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Benchmark
BUSINESSWORKS
Better business, together!



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BUSINESS BULLETIN

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BUSINESS ADVICE

Systematise, Systematise!

While there are many keys to business success, most successful businesses have a range of systems and processes in place. This can take the form of (a) internal procedures/manuals/checklists for staff on how to perform various tasks (b) putting processes in place for staff to record how they spend their time and (c) checklists for clients on what you require from them in order to undertake work for them. Setting the time aside to systematise your business by formulating these procedures/manuals/checklists has a number of advantages including:

- Work is performed in a consistent manner across your organisation.
- New staff are more likely to settle in quickly
- Invaluable internal knowledge is not lost to the business when existing staff move on
- Your business becomes more easily saleable and for a higher price. Prospective purchasers are attracted to businesses that have strong, documented systems/procedures in place.
- Time is saved when performing tasks. In business, time is money!

Of course some businesses are more able to be systematised than others. Whatever industry you're in, think about which aspects of your business can be systematised...and then invest the time in doing so!

Key DAtES

21 september

Lodge August monthly BAS

21 OctOber

Lodge September monthly BAS

28 OctOber

Pay Superannuation Guarantee contributions for July-September

28 OctOber

Lodge July-September quarterly BAS (if lodging by paper)

31 OctOber

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

TAX TALK

Top 5 Audit Triggers!

ATO audits are something that every taxpayer and every business dreads. While you or your business can be selected at random by the ATO, often your conduct is the trigger for an audit. What are some common audit triggers?

1. Unpaid Superannuation

Not paying superannuation on time and in full for your employees is a sure-fire way to attract ATO attention and potentially trigger a wider review into your affairs.

2. Inconsistency Between BAS and tax Return

The income declared on your or your business's year-end tax return should broadly align with the amount of income you have recorded throughout the year on your BASs. Large discrepancies invite and often result in ATO scrutiny.

3. Falling Outside the ATO Small Business Benchmarks

If your business falls outside the ATO's Small Business Benchmarks this will most likely lead to further ATO enquiry, and possibly an audit. In simple terms, the benchmarks are industry-specific financial ratios that the ATO has developed to assist in comparing your business against others in the same industry. If your business falls outside the benchmarks, the ATO will likely make contact and give you the opportunity to explain why. For instance, it may be that you have higher costs or lower selling prices than other similar businesses of the same size within your industry. Whatever the reason, it is important that you communicate it to the ATO if they ask. If the ATO is satisfied with your explanation, this may be the end of the matter...and a review or audit may be averted.

4. Compliance History

If you have outstanding debts or outstanding returns/BAS (or are consistently late in these areas) you are much more likely to be audited than businesses with a good compliance history.

5. Company Car But No FBT

If your business has purchased a motor vehicle but has not lodged an FBT return or at least included in its income tax return an employee contribution so as to minimise the FBT payable on the car benefit, then this will likely lead to further ATO scrutiny. It is rare indeed for a company car to not be used at least in part for private purposes during the year.

FINANCES

Low Interest Rates

While ongoing record low interest rates are great news for borrowers, they bring little joy to those who rely on cash investments. Indeed the average four-year term deposit currently sits at under 2%...and in order to obtain this your capital is locked away – unable to be accessed – for this entire four-year period!

With interest rates so low, a considerable number of people are turning to shares as an alternative form of investment. High-yielding shares (shares in companies that pay healthy dividends) can give you the dual benefit of a regular income stream...and hopefully capital growth where the share price increases. To this end the ASX 200 increased 1091 points or 19.64% since the beginning of 2019.



Of course, the risk in owning shares is that the share price may drop and therefore your capital shrinks. This is a risk you that are not exposed to when investing in cash. If you do decide to invest in shares consider:

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

HUMAN RESOURCES

How to create a good culture

The talent pool for many industries can be very shallow. In order to attract and retain quality staff, workplace culture is crucial. The 'feel' in a workplace can often be as important to employees as salary or career path. In many instances you can draw ideas and inspiration from your staff as to how they want the culture and environment to develop.

Here though are some ideas you can implement off your own bat:

1. Take some time out occasionally to undertake a team building activity (e.g. bowling, canoeing or horse-riding). Staff particularly appreciate these activities when they are undertaken on work time e.g. Friday afternoons!
2. Take your staff, particularly senior staff, out to lunch
3. Celebrate milestones – whether it is a birthday, an employment anniversary, or just the end of a busy period, use the goodwill surrounding such events to create positive vibes in the workplace
4. Have a lunch room where staff can gather and interact; it can be very isolating, and staff can get stale, eating lunch at their desk
5. Friday night drinks in the boardroom/lunchroom
6. Have a staff suggestion box or an electronic folder, where staff can make suggestions about how to improve the workplace or work practices.

