business to reap the benefits of good customer service. Properly dealt with, complaints can become opportunities.
5	BE HELPFUL - EVEN IF THERE'S NO IMMEDIATE PROFIT IN IT	The other day I popped into a local watch shop because I had lost the small piece that clips the pieces of my watch band together. When I explained the problem, the proprietor said that he thought he might have one lying around. He found it, attached it to my watch band – and charged me nothing! Where do you think I'll go when I need a new watch band or even a new watch? And how many people do you think I've told this story to?
6	TRAIN YOUR STAFF	Train your staff (if you have any) to be always helpful, courteous, and knowledgeable. Do it yourself or hire someone to train them. Talk to them about good customer service and what it is (and isn't) regularly. Most importantly, give every member of your staff enough information and power to make those small customer-pleasing decisions, so he never has to say, "I don't know, but so-and-so will be back at..."
7	TAKE THE EXTRA STEP	For instance, if someone walks into your store and asks you to help them find something, don't just say, "It's in Aisle 3". Lead the customer to the item. Better yet, wait and see if he has questions about it, or further needs. Whatever the extra step may be, if you want to provide good customer service, take it. They may not say so to you, but people notice when people make an extra effort and will tell other people.
8	THROW IN SOMETHING EXTRA	Whether it's a coupon for a future discount, additional information on how to use the product, or a genuine smile, people love to get more than they thought they were getting. And don't think that a gesture has to be large to be effective. The local art framer that we use attaches a package of picture hangers to every picture he frames. A small thing, but so appreciated.

Good Customer Service Pays Big Dividends

If you apply these eight simple rules consistently, your business will become known for its good customer service. And the best part? Over time good customer service will bring in more new customers than promotions and price slashing ever did!

A Tongue-In-Cheek Christmas Guide for the Work-Obsessed

I thought I'd share these guidelines, shared by the self-proclaimed work-obsessed Susan Ward, for having a happy holiday season and ensuring peace and harmony throughout your household (and mine!).

- 1) Do not, under any circumstances, delegate buying Christmas gifts for your spouse and/or children to anyone else (even if you've got a huge, super-important project due on December 24th). This is the fast track to family grief, especially when your instructions get scrambled, and your usually doting spouse opens a carafe of cheap perfume or a tie shaped like a fish.
- 2) Do not forget to buy Christmas gifts for your friends and family because you were too busy shopping for thank-you gifts for clients or putting in a lot of long hours at work. It's a myth that the people who love you are the most forgiving, and kids are not as gullible as they used to be; they'll never believe that "Santa must have missed our house this year (again!)"
- 3) When your family is decorating the Christmas tree together harmoniously, do not say things such as, "Could we speed this up? I have some calls to make". Saying things like this out loud will immediately turn your happy family into a snarling pack of reindeer.
- 4) When you've been too busy to decorate the house or put up the Christmas lights, and your kind, loving family takes care of this, do not say things such as, "Who dragged those dead pine branches in here?" (Refer to outcome of point number 3).
- 5) Treat family-related holiday season events as seriously as business-related crises. 'Forgetting' that you said you were going to cook the Christmas turkey is not going to placate the 18 hungry people you invited for dinner.
- 6) If you get stuck preparing the Christmas dinner for the family, do not leave your cell phone, PDA, or pager on the same counter as the food you're preparing. Having one or all of these end up stuffed into the turkey because you were busy thinking about your work-related project is very embarrassing, and may be expensive if any of your relatives sue you for the cost of their dental repairs.
- 7) Do not waste time or energy trying to arrange to meet with clients on the 24th, 25th, or 26th. Breathe deeply and realize that other people are actually taking a few days off. Try to live with the fact that there are so many 'abnormal' people in the world. Try to actually take at least one of these days off yourself. Just to see what it feels like. (Yes; the entire day!)
- 8) Remember to leave something out for Santa and the reindeer on Christmas Eve. That way, if you get up to work in the middle of the night, at least you'll have something to snack on!

*Merry Christmas and the best of the season
from me and my family to you and yours!*

