

## Client eBrief

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### Christmas Gifts for your Clients and Employees

Are gifts to your employees, clients, and suppliers claimable as a business expense? Gifts may be classified as “entertainment” and therefore not claimable or subject to Fringe Benefits Tax (FBT).

For gifts such as wine, food, hampers, vouchers, etc., these are not considered to be entertainment.

If the gift is a minor benefit (i.e., less than \$300 value), then the gift is not tax deductible, and therefore GST is not claimable for gifts to employees and their family members, clients, and suppliers. No FBT applies to gifts of less than \$300.

For gifts over \$300, FBT may apply for employees and their family members, but FBT does not apply to clients or suppliers.

Gifts such as a holiday, membership to a club, or tickets to a theatre, sporting or musical event are considered to be entertainment.

For minor benefits, as above, the gift is not tax deductible and no FBT applies. Also, for clients and suppliers, the entertainment gift is not tax deductible, and no FBT applies. For employees this is not a minor benefit, the gift is tax deductible, but it is also subject to FBT.

Giving your clients a gift at Christmas is a personal choice that you as the business owner can make. Be aware that some clients may not be allowed to accept gifts due to their business’s Code of Conduct (e.g., government workers).

We remind you that the topic of entertainment, tax deductibility and fringe benefits tax is complex and not always straight forward and may require the guidance of your tax agent.

## ATO Lodgement Dates

These dates are from the ATO website and do not take into account possible extensions.

You remain responsible for ensuring that the necessary information is with us in time.

#### **BAS/IAS Monthly Lodgements**

Final dates for lodgements and payments:

November Activity Statement:

21 December 2020

December Activity Statement:

21 January 2021

#### **BAS Quarterly Lodgements**

Final dates for lodgements and payments:

##### **2nd Quarter 2021 Financial Year:**

**December Quarter 2020 (incl. PAYGI)**

28 February, 2021

##### **3rd Quarter 2021 Financial Year:**

**March Quarter 2021 (incl. PAYGI)**

28 April, 2021

When a due date falls on a Saturday, Sunday or Public Holiday\*, you can lodge or pay on the next business day.

\*A day that is a public holiday for the whole of any state or territory in Australia.

Due date for super guarantee contributions:

##### **2nd Quarter 2021 Financial Year:**

October to December 2020 – contributions must be **in the fund** by 28 January, 2021

Late payments of superannuation are **not** tax deductible.

If your business has late/overdue superannuation guarantee payments and you are unsure the correct process of how to proceed in regards to this, please contact us to discuss.



## Guide to Employer Obligations

This is an overview of what employers need to know and their legal obligations. For detailed information you could consider engaging a Payroll and/or Employment Relations and/or Human Resources specialist.

If you engage workers there are a number of legal obligations that you must abide by. As soon as you engage workers you will most likely have tax and superannuation obligations at the least, as well as information outlined in the National Employment Standards.

You will need to decide whether your workers are employees or contractors, what awards apply, what entitlements (if any) apply, how much superannuation to pay and how much tax to withhold, when to pay your obligations, what records to keep and much more.

### Employer Obligations Checklist

- **Modern awards** are industry or occupation-based minimum employment standards which apply in addition to the National Employment Standards (NES). They were created to establish one set of minimum conditions for employers and employees across Australia who work in the same industries and occupations.
- **National Employment Standards** – The NES sets out 10 minimum workplace entitlements which apply to all employers and employees in the national workplace relations system from 1st January 2010 (however only certain entitlements apply to casual employees). These are enforceable minimum employment terms and conditions.
- **Fair Work Information Statement** – All employers covered by the national workplace relations system have an obligation to give each new employee a [Fair Work Information Statement \(FWIS\)](#) before, or as soon as possible after, the employee starts employment.
- **Fair Work compliance** – There are some things employers occasionally indulge in which are unlawful, such as unpaid trials, paying in goods rather than money, pressuring employees into any agreements, coercing employees or third parties to not exercise their rights, unlawful discrimination and termination, and sham contracting.
- **Dispute Resolution** – Modern awards generally provide the process to assist in the resolution of disputes that arise about matters under the award or in relation to the National Employment Standards. If the dispute cannot be resolved at the workplace level, refer the matter to Fair Work Australia.
- **Record-Keeping** – According to Fair Work Ombudsman records need to be kept for 7 years, while the ATO says 5 years. Err on the side of caution and keep for 7 years.

### Pay As You Go Withholding (PAYGW)

As an employer you must withhold amounts from payments you make to your employees (including directors / directors fees), other workers (such as contractors that you have voluntary agreements with), and businesses that don't quote their Australian Business Number (ABN).

## Superannuation

- If the correct amount of super guarantee (SG) for employees is not paid to the correct fund by the due date then you may have to pay the [super guarantee charge \(SGC\)](#), which is not tax deductible.
- Understand your responsibilities in relation to [tax file numbers and super contributions](#).
- Understand [deduction limits](#) and superannuation contributions.

## Worker Terminations

When a worker ceases working for your business their final pay will be governed by the nature of the termination. Employment can end for many reasons such as resignation, dismissal, redundancy, retirement, permanent disability or death. However employment ends, it's important to follow the [rules about dismissal, notice and final pay](#). There are also different rights and obligations when a job is made redundant or when a business is bankrupt.

Please contact our office if you would like to discuss this further.

Disclaimer: All or any advice contained in this newsletter is of a general nature only and may not apply to your individual business circumstances. For specific advice relating to your specific situation, please contact your accountant or contact me for further discussion.

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